

## **CHAPTER VII - HOUSING**

Housing concerns in Newbury focus on quantity, variety and price range. Adequate housing should be available to meet the needs of our residents. In addition, the town should consider how to address lodging 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 community survey in 2006 conducted 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 price 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, wages increase slower than rapidly rising cost of housing, 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. Changes in demographics such as a decreasing young adult population indicate that existing resident families or individuals are moving away from Town. The gap in housing affordability is reflected by growth in nonresident, seasonal owners, and/or growth in new residents with higher-than-average incomes.

#### **How is “Affordable Housing” Defined?**

In the Zoning Ordinance, Newbury has defined “Affordable Housing” as “a housing unit which is (a) a rental unit in which the rent, including heat and utilities, does not exceed 30 percent of the income of a low or moderate income household living therein, or (b) an owner occupied unit, including a condominium, for which the total cost of a monthly mortgage (principal and interest) taxes, insurance, condominium fees, heat and utilities does not exceed 30 percent of a low or moderate income household living therein.” The Zoning Ordinance also defines “Low and Moderate Income Person/Family as “a person or family which has a household income of 120 percent or less of the median income, adjusted for family size, of Merrimack County as published annually by the U.S. Department of Housing and Urban Development.”

According to the U.S. Department of Housing and Urban Development (HUD), “Affordable Housing” should require no more than 30% of household income. The HUD guideline indicates that the income limit to qualify as a low income family is 80% of the Merrimack County median

family income, adjusted for family size. The HUD guideline indicates that the income limit to qualify as a very low income family is 50% of the Merrimack County median family income, adjusted for family size.

### **Is Newbury Housing Affordable?**

In 2006 the Merrimack County median family income for a family of three, for example, was \$50,400. Using the Newbury definitions of “Affordable Housing” and a “Low or Moderate Income Person/Family”, a family of three in 2006 with an income of less than \$60,400 would qualify as a low and moderate income family. As the table to follow illustrates, in 2006 a family of three meeting the Newbury definition of low and moderate income family would have \$1,132 available for rent or mortgage. Assuming a 30 year 6.5% fixed rate mortgage, a family of three earning 120% of the 2006 Merrimack County median family income could afford a maximum home purchase price of \$178,830.

Under the HUD guideline, a family of three in 2006 with an income of less than \$40,320 would qualify as a low income family. The table documents that a family of three in 2006 with a family income of \$40,320 would have \$756 available for rent or mortgage. Assuming a 30 year 6.5% fixed rate mortgage, a family of three in 2006 earning 80% of the Merrimack County median family income could afford a maximum home purchase price of \$119,431.

Under the HUD guideline, a family of three in 2006 with an income of less than \$25,200 would qualify as a very low income family. A family of three in 2006 with an income of \$25,200 would have \$472 available for rent or mortgage. Assuming a 30 year 6.5% fixed rate mortgage, a family of three earning 50% of the 2006 Merrimack County median family income could afford a maximum home purchase price of \$74,566.

Housing affordability for the alternative income limits discussed above is illustrated in Table V-1 to follow. Indirect housing costs include utilities for renters, and real estate taxes, utilities and insurance for homeowners.

**Table VII-1**

**Housing Affordability for Renters or Homeowners  
Based on Income Limits for a Family Size of Three Persons**

	Income Limits		
	120% MFI <sup>1</sup>	80% MFI	50% MFI
Income per Year	\$60,400	\$40,320	\$25,200
Income per Month	\$5,033	\$3,360	\$2,100
Total Housing Cost per Month (30% MFI)	\$1,510	\$1,008	\$630
Indirect Housing costs per Month (25% total housing costs)	-\$378	-\$252	-\$158
Net Housing Cost for Mortgage or Rent per Month	\$1,132	\$756	\$472
Maximum House Purchase Price assuming a 30 year 6.5% Fixed Rate Mortgage	\$178,830	\$119,431	\$74,566

Note:

<sup>1</sup> Median Family Income (MFI) for Merrimack County in 2006 for a family of three was \$50,400.

Source: New Hampshire Housing Finance Authority & K.B.M. & Associates

The table to follow compares the median family incomes in Newbury with those in Merrimack County in 1990, 2000 and 2006. Please note the 2006 median family income for Newbury is an estimated figure using the assumptions as footnoted. Newbury had a comparable median family income level in 1990 with Merrimack County. By 2000, the median family income in Newbury was 5% higher than in Merrimack County. This difference had increased to 15% by 2006 with Newbury's estimated median family income at \$80,665 while in Merrimack County the median family income was \$70,000.

**Table VII-2**

**Comparison of Median Family Income – Newbury & Merrimack County**

**1990, 2000 & 2006**

<b>Area</b>	<b>Median Family Income</b>		
	<b>1990<sup>1</sup></b>	<b>2000<sup>2</sup></b>	<b>2006</b>
Newbury	\$40,689	\$61,389	\$80,665 <sup>4</sup>
Merrimack County	\$41,410	\$56,842	\$70,000 <sup>3</sup>

Sources:

<sup>1</sup> 1990 Census adjusted for inflation

<sup>2</sup> 2000 Census

<sup>3</sup> 2006 Information from the New Hampshire Housing Finance Authority

<sup>4</sup> Newbury 2006 median family income figure generated by KBM & Associates as follows: Newbury's median family income increased 1.36 times faster than the growth in the median family income for Merrimack County between 1990 and 2000. Assuming continuation of the same growth rates for the 2000 – 2006 period, then Newbury's median family income increased 1.36 times the 23.1% increase in the Merrimack County median family income for an increase of 31.4% between 2000 and 2006.

