



# ***Belmont Fair Share Housing Analysis***



***December 2009***



***Applied Economic Research  
Laconia New Hampshire***

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## **Applied Economic Research**

This analysis was performed by Applied Economic Research at the request of the town of Belmont's planning board. Its purpose is to analyze whether or not Belmont is providing its fair share of affordable housing within its market setting—Belknap County.

### **Statutory Background**

In 2008 NH adopted legislation (RSA 674:59-61), which takes effect on January 1, 2010, requiring NH municipalities to provide opportunities for the development of affordable workforce housing. Copies of the Statute are in the Addendum to his report. The fundamental requirement is:

*"In every municipality that exercises the power to adopt land use ordinances and regulations, such ordinances and regulations shall provide reasonable and realistic opportunities for the development of workforce housing, including rental multi-family housing. In order to provide such opportunities, lot size and overall density requirements for workforce housing shall be reasonable. A municipality that adopts land use ordinances and regulations shall allow workforce housing to be located in a majority, but not necessarily all, of the land area that is zoned to permit residential uses within the municipality."*

The statute goes on to provide the following definitions:

*"Affordable" means housing with combined rental and utility costs or combined mortgage loan debt services, property taxes, and required insurance that do not exceed 30 percent of a household's gross annual income.*

*II. "Multi-family housing" for the purpose of workforce housing developments, means a building or structure containing 5 or more dwelling units, each designed for occupancy by an individual household.*

*III. "Reasonable and realistic opportunities for the development of workforce housing" means opportunities to develop economically viable workforce housing within the framework of a municipality's ordinances and regulations adopted pursuant to this chapter and consistent with RSA 672:1, III-e. The collective impact of all such ordinances and regulations on a proposal for the development of workforce housing shall be considered in determining whether opportunities for the development of workforce housing are reasonable and realistic. If the ordinances and regulations of a municipality*

*make feasible the development of sufficient workforce housing to satisfy the municipality's obligation under RSA 674:59, and such development is not unduly inhibited by natural features, the municipality shall not be in violation of its obligation under RSA 674:59 by virtue of economic conditions beyond the control of the municipality that affect the economic viability of workforce housing development.*

*IV. "Workforce housing" means housing which is intended for sale and which is affordable to a household with an income of no more than 100 percent of the median income for a 4-person household for the metropolitan area or county in which the housing is located as published annually by the United States Department of Housing and Urban Development. "Workforce housing" also means rental housing which is affordable to a household with an income of no more than 60 percent of the median income for a 3-person household for the metropolitan area or county in which the housing is located as published annually by the United States Department of Housing and Urban Development. Housing developments that exclude minor children from more than 20 percent of the units, or in which more than 50 percent of the dwelling units have fewer than two bedrooms, shall not constitute workforce housing for the purposes of this subdivision.*

The statute recognizes that some NH municipalities are already meeting their fair share of providing affordable workforce housing, in noting:

*"A municipality's existing housing stock shall be taken into consideration in determining its compliance with this section. If a municipality's existing housing stock is sufficient to accommodate its fair share of the current and reasonably foreseeable regional need for such housing, the municipality shall be deemed to be in compliance with this subdivision and RSA 672:1, III-e.)—Source: RSA 674:59:III.*

The Belmont Planning Board has asked AER to research whether the town is meeting its fair share of the regional need for affordable housing.

### ***Belmont Share of Affordable Ownership Housing***

The New Hampshire Housing Finance Authority (NHHFA) has calculated the affordable workforce housing maximum price and rents for NH's market areas as set forth on the following page.<sup>1</sup> For Belknap County, the estimated 2009 upper threshold affordable purchase price is \$211,000. NHHFA has also calculated the threshold for 2008 to be \$206,000 for Belknap County.

The issue, then, is whether Belmont is meeting its fair share of housing at or below these costs.

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<sup>1</sup> See [http://www.nhhfa.org/rl\\_docs/2009WHPurchaseRentLimits.pdf](http://www.nhhfa.org/rl_docs/2009WHPurchaseRentLimits.pdf)

## 2009 Workforce Housing Purchase and Rent Limits, [RSA 674:58 - 61](#)

This is an update to information that New Hampshire Housing provided to the Legislature in 2008 as it deliberated on the Workforce Housing statute. The purpose of this table is to assist municipalities in implementing the NH Workforce Housing statute, RSA 674:58 - 61. This analysis incorporates statutory requirements, and includes reasonable market assumptions for the targeted households' income levels such as interest rate, downpayment, mortgage term, taxes, and insurance.

