

New Hampshire Housing

# HOUSING NEEDS ASSESSMENT (A PREVIEW)

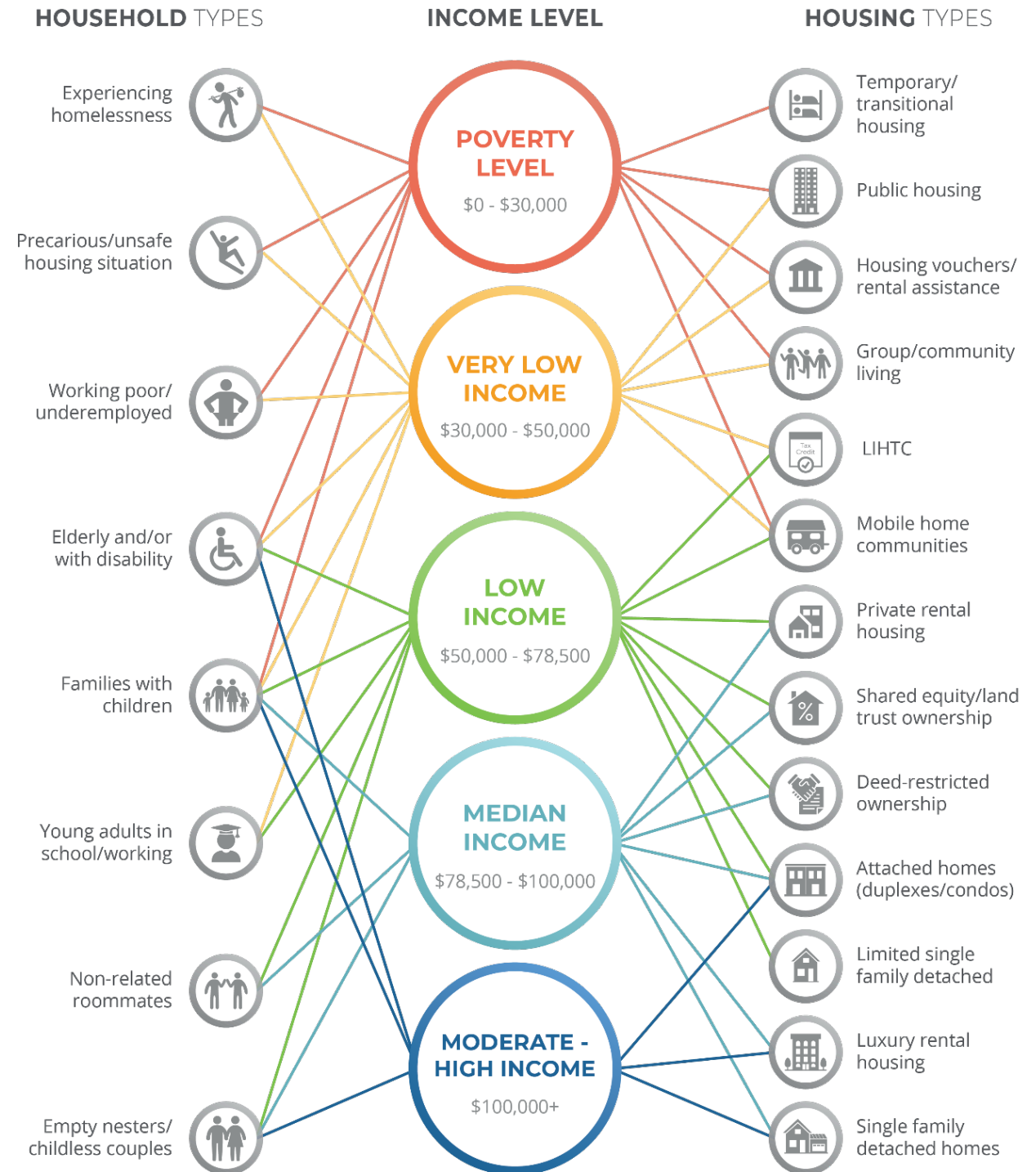
# Agenda

- Community Perceptions of Need
- Drivers of Housing Demand
- Housing Supply
- Housing Affordability Trends and Challenges
- What's Ahead

# Why Work to Address Housing Needs?

A balanced housing stock accommodates a full “life cycle community”—where there are housing options for each stage of life—which in turn supports the local economy and contributes to community culture

## THE HOUSING CONTINUUM

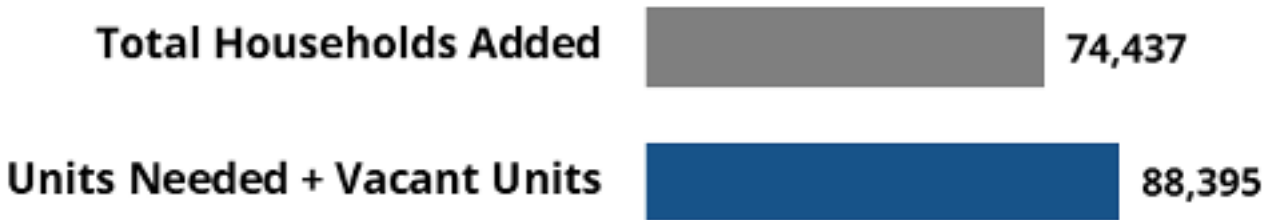


# THE BIG REVEAL

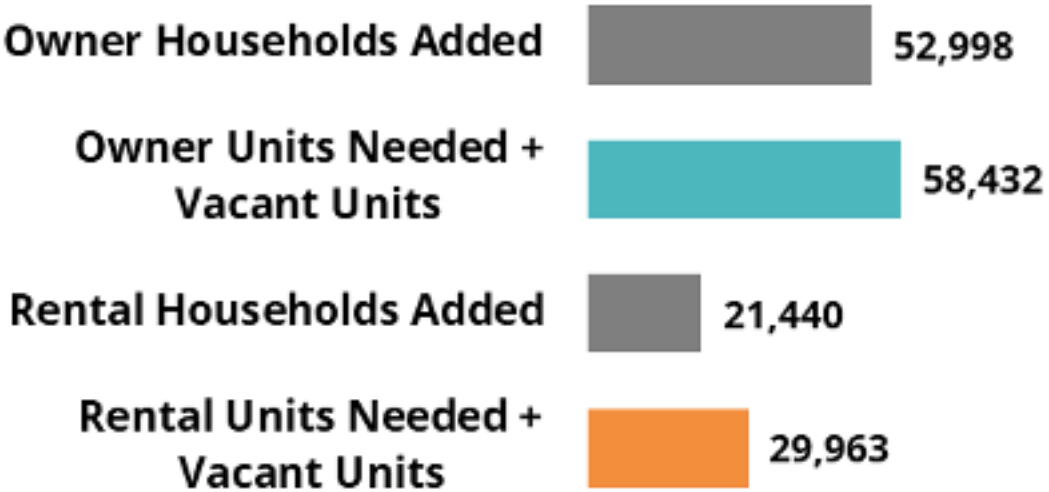
# Housing Production by 2040

- Current levels of housing unit vacancy in New Hampshire—less than 1%—do not give renters and owners enough housing choice or renters the opportunity to become owners
- Future housing production should respond to household growth AND work toward a more balanced housing market

## Households, Vacant Units to achieve a Balanced Market, and Housing Production Needed by 2040



### By Tenure

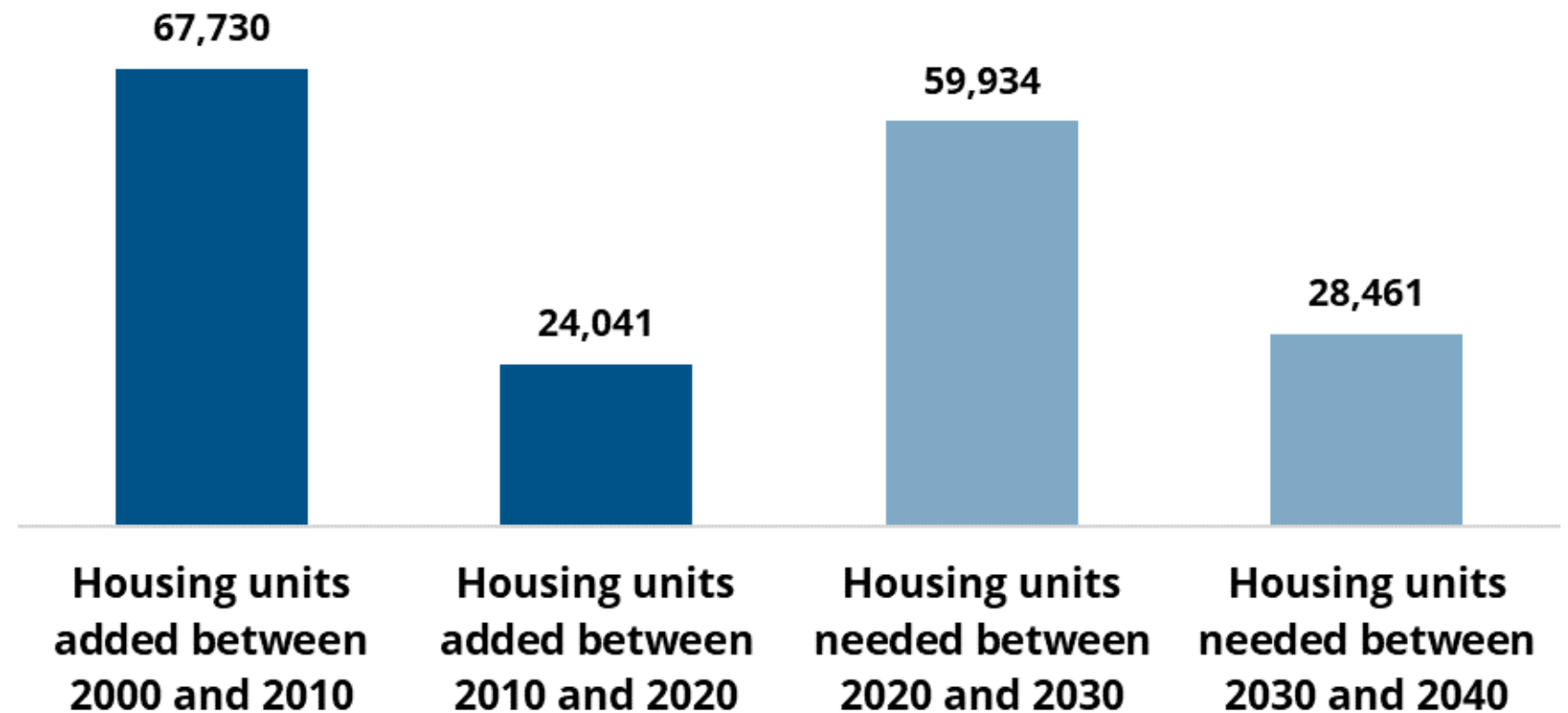


Source: RLS Demographics, 2020 5-year ACS estimates, New Hampshire Rental Cost Survey, and Root Policy Research.

