

## **CHAPTER V**

### **HOUSING**

Housing concerns in Newbury focus on quantity, variety and price range. Adequate housing should be available to meet the needs of our year-round and seasonal residents and property owners. In addition, we should consider how to address the lodging needs associated with tourism. Looking at the data in the Community Characteristics chapter revealed a number of housing issues, as did some of the answers from the property owner surveys conducted in 1990 and 1994 by the Newbury Planning Board. These concerns are discussed below.

#### **AFFORDABILITY**

##### **What Determines Affordability and Who is Affected?**

The primary factors that determine housing affordability are the supply and cost of housing, available income, and general housing market trends. Local wages need to support local housing costs. When housing costs rise and wages are reduced, or jobs are cut, working residents may be forced to move to other areas to find suitable wages and affordable housing. Also affected by affordability are the elderly and other residents on fixed incomes, young residents leaving home to start their own households, and other low- to moderate-income residents. The effects on these residents show up as declines in resident population and ownership, possible declines in the proportion of elderly population and rising percentages of rental occupancy. Proportional growth in nonresident, seasonal, and retirement owners, or in new residents with higher-than-average income also indicate a possible gap in housing affordability.

##### **What is Affordable?**

According to the U.S. Department of Housing and Urban Development (HUD), affordable housing should require no more than 30% of household income. To determine housing costs, the estimate must include rent or house payment, utilities, and other indirect housing costs. Table V-1 illustrates a means for estimating affordability in Newbury. The indicated monthly rental costs include estimates for electricity, gas, water, and heating fuels. Owner costs also include estimates for real estate taxes and insurance.

As the table illustrates, costs for an affordable home in Newbury are based on an assumption of 30% of the 1990 median household income. At that time, Merrimack County's median household income was \$35,801 and Newbury's was \$35,821. The County median is used for consistency with New Hampshire's methodology for determining affordability. On this basis, households receiving 100% of the 1990 median income could afford to pay about \$895 a month in total housing costs. Households earning 80% of the median income could afford no more than \$716 per month. Affordability decreased proportionally for households below 80% of the median.

**TABLE V-1**

**Estimates of 1990 Per Month Affordability for Housing in Newbury**

Median Household Income (MHI)	100% MHI (annual)	80% of MHI	70% of Median	60% of Median	50% of Median	40% of Median
Merrimack Cnty MHI	\$35,801.00	\$28,640.80	\$25,060.70	\$21,480.60	\$17,900.50	\$14,320.40
Average Monthly Housing Costs at 30% of Merrimack County Median Household Income						
Total Housing Costs	\$895.03	\$716.02	\$626.52	\$537.02	\$447.51	\$358.01
If % paid for indirect costs equals:	Affordable Average Monthly Indirect Costs					
20%	\$179.01	\$143.20	\$125.30	\$107.40	\$89.50	\$71.60
25%	\$223.76	\$179.01	\$156.63	\$134.25	\$111.88	\$89.50
30%	\$268.51	\$214.81	\$187.96	\$161.10	\$134.25	\$107.40
If % paid for indirect costs equals:	Affordable base rent or mortgage payment					
20%	\$716.02	\$572.82	\$501.21	\$429.61	\$358.01	\$286.41
25%	\$671.27	\$537.02	\$469.89	\$402.76	\$335.63	\$268.51
30%	\$626.52	\$501.21	\$438.56	\$375.91	\$313.26	\$250.61

NOTE: Newbury affordability based on Merrimack County's MHI for consistency with New Hampshire law in determining the fair share provision of housing; Monthly MHI is estimated by dividing Census determined annual MHI by 12

Source: U.S. Census Bureau, 1990 Census and UVLSRPC

If we assume that indirect costs were between 20% and 30% of total housing costs, a household with median income should have paid between \$626 and \$716 per month for rent or house payment alone. A household receiving 80% of median income should have paid no more than \$501 to \$573 per month. A lower income household would have needed to pay proportionally less to stay within 30% of their income for total housing costs.

## **Is Newbury Housing Affordable?**

### Rental Housing

As described in Chapter VII Community Characteristics, median rent, including utilities, in Newbury was \$497 per month in 1990. As shown in Table V-1, this was affordable for most households that earned between 60% and 100% of median household income. Households with income below \$21,480 may have found it more difficult to pay housing costs and stay within 30% of their income. Those at or below 40% of median income would have exceeded the 30% affordability factor if they paid \$497 a month.