	Ownership		Renters	
	100% of 2009 HUD Median Area Income Family of four	Estimated Affordable Purchase Price <sup>1</sup>	60% of 2009 HUD Median Area Income Adjusted for a family of three	Estimated Affordable Monthly Rent <sup>2</sup>
<b><u>HUD Metropolitan Fair Market Rent Areas (HMFA):</u></b>				
Boston-Cambridge-Quincy MA-NH	\$90,200	\$290,000	\$48,710	\$1,220
Hillsborough Co. NH (Part)	\$77,000	\$228,000	\$41,580	\$1,040
Lawrence, MA-NH	\$84,800	\$256,000	\$45,790	\$1,140
Manchester, NH	\$76,800	\$234,000	\$41,470	\$1,040
Nashua, NH	\$90,000	\$271,000	\$48,600	\$1,220
Portsmouth-Rochester, NH	\$80,000	\$244,000	\$43,200	\$1,080
Western Rockingham Co. NH	\$95,200	\$289,000	\$51,410	\$1,290
<b><u>County Fair Market Rent Areas (Non Metro):</u></b>				
Belknap County	\$67,300	\$211,000	\$36,340	\$910
Carroll County	\$63,400	\$211,000	\$34,240	\$860
Cheshire County	\$68,300	\$199,000	\$36,880	\$920
Coos County	\$54,800	\$164,000	\$29,590	\$740
Grafton County	\$67,800	\$209,000	\$36,610	\$920
Merrimack County	\$74,900	\$224,000	\$40,450	\$1,010
Sullivan County	\$64,300	\$194,000	\$34,720	\$870

<sup>1</sup> Estimated maximum price using 30% of income, 5% down payment, 30year mortgage at 5.74%, 0.7 points, PMI, and estimated taxes and hazard insurance.

<sup>2</sup> Estimated maximum gross monthly rental cost (rent + utilities), using 30% of income.

According to NHHFA estimates, Belmont accounted for 12% of the county's occupied (excluding vacant and second/vacation homes) housing units in 2006. This provides one yardstick for measuring Belmont's fair share.

	<b>Occupied Units</b>
Belmont	2,890
Belknap	24,806
Belmont Share	12%

NHHFA publishes data on the purchase price of primary housing by county and community in New Hampshire.<sup>2</sup> This data eliminates second and vacation home sales, an important consideration in reviewing housing affordability in Belknap County, wherein over 25% of the homes are second/vacation residences.

Between January and June of 2009 there were only 13 Belmont sales in the NHHFA data base. This is not enough sales to provide statistically meaningful comparisons. Therefore, AER has expanded the data base to the January 2008-June 2009 period, as seen on the following page.

The data supports a conclusion that Belmont is meeting its fair share of the region's affordable workforce ownership housing needs:

- Belmont accounted for 17% of the homes sold at prices of \$150,000 or under county-wide.
- Belmont accounted for 11% of the homes sold meeting the NHHFA affordability threshold, versus 9% of the total homes sold in the County.
- The 11% share of homes sold meeting the affordability criteria is essentially identical to the town's share of county households (11%).

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<sup>2</sup> [http://www.nhhfa.org/rl\\_docs/housingdata/PurchPriceTrendsCurrentVer.xls](http://www.nhhfa.org/rl_docs/housingdata/PurchPriceTrendsCurrentVer.xls)

**Comparative Sale Price Distribution, 2008-2009**

<b>Belmont:</b>			
	<b>Belmont: 2009 Jan-2008</b>	<b>June</b>	<b>Total 2008-June 2009</b>
\$150,000 and Under	15	7	22
150,001-180,000	5	2	7
180,001-210,000	4	1	5
210,001-250,000	6	1	7
250001-300,000	6	1	7
301,000+	4	1	5
Total	40	13	53
Under \$210,000			34

<b>Belknap</b>			
	<b>Belknap 2009 (Jan-2008</b>	<b>June)</b>	<b>Total 2008-June 2009</b>
\$150,000 and Under	74	58	132
150,001-180,000	55	28	83
180,001-210,000	66	20	86
210,001-250,000	62	22	84
250001-300,000	67	24	91
301,000+	81	19	100
Total	405	171	576
Under \$210,000			301