# Housing Production Needs compared to Historical Trends

- Housing production targets are not unreasonable. The state has accommodated demand before—and can do it again

## Trends in Historical Growth v. Projected Need

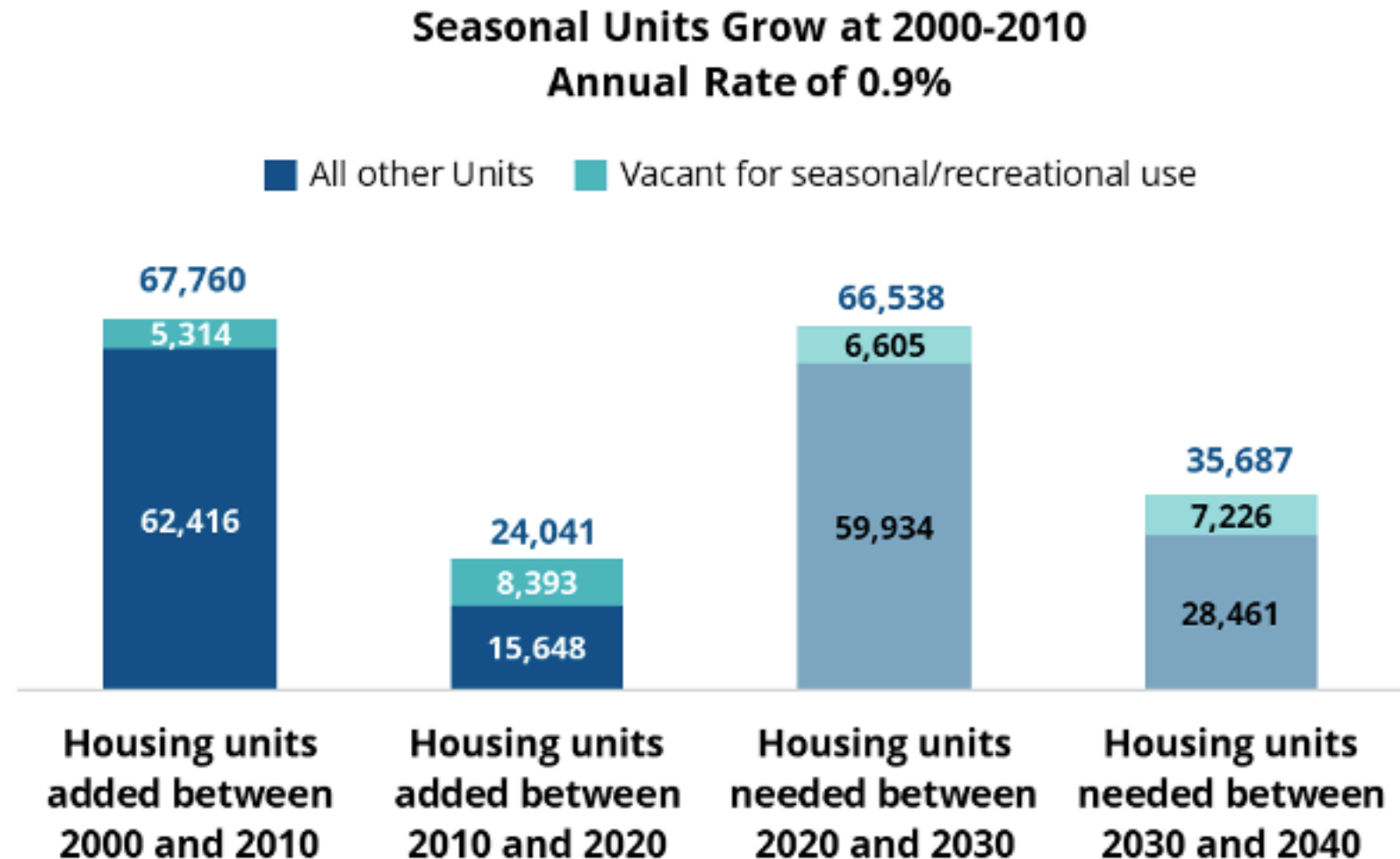


Source: RLS Demographics, 2000, 2010, and 2020 Decennial Census, 2010 and 2020 5-year ACS estimates, New Hampshire Rental Cost Survey, and Root Policy Research.

...but what about seasonal use units?

- Seasonal use units must be incorporated into housing production planning

## Trends in Historical Growth v. Projected Need, Accounting for Seasonal Homes



Source: RLS Demographics, 2000, 2010, and 2020 Decennial Census, 2010 and 2020 5-year ACS estimates, New Hampshire Rental Cost Survey, and Root Policy Research.

# COMMUNITY PERCEPTIONS OF NEED



# Community Engagement

Focus groups with 30 stakeholders representing:

- Housing advocates including those working with young adults, people with disabilities, elderly;
- Economic and business representatives;
- Housing, development, and real estate industry representatives; and
- BIPOC, immigrant, and refugee community members and advocates.

## Primary Housing Concerns

- Lack of housing inventory;
- Wages outpacing housing costs;
- No affordable entry-level homes;
- Disproportionate housing issues within the BIPOC, disability, young adult, and elderly communities
- Expensive, exclusive rental market;
- Disconnect between urban and rural housing policies; and
- Population declining and aging.

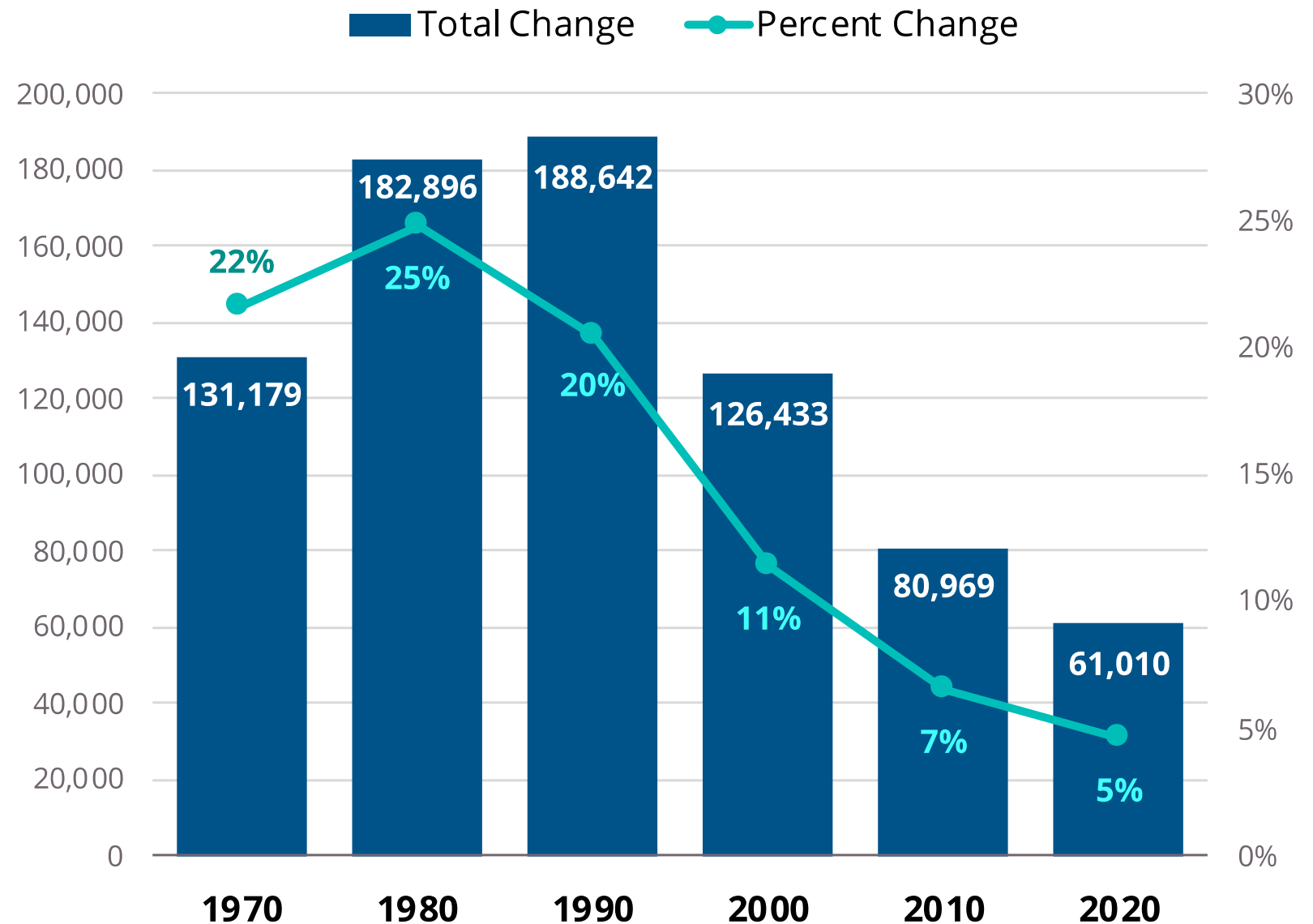


# DRIVERS OF HOUSING DEMAND

# Population Growth

- New Hampshire's population growth was strongest between 1970 and 1990 when the state added more than 180,000 people each decade
- Growth between 2010 and 2020 was one-third of that volume at 61,000 new residents