According to a report prepared by the Upper Valley Lake Sunapee Regional Planning Commission entitled, 1995 Regional Fair Share Housing Analysis, only 16% of low- to moderate-income rental households were overpaying for housing in Newbury in 1990. This affected approximately 34-35 of our residents if we assume an average household size of 2.66 persons per household. The issue is to provide additional low-income housing, or offer some kind of assistance to decrease housing costs to affordable levels for residents who overpay.

### Purchase price for new resident owners

According to the suggested estimates of affordability, households earning 100% of median income should pay no more than \$716 per month for a mortgage payment. The following example considers purchasing a home at the \$138,000 median cost for a Newbury owner-occupied home. With a 5% down payment, and a fixed 10% interest rate for 30 years, house payments would be about \$1,160 per month. Decreasing the fixed rate to 8% would lower payments to around \$970 per month, still \$250 above the presumed affordable level. With the given loan terms, buying a home at Newbury's 1990 median cost would not be affordable unless your household earnings were above the 1990 median income. Changing the terms of the loan could make the purchase affordable.

### Existing owner households

Affordability for existing resident homeowners depends on mortgage payments. As indicated in Chapter VII Community Characteristics, selected owner costs were determined by the Census for owners with and without a mortgage. Average housing costs for owners with no mortgage were 13% of household income and for owners with a mortgage about 25% of household income, both below the 30% threshold.

**TABLE V-2**  
**Estimated Monthly House Payments**

Purchase Price	Down = 5%	Principal	Per Month Estimate	
			30 yr. @ 8%	30 yr. @10%
\$140,000	\$7,000	\$133,000	\$1,064	\$1,330
\$135,000	\$6,750	\$128,250	\$1,026	\$1,283
\$130,000	\$6,500	\$123,500	\$988	\$1,235
\$125,000	\$6,250	\$118,750	\$950	\$1,188
\$120,000	\$6,000	\$114,000	\$912	\$1,140
\$110,000	\$5,500	\$104,500	\$836	\$1,045
\$100,000	\$5,000	\$95,000	\$760	\$950
\$90,000	\$4,500	\$85,500	\$684	\$855
\$80,000	\$4,000	\$76,000	\$608	\$760
\$70,000	\$3,500	\$66,500	\$532	\$665
\$60,000	\$3,000	\$57,000	\$456	\$570
\$50,000	\$2,500	\$47,500	\$388	\$475

Source: UVLSRPC

Based on U.S. Census data, as provided in the previously mentioned Regional Housing Analysis, 58 owner-occupied households in Newbury earned below 80% of the County's median income and paid over 30% for housing costs in 1990. At an average of 2.66 persons per household, this affected about 155 residents in Newbury.

### **What Purchase Price is Affordable to Newbury Residents?**

By comparing the estimates for monthly affordability and house payments, we can estimate the purchase price that would be affordable to Newbury residents. All of the following examples are given with the assumption of a 5% down payment, an 8% fixed annual interest rate, and a 30-year mortgage.

Using the suggested conditions, a home selling for \$100,000 would require payments of around \$703 per month. Based on our assumptions, these payments would be affordable for a household bringing in \$35,800 a year, as long as they didn't pay more than 20% for utilities and other indirect costs. Households earning \$28,600, or about 80% of the 1990 median income, could afford about \$500 to \$575 a month for house payments. They could afford to buy a house in the \$70,000 to \$80,000 price range.

## **REGIONAL FAIR SHARE HOUSING**

New Hampshire law (RSA 674:2) requires towns to address the current and future housing needs of all residents, regardless of income, within both the region and the municipality. Affordable housing needs for regional residents, as they concern Newbury, have been estimated by the Upper Valley Lake Sunapee Regional Planning Commission (UVLSRPC) through the regional housing needs assessment entitled 1995 Fair Share Housing Analysis. This document is based on U.S. Census Bureau data. It indicates that, within the entire Upper Valley Lake Sunapee Region, approximately 31% of renter and 14% of owner <sup>1</sup>low- to moderately low-income households are spending more than 30% of their income for housing. These housing costs include rent or house payment, utilities, insurance, and taxes. Considering all units within the Region, about one in five households pays in excess of 30% for housing.

In the UVLSRPC analysis, the basic considerations used to establish affordable housing needs for each community were households that rent, earn 80% or less of the County median income, and spend more than 30% of their income on housing.