**Is Newbury Rental Housing Affordable?**

Based on a 2006 residential rental cost survey by the New Hampshire Housing Authority, the median monthly rent for a two bedroom unit in Merrimack County was \$950. This rent was affordable for only those households meeting the Newbury income limits for defining "Affordable Housing". Those households meeting the HUD income limits for the low or very low income definition for "Affordable Housing" would not have been affordable since their housing costs would exceed 30% of their income.

**Are Newbury Homes for Purchase Affordable?**

According to the New Hampshire Housing Finance Authority, the median purchase price for a home in Newbury in 2006 was \$238,900. Using the guidelines in Table V-1, a house purchase price of \$238,900 did not meet the definition of "Affordable Housing" as defined by the Newbury or the HUD guidelines.

**COMMUNITY SURVEY RESULTS: HOUSING**

The 2006 Community Survey provided considerable input on housing questions in Newbury.

Eighty-eight percent (88%) of those responding to the survey agreed or strongly agreed that

Newbury should be primarily a rural residential community over the next ten years. Key elements defining this rural character by the survey respondents included the small town atmosphere, the uncrowded and quiet living conditions, the lakes, the scenic and unpolluted natural environment, and the outdoor recreational opportunities.

Respondents were evenly split over the question of whether Newbury should encourage the development of seasonal residences over the next ten years.

When asked which type of residential development they would like to see develop in Newbury in the future:

- a. Seventy-six percent (76%) of the respondents wanted to see single family residences on individual lots throughout Town;
- b. Cluster housing was not strongly supported with only twenty-six percent (26%) supporting it throughout town and thirty-six percent (36%) not supporting it anywhere in Town;
- c. Respondents were evenly split over development of two family residences and fifty percent (50%) not supporting them anywhere in Town;
- d. Respondents were evenly split over development of accessory apartments with forty-six percent not supporting them anywhere in Town;
- e. Multi-family residences received little support with sixty-six percent (66%) not supporting them anywhere in Town;
- f. Multi-family residences in cluster Developments received a little more support, but fifty-eight percent (58%) not supporting them anywhere in Town;
- g. Mobile homes on individual lots received very little support with eighty percent (80%) not supporting them anywhere in Town; and
- h. Mobile home parks received the least support with ninety percent (90%) not supporting them anywhere in Town.

## **ISSUES: HOUSING**

The data above indicates there is an issue with the affordability of rental housing and the affordability of buying a home in Newbury. The community survey results indicate little support for the types of housing that are more able to meet the needs of affordable housing leading one to conclude that education is needed for the public on the issue..

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

1. A variety of housing types are needed to meet the need for affordable housing for all income ranges.
2. The 2006 Community Survey Results indicate a lack of understanding about the issue of affordable housing and a lack of acceptance for the types of housing units that can address the problem.

3. The information in the Community Characteristics Chapter indicates a growing need for elderly and/or disabled housing to accommodate Newbury's future needs.
4. The town needs to find ways to lower land costs for affordable housing projects.
5. Newbury needs to have a better understanding of the housing needs for young adults returning to the community, young families moving into the community and/or elderly residents desiring to remain in the community.
6. Development of multi-family residential housing is one mechanism to allow affordable housing.
7. The time spent in the development review process for applicants proposing to develop affordable housing can affect the cost of the housing in the project.
8. Accessory apartments can be another form of affordable housing.
9. Finding affordable housing for workers of the larger employers in the area may become more of an issue with time.

#### **GOALS: HOUSING**

1. Develop a policy to promote a mix of suitable housing available at costs that will enable people to pay for housing at costs that do not exceed 30% of their family income.
2. Ensure that Newbury's elderly and disabled populations have access to appropriate housing to avoid displacement in these populations.
3. Ensure that the housing needs of young families and single parent households are met.

#### **RECOMMENDATIONS: HOUSING**

1. Further develop zoning regulations to encourage development of a variety of housing types to meet the need for affordable housing for all income ranges.
2. Make information available to residents concerning housing advocacy groups and housing assistance programs. Encourage educational programs to promote an understanding and acceptance of affordable housing. Introduce a warrant article for town Meeting to discuss and support the concept of affordable housing.

3. Develop mechanisms to encourage sufficient development of elderly and/or disabled housing to accommodate Newbury's needs.
4. Develop mechanisms to make lower cost land available for affordable or work force housing through providing water and sewer services and/or rezoning to allow higher densities.
5. Conduct a housing needs assessment of the community to study and identify the housing needs for young adults returning to the community, young families moving into the community and/or elderly residents desiring to remain in the community.
6. Evaluate the zoning regulations for opportunities to allow development of multi-family residential housing.
7. Seek ways to facilitate the development review process for applicants proposing to develop affordable housing.
8. Reexamine the accessory apartment regulations, including the 5 year provision, to see if there are changes that can promote affordable housing.
9. Encourage the large employers in the area to participate in the provision of affordable housing for their employees.