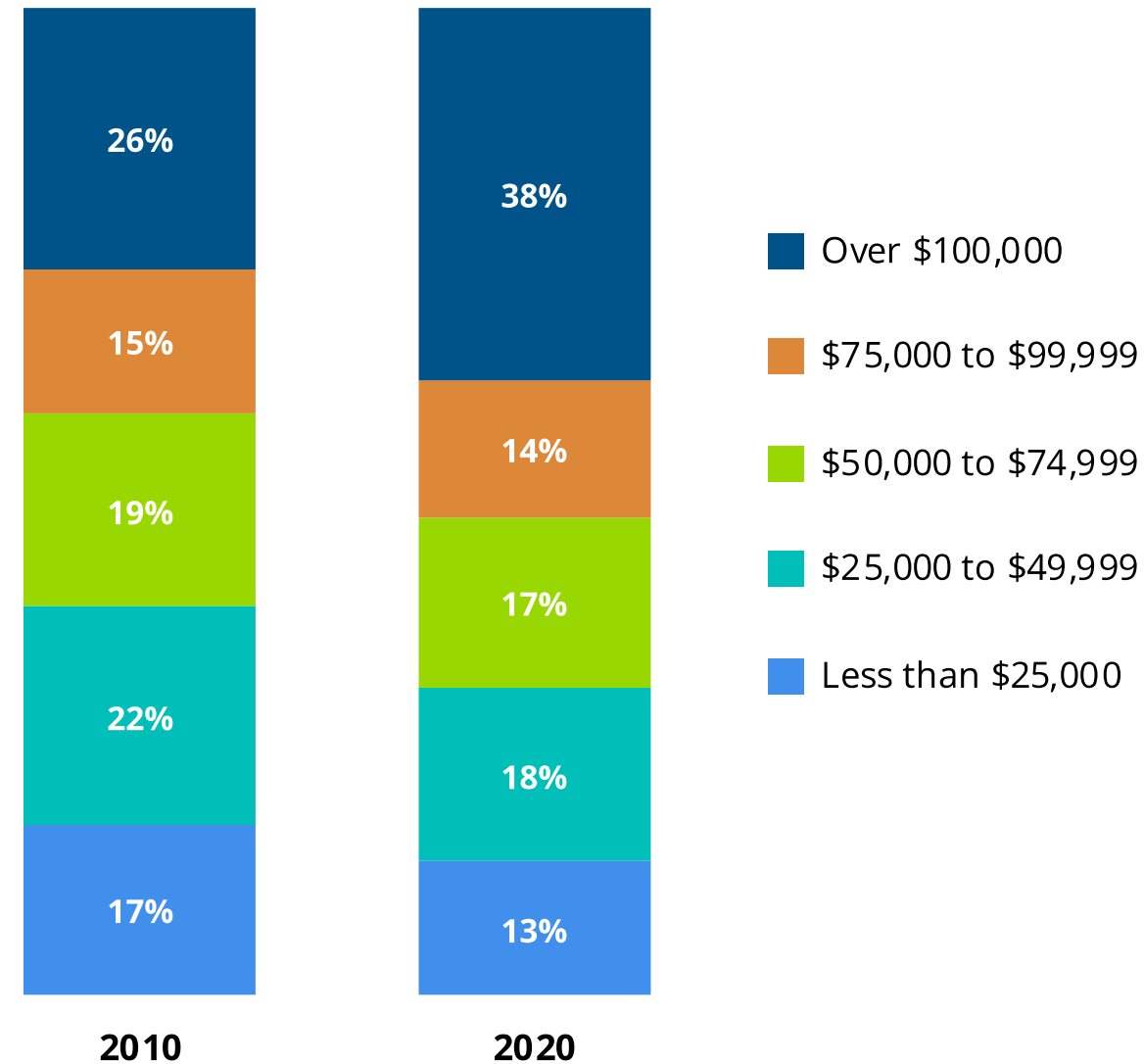
Change in Population by Decade, 1970 to 2020



# Income Shifts

- Income growth and in-migration of higher income households has shifted the state's income distribution upward
- Largest shifts are in \$100,000+ income households—12 percentage point increase—and <\$50,000 income households—8 percentage point decrease

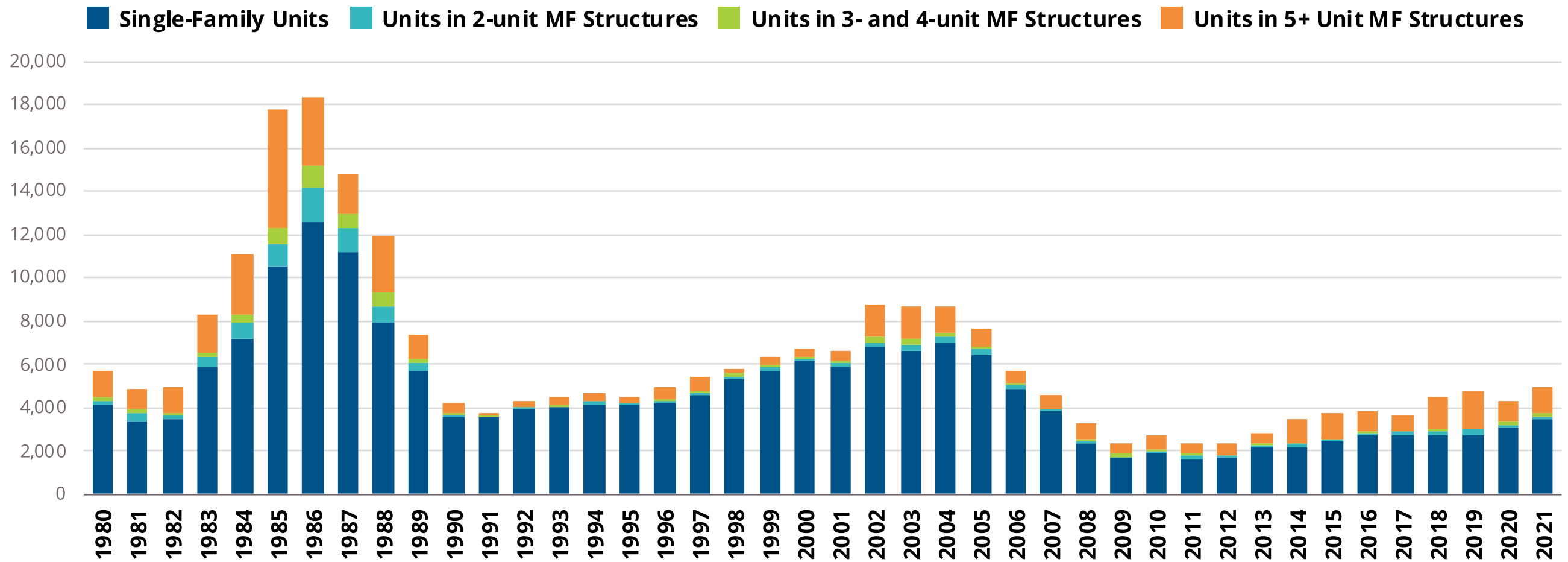
## Income Distribution, 2010 and 2020



Source: ACS 5-year estimates, and Root Policy Research.

# Building Permit Trends

## Building Permits, 1980-2021



# Housing Supply and In-commuting

- When the number of jobs exceeds the number of housing units in a jurisdiction, in-commuting increases
- An increase in the number of jobs to housing ratio is associated with an increase in the share of jobs filled by in-commuters

**Jobs to Housing Ratio and % of Jobs Filled by in-Commuters, 2019**

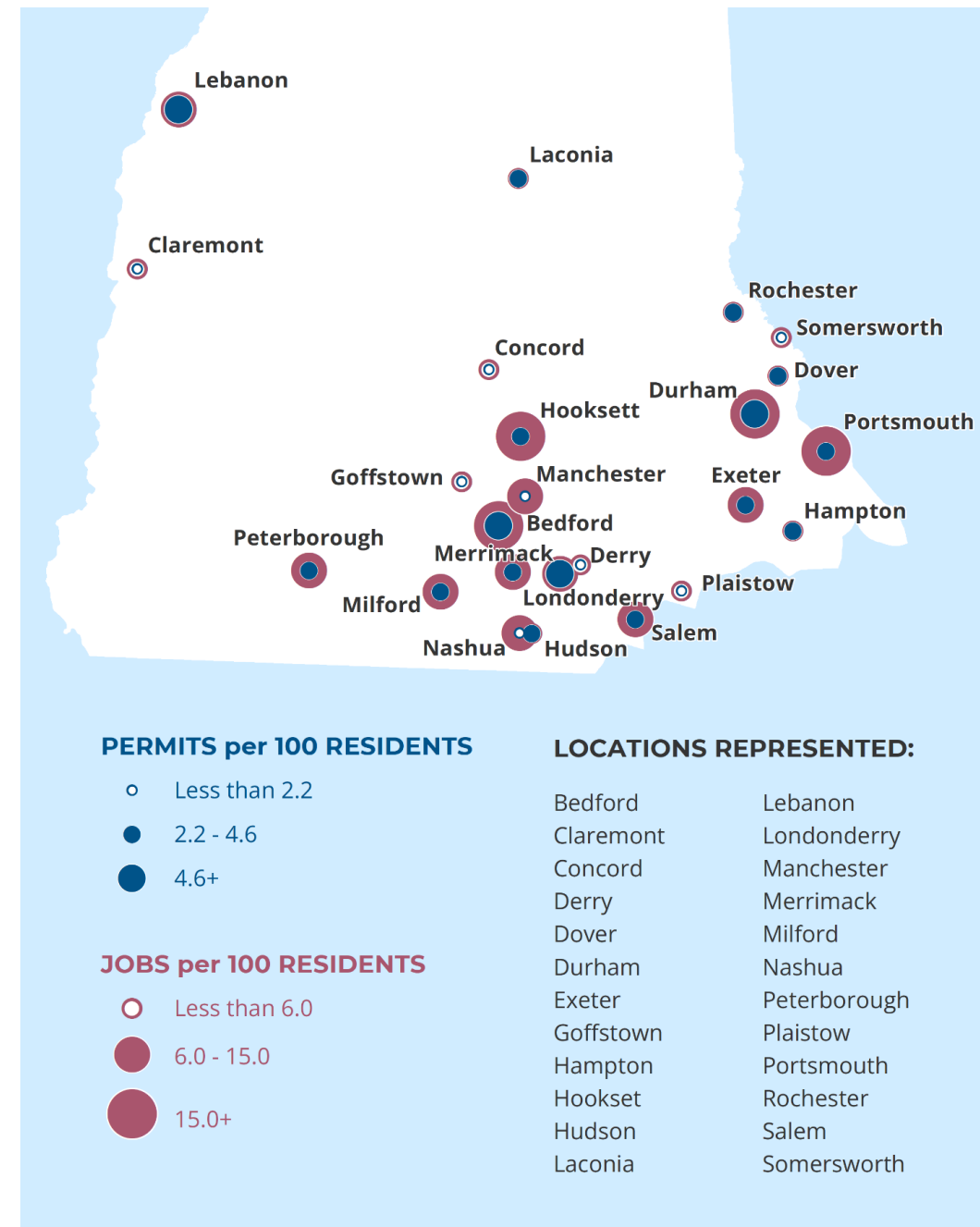


Source: LEHD, ACS 2019 5-year estimates, and Root Policy Research.