Census data referred to in the document supports the conclusion that, regionally, the proportion of households in need of affordable housing has not increased since 1980, but stayed at about 10% of the total households. The document also includes town level data concerning the number of renter-occupied units, and renter households earning 80% or less of the County median and paying more than 30% of that income for rent.

According to the report, about 13 of Newbury's rental households earned below 80% of median income and paid more than 30% of that income for housing.

Around 14% of Newbury's owner-occupied units are occupied by low- to moderate-income households. As Table V-3 indicates, Newbury households with low- to moderate-income were less likely to overpay for housing than those in New London, Sunapee or Washington.

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<sup>1</sup>Note: Low to moderately low income households are herein defined as those earning 80% or less of the 1990 Merrimack County median household income.

## Newbury's Fair Share

According to the regional study, the determination of each community's fair share of affordable housing was based on housing costs and median household income. Employment proximity, fiscal capability, developable land area, and indigenous need (as determined by conditions of overcrowding, substandard plumbing, household income below 80% of the County median, and the expenditure of more than 30% of household income on housing costs), were discussed as related considerations. The report concludes that Newbury's fair share toward an adequate supply of affordable regional housing is an addition of approximately 15 low- to moderate-income rental units. These units could be added either through conversion of existing units or through construction of new units. Rent for these units would be at levels affordable to low- and moderate-income residents. The property owner surveys we conducted favored conversion of some of the larger existing residential structures within village areas as a way to address affordable housing.

**TABLE V-3**

### Affordable Housing Needs of Renters and Owners

	1990 Renter-occupied Units			1990 Owner-occupied Units		
	#	<80% Median Income and 30%+ Paid	% of Total Renters	#	<80% Median Income and 30%+ Paid	% of Total Owners
Newbury	81	13	16.0%	425	58	13.6%
Bradford	105	*	*	409	*	*
Goshen	27	4	14.8%	236	54	22.9%
New London	234	67	28.6%	1,031	112	10.9%
Sunapee	256	89	34.8%	735	122	16.6%
Sutton	74	*	*	485	*	*
Washington	19	8	42.1%	234	38	16.2%
Local Area	536	168	31.3%	2,236	326	14.6%
UVLS Region	11,159	3,520	31.5%	24,535	3,328	13.6%

\*NOTE: Does not include Bradford and Sutton (data not available for report).

## **OTHER ISSUES**

Issues besides affordability that were revealed through the Community Surveys and the chapter on community characteristics include the following:

1. Increasing the sense of community by maintaining sufficient housing opportunities for year-round residents: A high proportion of seasonal housing can increase the purchase and rental price of available housing and can reduce housing opportunities for local wage earners, particularly those with families.
2. Special housing needs: Residents with special housing needs, such as elderly and disabled citizens, do not have sufficient housing opportunities in Newbury and must move to other communities for such accommodations.
3. Compatibility of housing types: As the data and survey both indicate, our residents and property owners have a preference for single-family housing. Regulations should preserve and promote a predominance of single-family residences without reducing the opportunity for other types of housing. Where multifamily units and apartments are permitted, they should be built for compatibility with surrounding land uses and housing types.
4. Housing development growth rate: Development of housing should keep pace with our ability to provide needed support services, utilities, roads, etc. Efforts should be made to avoid scattered or premature development in areas that would endanger or injure health, safety, or welfare due to inadequate water supply, drainage, transportation, schools, fire protection or other public services.
5. Conversion of seasonal housing to year-round use in lake areas: The need to prevent the loss of water quality in the lakes caused by inadequate septic systems or other waste disposal associated with residential uses.

## **HOUSING GOALS AND OBJECTIVES**

1. Achieve a mix of suitable housing available at costs that will enable all of Newbury's households to pay for housing at costs that do not exceed 30% of their household income.

### Objectives

- A. Ensure that zoning regulations encourage development of a variety of housing types to meet the need for affordable housing for all income ranges.

- B. Make information available to residents concerning housing advocacy groups and housing assistance programs.
- 2. Ensure that Newbury's elderly and disabled population have access to appropriate housing to avoid displacement in these populations.

Objective

Encourage sufficient development of elderly and/or disabled housing to accommodate Newbury's needs.

- 3. Ensure that conversion of seasonal housing meets criteria for maintaining water quality in surface and ground water resources.

Objective

Regulate housing and other use conversions in and around lakes and other significant water resources to conform to water supply and sewage disposal standards for the protection of water resources.

- 4. Prevent the occurrence of scattered or premature housing development.

Objective

Ensure that site plan review procedures address the adequacy of the provision of necessary public services.