# Housing Supply and Job Growth

- This visual representation of the comparison between building permits (a proxy for housing production) and job growth demonstrates how in the majority of jurisdictions jobs have far outpaced housing production.
- Exceptions are Laconia, Rochester, Somersworth, Dover, Concord, and Goffstown

## Housing v. Job Growth



Source: NH Office of Planning and Development, LEHD, and Root Policy Research

# Housing Imbalances and Rent Growth

- Growth in jobs that significantly outpaces residential permitting activity is associated with an increase in median rent

**Housing and Job Growth Imbalance and Rent Growth, 2010 and 2019**



Source: NH Office of Planning and Development LEHD, and Root Policy Research

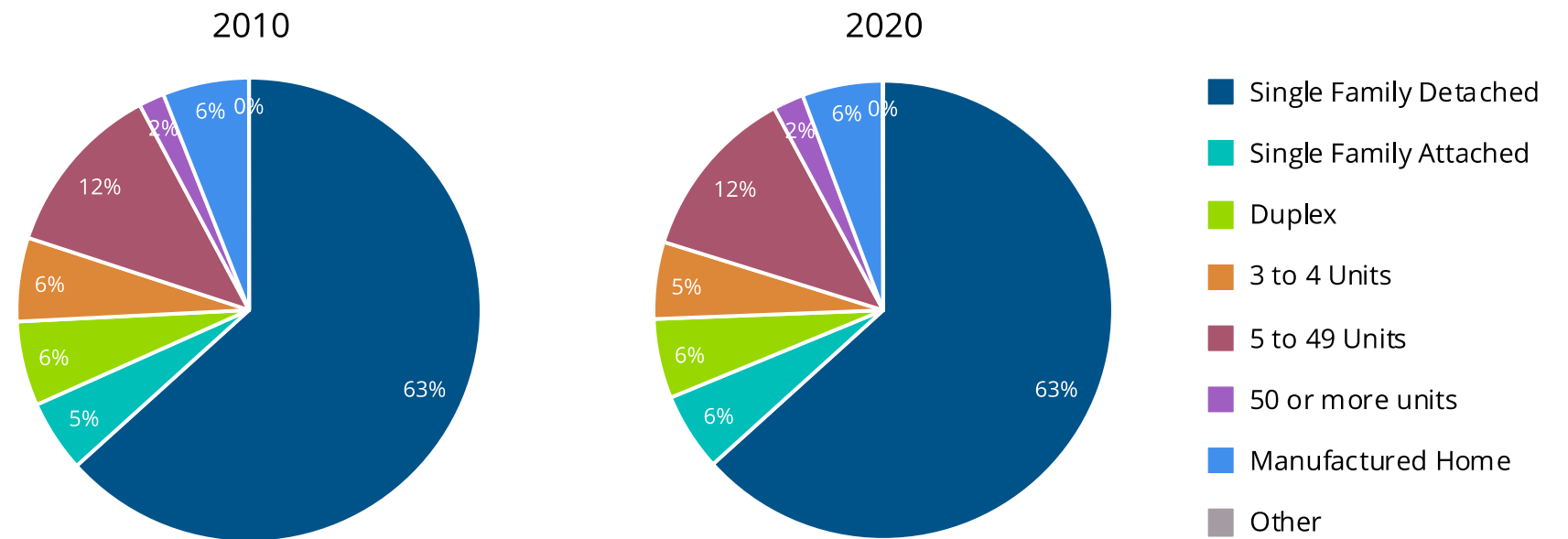


# HOUSING SUPPLY

# Housing Type

- It hasn't really changed

Units in Structure 2010 and 2020

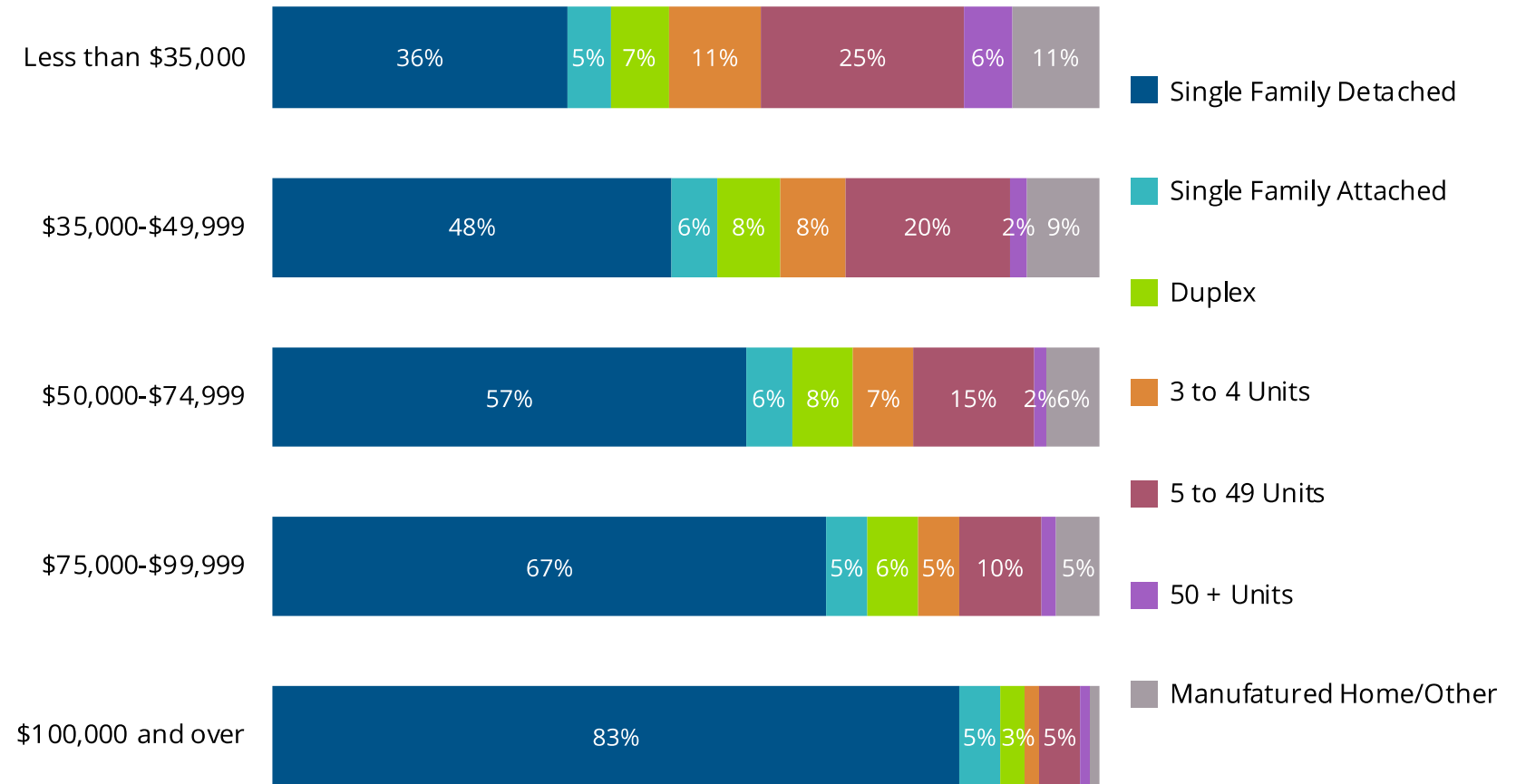


Source: ACS 5-year estimates, and Root Policy Research.

# Housing Type Occupancy by Income

- Low to moderate income households are much more likely to occupy moderate density multifamily housing (5-49 unit buildings) and manufactured homes

Housing Type Occupied by Income, 2020

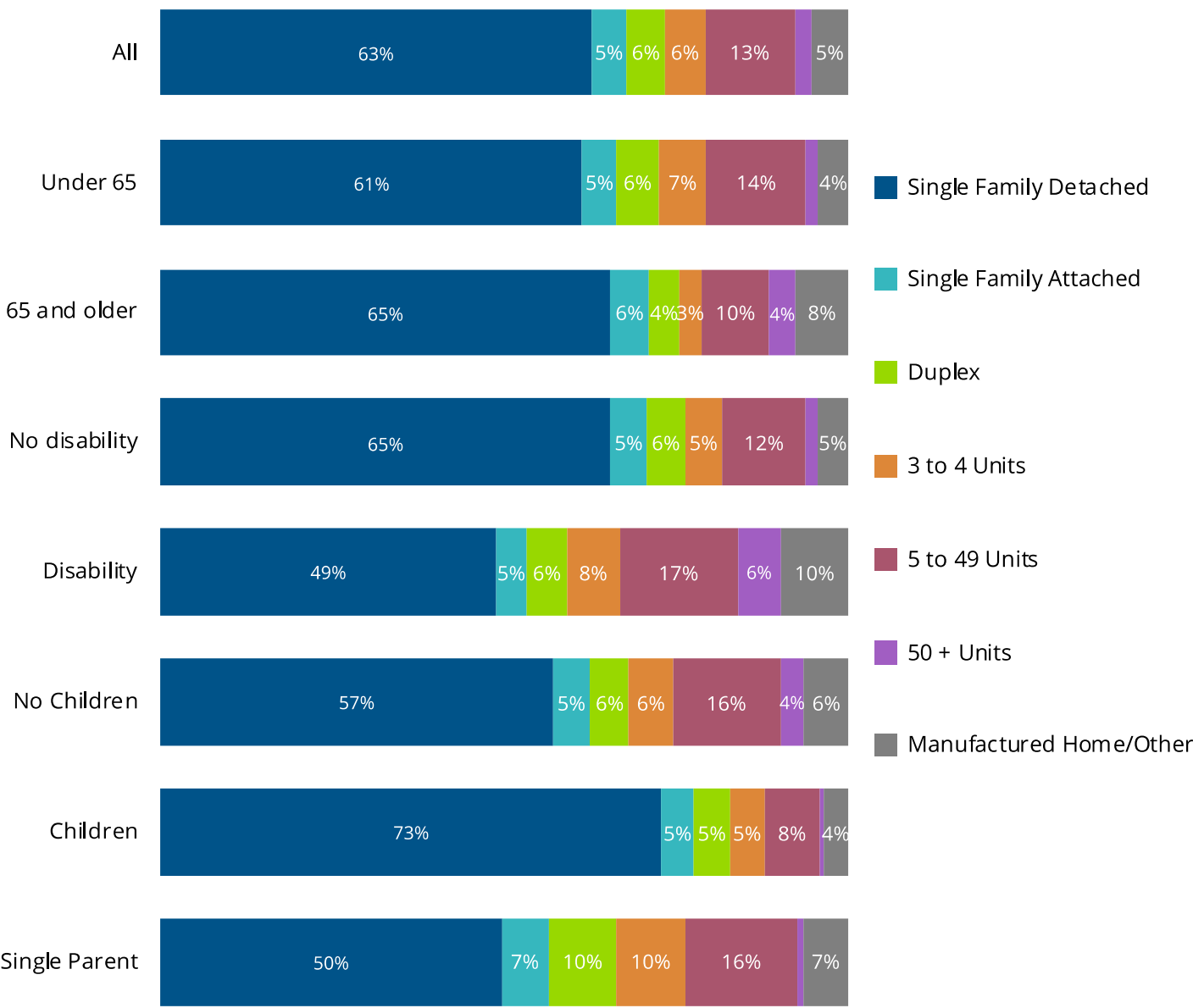


Source: 2020 ACS 5-year IPUMS and Root Policy Research.

# Housing Type Occupancy by Household Characteristic

- Households with disabilities, households without children, and single parent households are more likely than other household types to occupy diverse housing types,

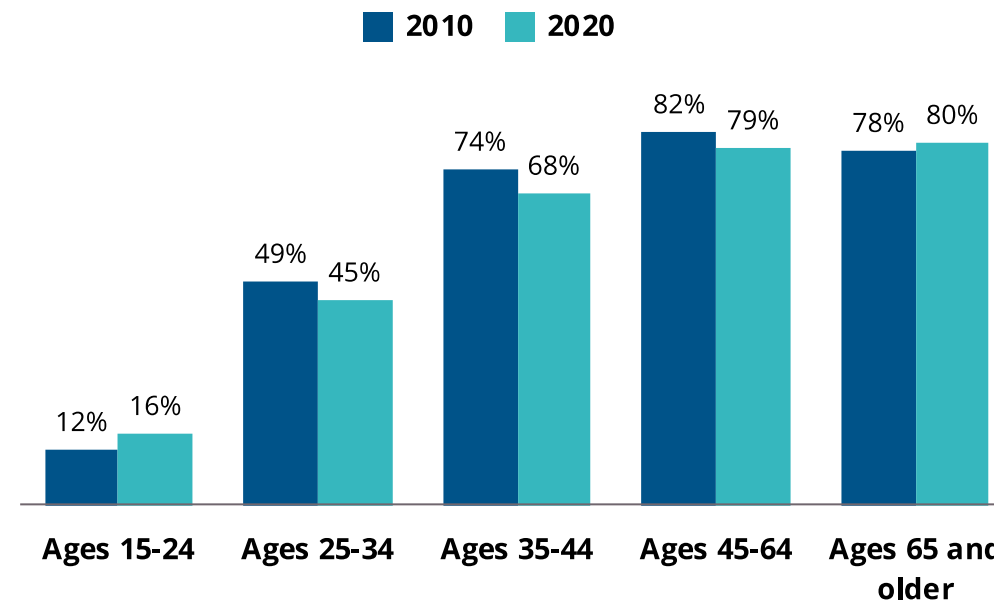
Housing Type Occupied by Household Characteristics, 2020



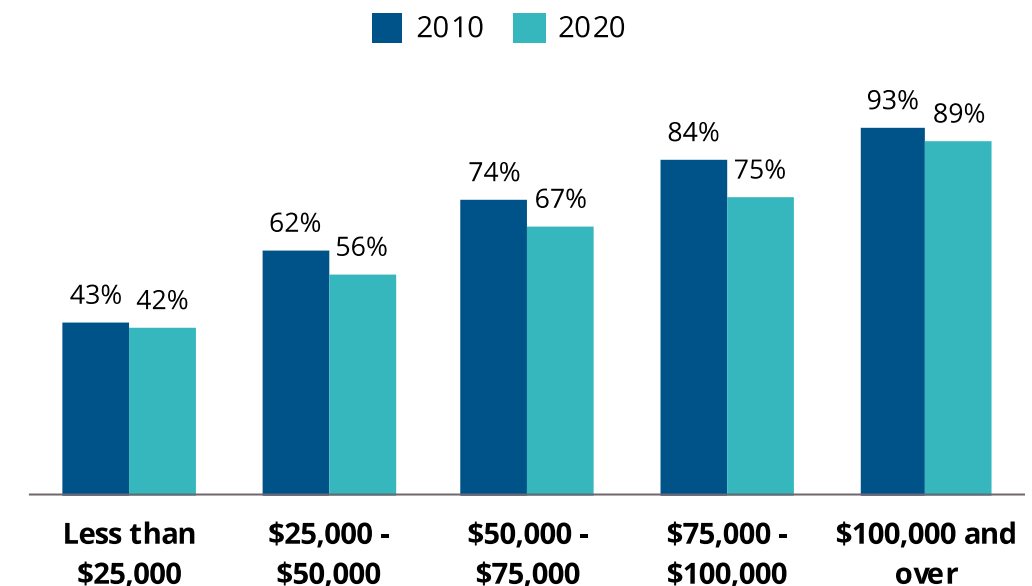
# Homeownership Trends by Age and Income

- Homeownership rates have declined for all age groups except for 15-24 year olds (a very small share of owners)
- Middle income households are less likely to be homeowners in 2020 compared to 2010. Steepest drop was for \$75,000 to \$100,000 households

## Homeownership by Age, 2010 and 2020



## Homeownership by Income, 2010 and 2020

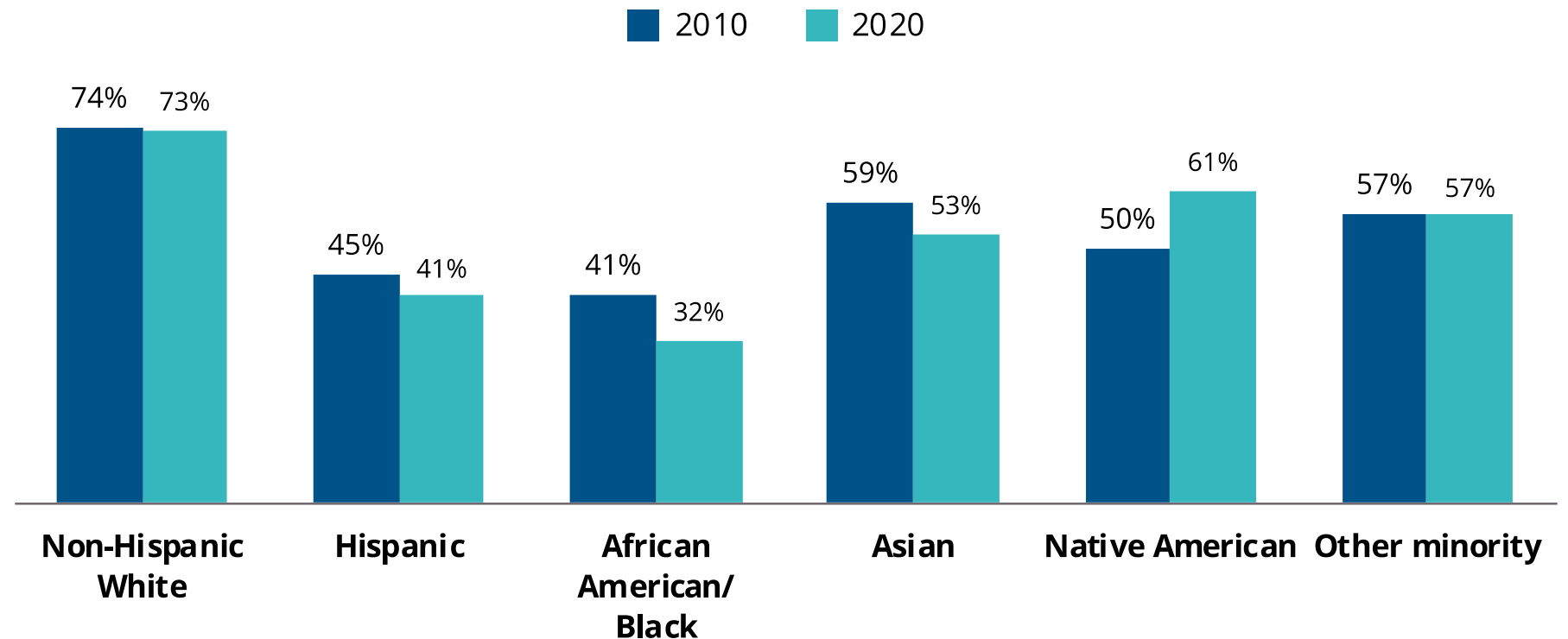


Source: ACS 5-year estimates, and Root Policy Research.

# Homeownership Trends by Race and Ethnicity

- Between 2010 and 2020, homeownership rates declined for Hispanic households (4 percentage points), African American/Black households (the largest decline—9 percentage points), and Asian households (6 percentage points)
- The rate increased for Native American households (11 percentage points) and stayed the same for others

Homeownership by Race and Ethnicity, 2010 and 2020

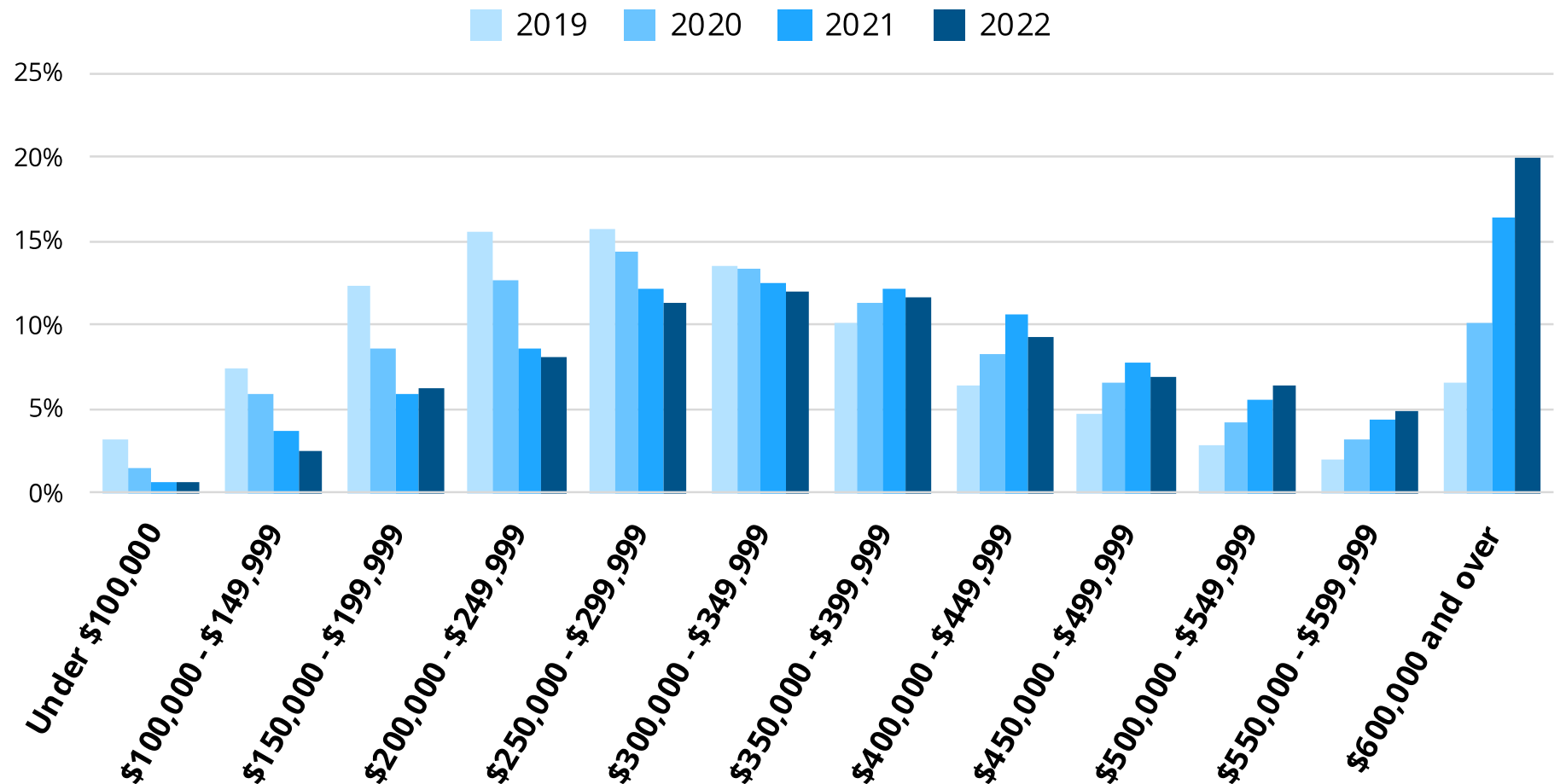


# HOUSING AFFORDABILITY TRENDS & CHALLENGES

# For sale Homes Pricing Shift

- In 2019, 54% of homes sold were priced under \$300,000; compared to 29% in 2022 (January through April)
- In 2019, 7% of homes sold were priced over \$600,000 compared to 20% in 2022 (January through April)

Home Sales Price Distribution, All Types, 2019-2022 YTD



Note: 2022 includes sales from January to April.

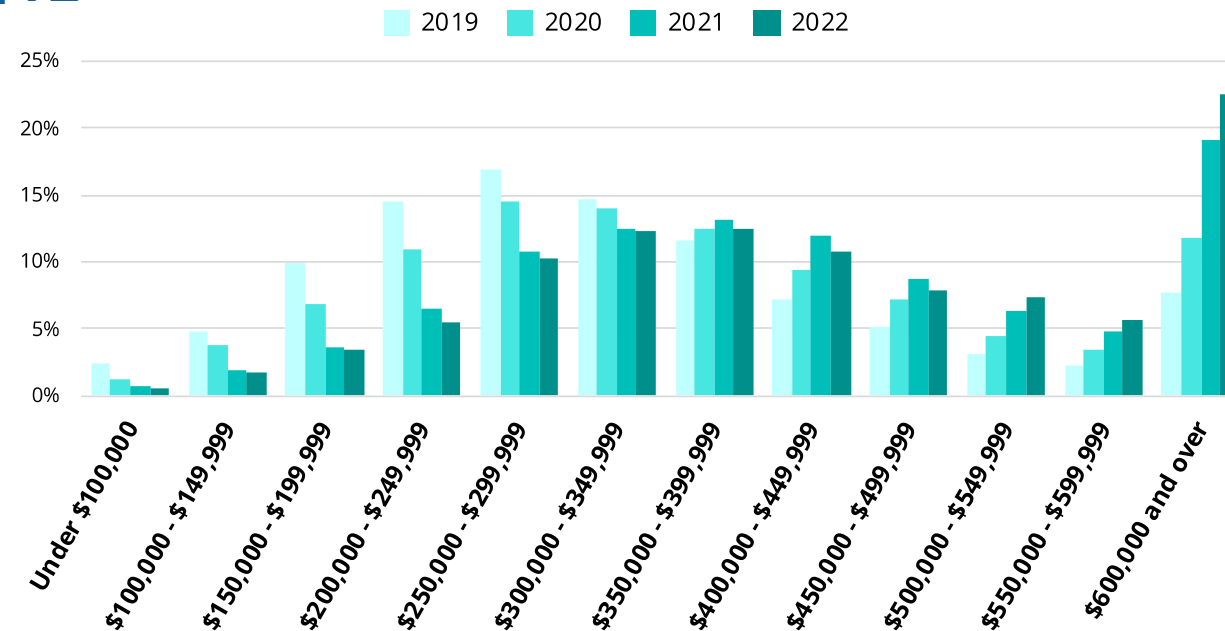
Source: MLS data provided by New Hampshire Housing, and Root Policy Research.



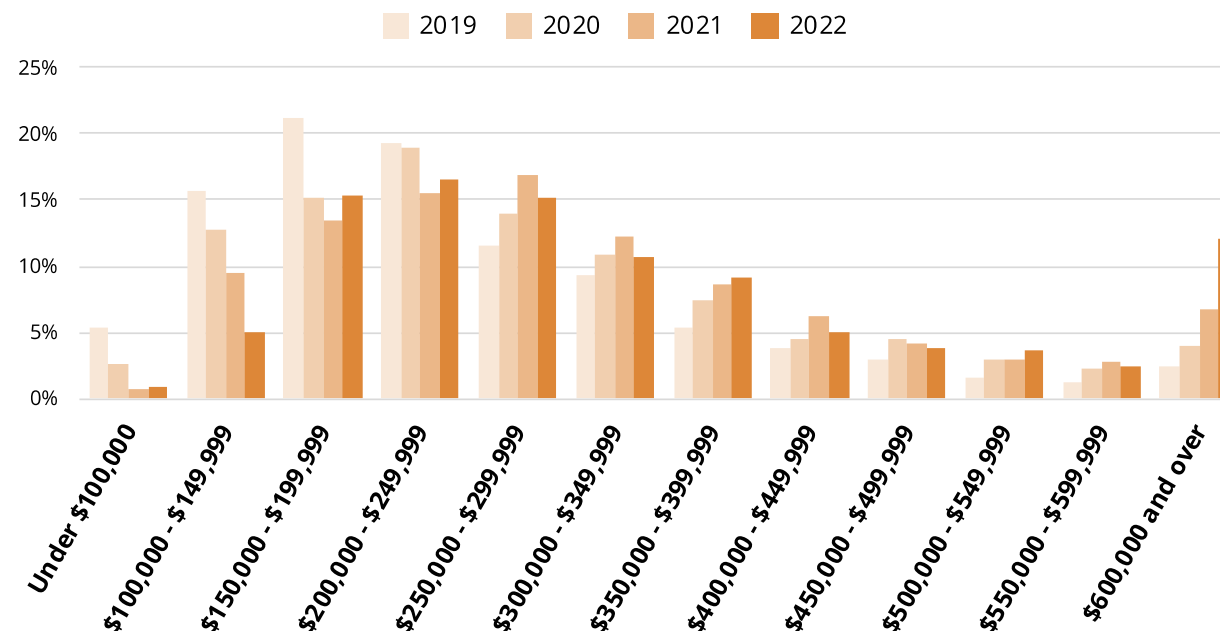
# For Sale Homes, SFD v. Condos

- Even with price increases, condos remain an affordable homeownership option

**Home Sales Price Distribution, Single Family Detached only, 2019-2022 YTD**



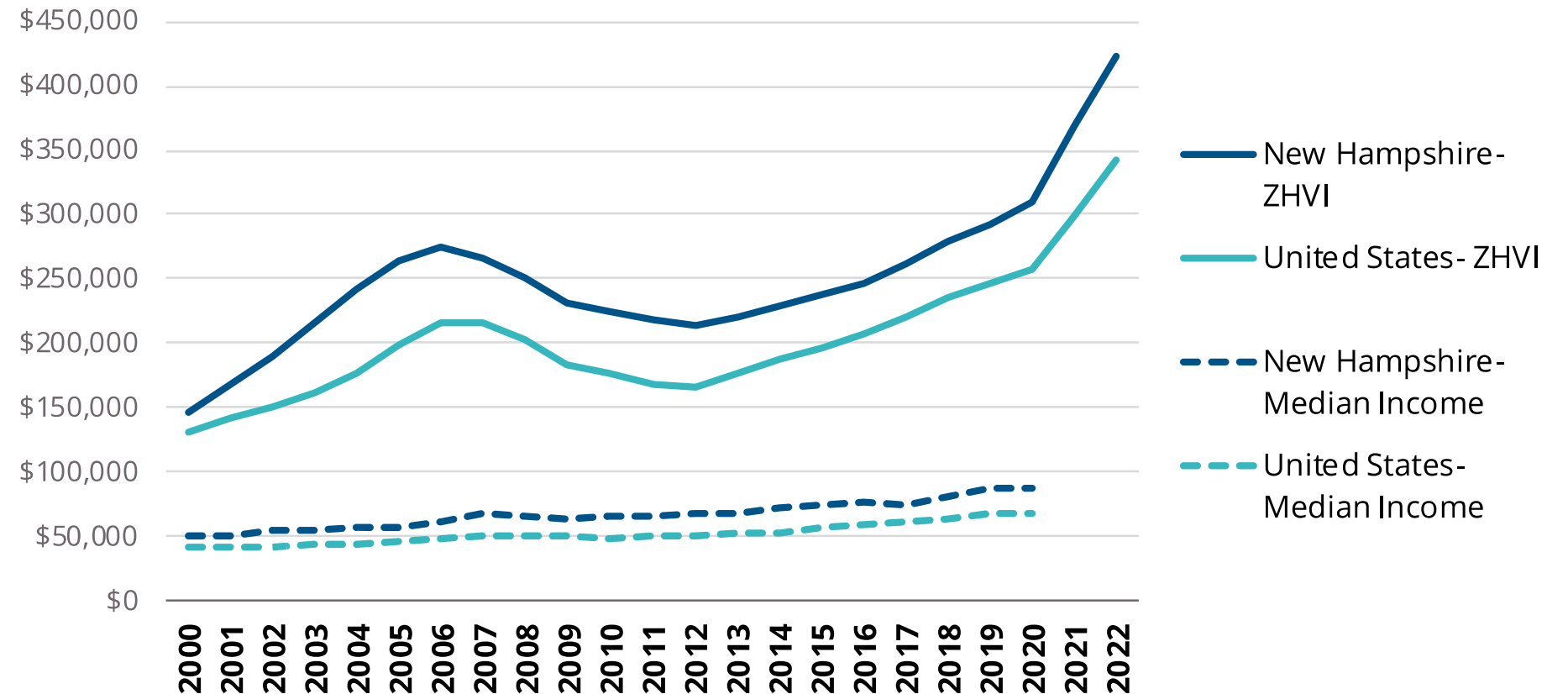
**Home Sales Price Distribution, Condos only, 2019-2022 YTD**



# Home Values v. Incomes

- Between 2000 and 2020, New Hampshire home values rose by 111%
- Median household income rose by 73%
- In the U.S., values rose by 96%; incomes rose 61%

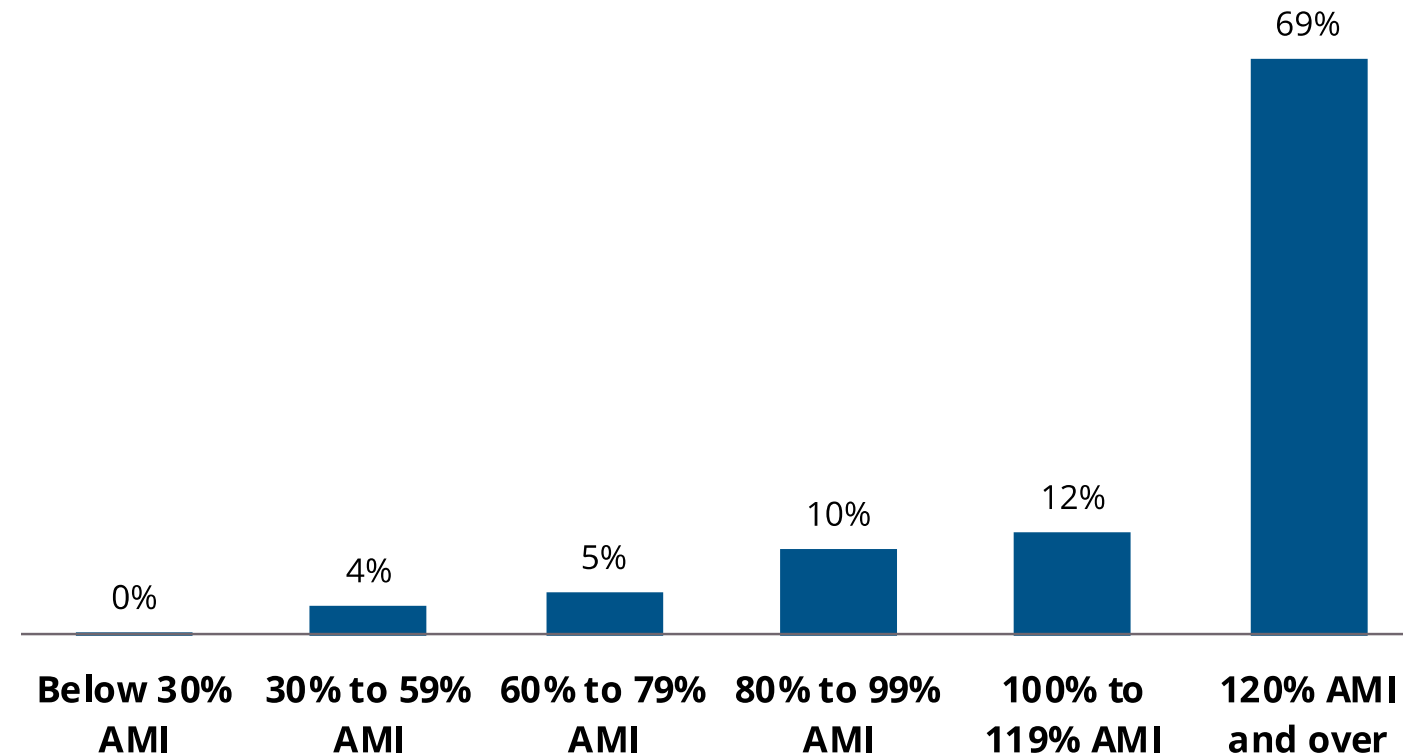
**Zillow Home Value Index and Median Income, 2000 - 2022**



Note: Data for 2020 represent January through July. Nominal dollars (not adjusted for inflation.) Income data are only available through 2020.  
Source: Zillow, U.S. Census median household income, retrieved from FRED, and Root Policy Research.

# Affordability of Homes for Sale, April 2022

## Home for Sale by AMI, April 2022



Note: N=2,884. Regional AMI levels are used.

Source: MLS data from New Hampshire Housing and Root Policy Research.

# Homeowner-ship Gap

- The gap compares the proportions of renters at AMI levels with the availability of affordable homes to buy
- Between 2010 and 2020, the difference in proportions widened
- Renters with income less than 120% AMI are less competitive in the homebuying market

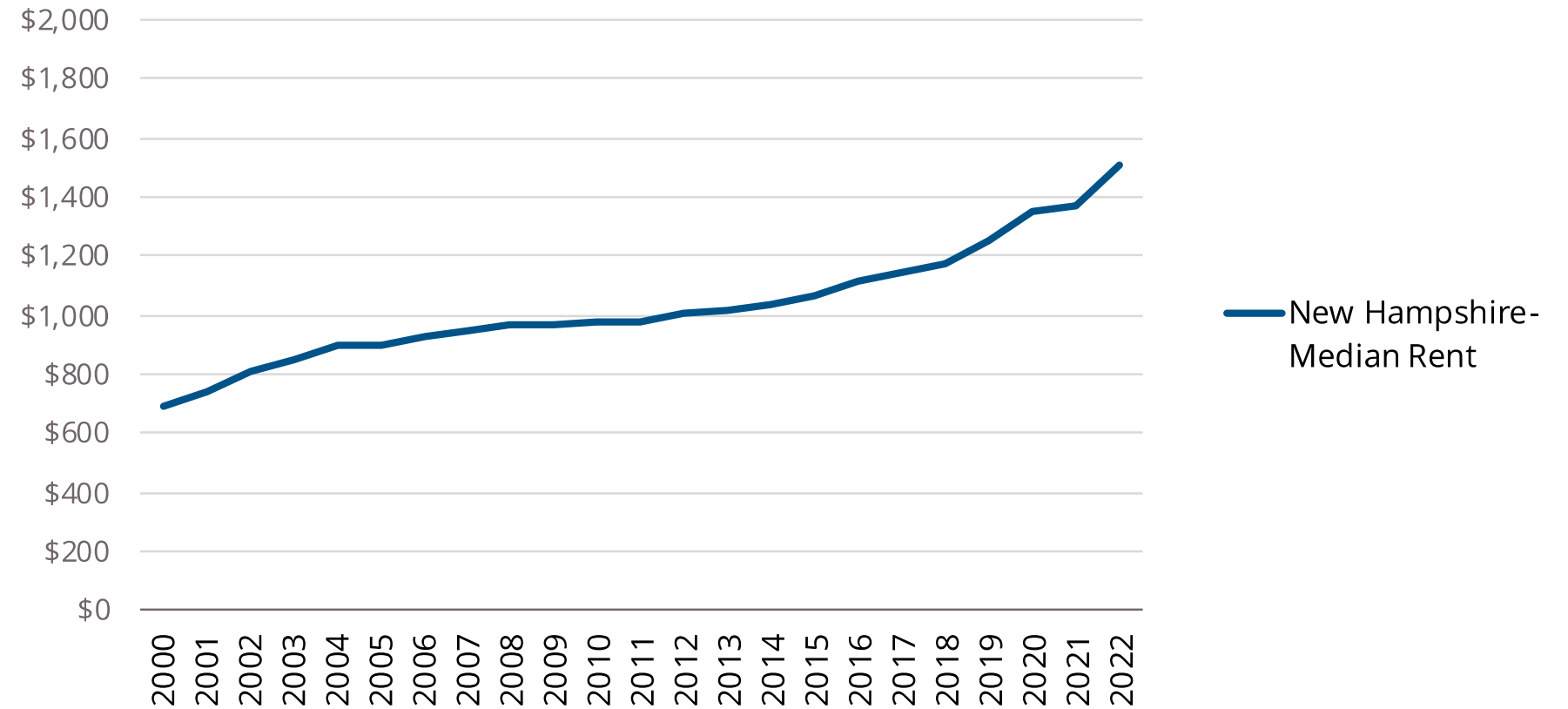
## State Cumulative Ownership Gaps by AMI, 2010 and 2020

AMI	2010			2020			Cumulative Gap (Excluding 0-30% AMI)	
	Renters	Units	Gap	Renters	Units	Gap	2010	2020
<b>0%-30% AMI</b>	32%	5%	<b>-27%</b>	31%	0%	<b>-30%</b>	-	-
<b>31%-50% AMI</b>	21%	10%	<b>-11%</b>	20%	4%	<b>-16%</b>	<b>-11%</b>	<b>-16%</b>
<b>51%-60% AMI</b>	9%	8%	<b>0%</b>	8%	4%	<b>-4%</b>	<b>-11%</b>	<b>-21%</b>
<b>61%-80% AMI</b>	14%	22%	<b>8%</b>	14%	11%	<b>-3%</b>	<b>-3%</b>	<b>-24%</b>
<b>81%-100% AMI</b>	9%	19%	<b>9%</b>	10%	16%	<b>6%</b>	<b>6%</b>	<b>-17%</b>
<b>101%-120% AMI</b>	6%	13%	<b>7%</b>	6%	17%	<b>11%</b>	<b>13%</b>	<b>-6%</b>
<b>Over 120% AMI</b>	9%	23%	<b>14%</b>	11%	48%	<b>37%</b>	<b>27%</b>	<b>30%</b>

Source: ACS 5-year estimates, MLS, HUD income limits, and Root Policy Research.

# Rental Cost Trends

**Median Rent, 2000 - 2022**



Source: New Hampshire Housing Rent Vacancy Survey, and Root Policy Research.

# Trends Renters v. Affordable Units

- Although the number of low income renters has declined, the drop in affordable rentals is much greater
- The state's lowest income renters are most adversely affected by price increases. They have fewer resources to manage rent increases, have far fewer units from which to choose, and are less competitive in the rental market

**Number of Renters and Affordable Units by Income, 2010 and 2020**

Income	2010		2020		2010-2020 Change	
	Renters	Affordable Units	Renters	Affordable Units	Renters	Affordable Units
Less than \$24,999	49,115	26,801	41,683	18,739	-7,432	-8,062
\$25,000-\$49,999	43,829	79,547	42,293	70,446	-1,536	-9,101
\$50,000-\$74,999	25,672	24,040	29,961	50,270	4,289	26,230
\$75,000+	21,951	3,673	41,340	9,747	19,389	6,074

Note: Price breaks for units are \$650, \$1,250, and \$2,000. Excludes units with no cash rent.

Source: ACS 5-year estimates, and Root Policy Research.

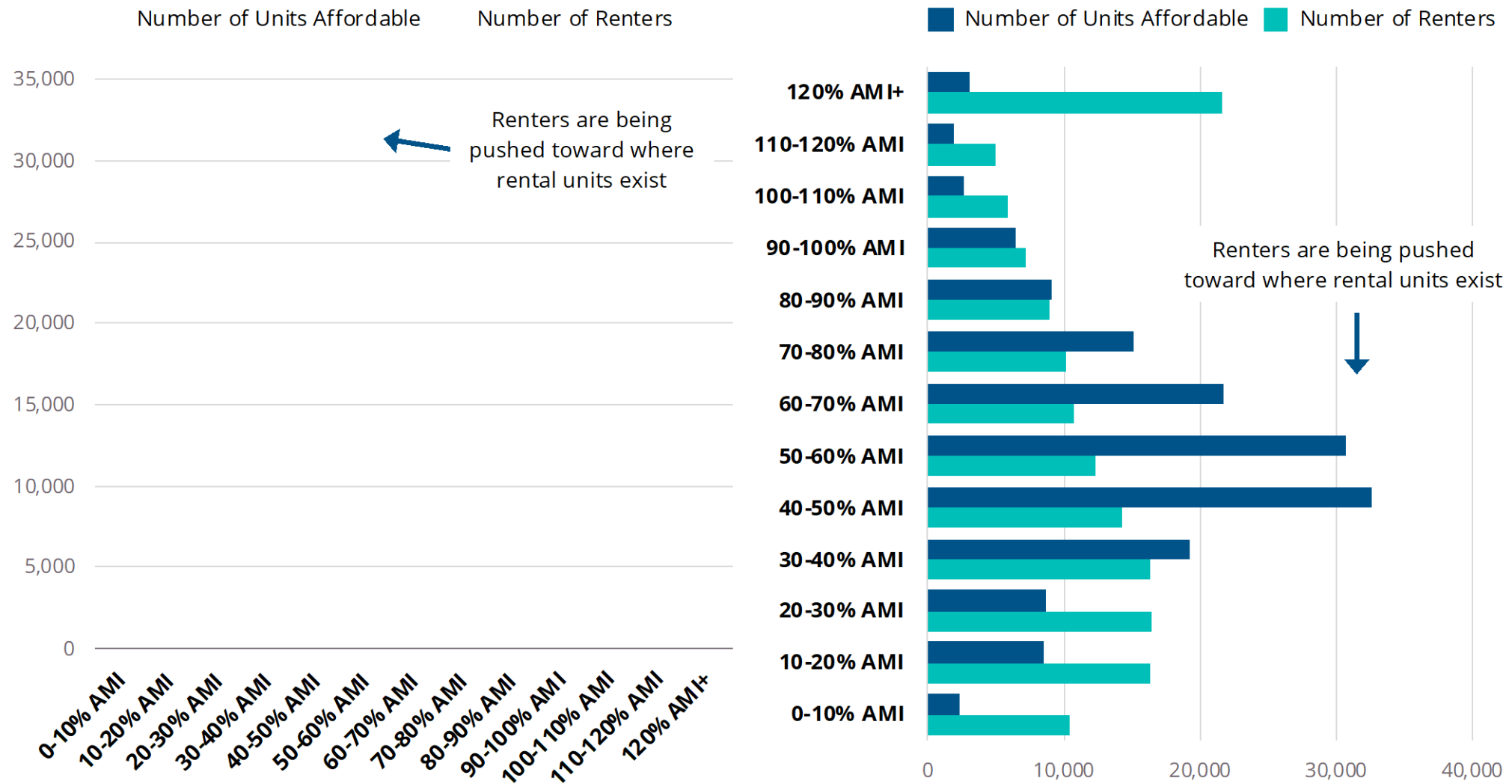
# Rental Gap

- The gap compares the number of renters at AMI levels with the availability of affordable rental units
- The difference represents the rental assistance or new units needed to address needs
- The rental gap increased by 2,415 units, or more than 10% between 2010 and 2020

## State Rental Gaps by AMI, 2010 and 2020

AMI	2010			2020			Change in Gap
	Renters	Units	Gap	Renters	Units	Gap	
<b>0%-30% AMI</b>	40,812	19,675	<b>-21,137</b>	43,107	19,555	<b>-23,552</b>	<b>-2,415</b>
<b>31%-50% AMI</b>	28,234	46,987	<b>18,752</b>	30,500	51,825	<b>21,325</b>	<b>2,572</b>
<b>51%-60% AMI</b>	12,115	29,814	<b>17,699</b>	12,285	30,616	<b>18,332</b>	<b>633</b>
<b>61%-80% AMI</b>	19,412	33,511	<b>14,099</b>	20,831	36,717	<b>15,887</b>	<b>1,788</b>
<b>81%-100% AMI</b>	14,296	10,977	<b>-3,319</b>	16,124	15,540	<b>-584</b>	<b>2,735</b>
<b>101%-120% AMI</b>	9,297	5,319	<b>-3,978</b>	10,847	4,592	<b>-6,255</b>	<b>-2,276</b>
<b>Over 120% AMI</b>	16,400	2,722	<b>-13,678</b>	21,584	3,058	<b>-18,526</b>	<b>-4,848</b>

Source: ACS 5-year estimates, HUD income limits, and Root Policy Research.



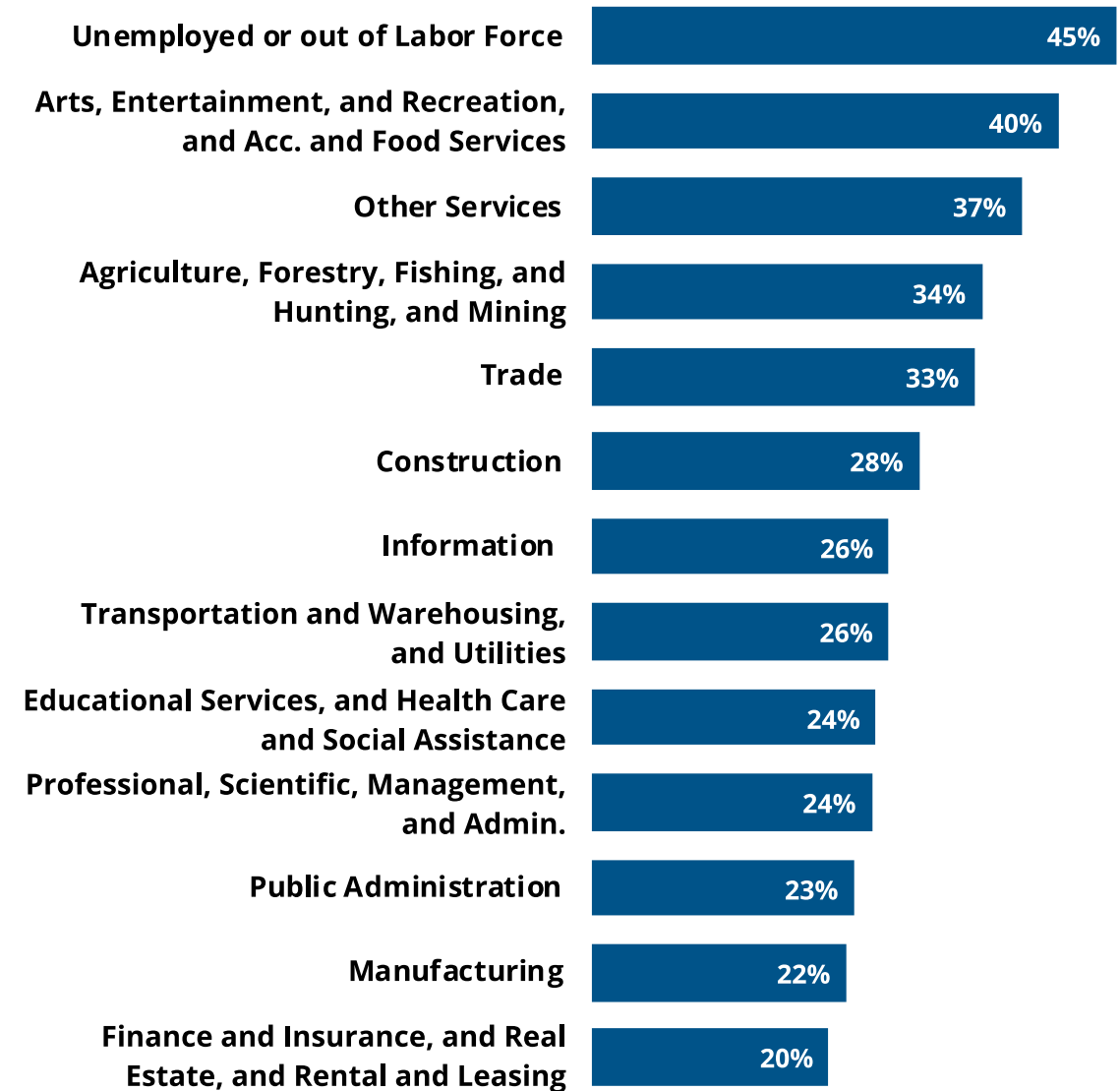
# Mismatch btwn Renters and Units



# Cost Burden and Employment

- Rates of cost burden are higher among those unemployed or out of the labor force (45%), but they are almost as high among those working in the Arts, Entertainment, Recreation, Accommodation and Food Services industry

## Cost Burden by Head of Household Employment Industry, 2020

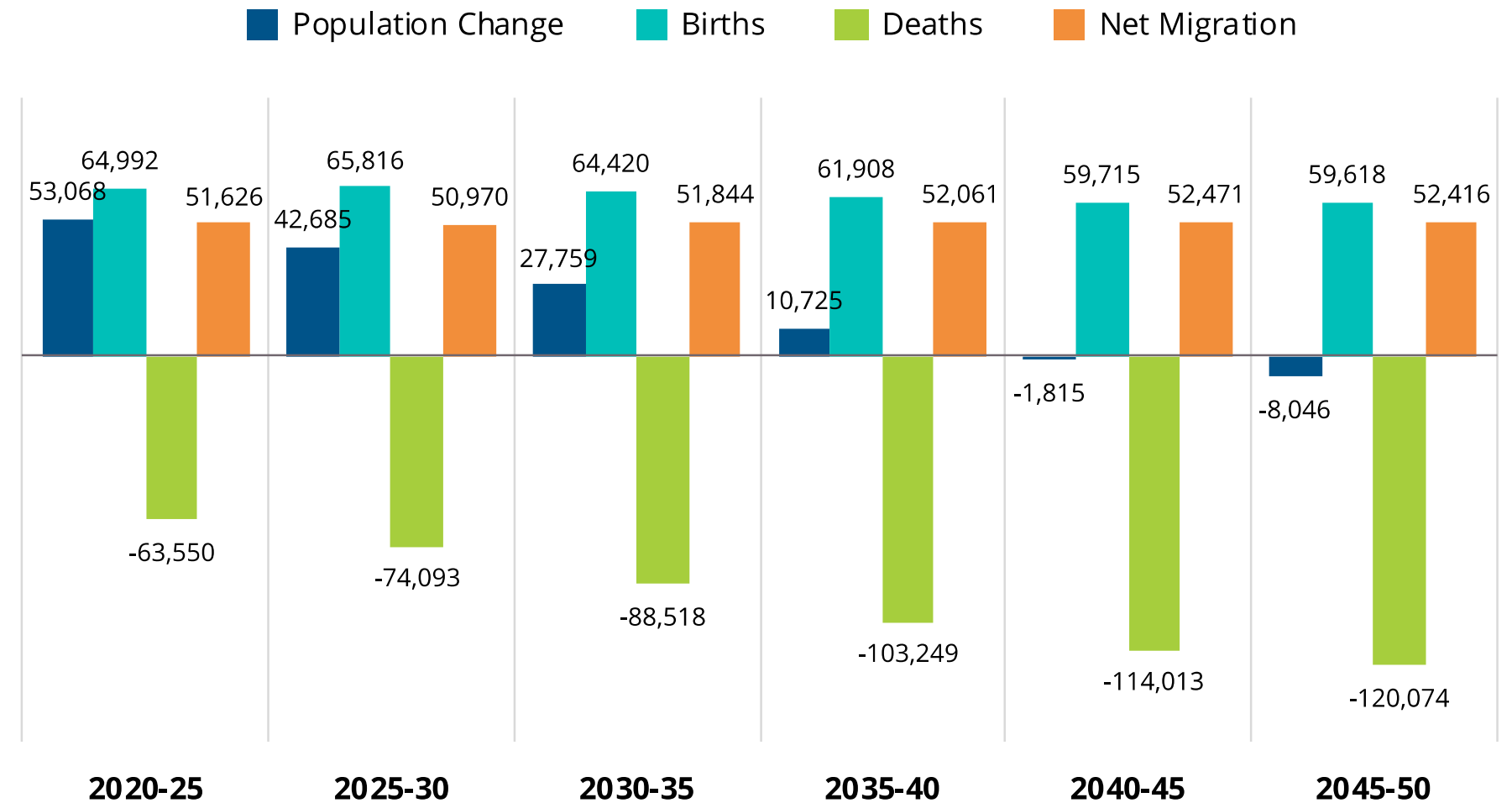


Source: New Hampshire Housing Rent Vacancy Survey, and Root Policy Research.

# WHAT'S AHEAD

- Population growth is expected to slow significantly until 2040, after which population will decline
- By 2040, 28% of the state's residents will be age 65+ compared to 19% in 2020
- These trends will create challenges in maintaining economic growth
- Seniors hoping to age in place could face a shortage of supportive and health care services

## Projected Population Change and Components of Change



Source: RLS Demographics.

# THANK YOU

## Q&A