**Belmont Share of County, 2008-June 2009**

\$150,000 and Under	17%
150,001-180,000	8%
180,001-210,000	6%
210,001-250,000	8%
250001-300,000	8%
301,000+	5%
All Units Sold	9%
	11%

Source: NHHFA Purchase Price Data  
*sale price distribution*

### **Belmont Share of Affordable Rental Housing**

One measure of whether Belmont is meeting its fair share of providing worker housing is its share of the County's rental housing market. Low and moderate income households tend to dominate the rental inventory in the County. If a community has a small presence in the rental housing market, it can be taken as a warning sign that it may not be meeting its fair share of providing affordable worker housing. A major focus of housing policy in New Hampshire has been encouraging smaller, less urban, communities to accept subsidized housing, particularly subsidized family housing. Therefore, a community's performance in providing subsidized worker housing is a particularly important indicator of whether it is meeting its fair share affordable housing responsibilities.

AER has computed various indicators of Belmont's activity within the County's rental housing market, with the following results:

<b>Rental Housing Indicators: Belmont</b>	
Share of County Occupied Units 2006	12%
Share of Total Assisted Units (2008)	15%
Share of Family Assisted Units (2008)	21%
Share of Elderly Assisted Units (2008)	9%
Share of Total Renter Occupied Units (2000)	10%
Share of County's Below Median Rent Units	8%
<i>assisted housing belknap county</i>	

Belmont had 12% of the County's occupied housing units in 2006 according to NHHFA estimates. This is a basic yardstick against which to measure various rental housing indicators. Belmont accommodated more than this share of the County's total assisted units and its family assisted units. Its share of elderly assisted units, total renter occupied units and its share of units renting for less than the county median was slightly below the 12% yardstick, but not alarmingly so. Overall, and with particular focus on the provision of assisted family units, Belmont is meeting its share of the County's rental housing inventory. It is worthy to note that half of the county's ten communities provide no assisted housing units while 5 percent of Belmont's total housing units are subsidized—the third highest ratio in the County:

Belknap County Assisted Units: 2009								
		Subsidy Units				Share of Total Units In Community		
	2006 Occupied Units	Elderly	Family	Total	Share of County's Assisted Units	Elderly	Family	Total
Alton	2095	26	0	26	3%	1.2%	0.0%	1.2%
Barnstead	1695	0	0	0	0%	0.0%	0.0%	0.0%
<b>Belmont</b>	<b>2890</b>	<b>40</b>	<b>105</b>	<b>145</b>	<b>15%</b>	<b>1.4%</b>	<b>3.6%</b>	<b>5.0%</b>
Center Harbor	456	0	0	0	0%	0.0%	0.0%	0.0%
Gilford	3035	46	36	82	9%	1.5%	1.2%	2.7%
Gilmanton	1338	0	0	0	0%	0.0%	0.0%	0.0%
Laconia	7229	226	297	523	54%	3.1%	4.1%	7.2%
Meredith	2700	50	57	107	11%	1.9%	2.1%	4.0%
New Hampton	821	0	0	0	0%	0.0%	0.0%	0.0%
Sanbornton	1099	0	0	0	0%	0.0%	0.0%	0.0%
Tilton	1448	60	17	77	8%	4.1%	1.2%	5.3%
	24806	448	512	960	100%	1.8%	2.1%	3.9%
Source: NHHFA								
assisted housing belknap county								

### ***The Effect of Ordinances in Their Market Setting***

The patterns of exclusionary zoning in New Hampshire find that some communities impose restrictions on the pace of new housing construction in general, or on the opportunities to develop affordable rental housing. There are a variety of exclusionary aspects of ordinances, including, for example:

- Large minimum lot size requirements,
- Excessive infrastructure requirements,
- Unjustified restrictions on the timing of development/building permits authorized,
- Excessive approval delays,
- Severe limitations (or outright ban) on the location of multi-family housing,

A detailed review of Belmont's ordinances is not within the scope of this market-based analysis. We can however, observe the effect of Belmont's ordinances, measured in terms of recent development activity. As noted in a recent housing market analysis prepared by AER for the town, Belmont approved 229 new lots in residential subdivisions between the year 2000 and 2006 and Belmont accounted for 10% of the new units authorized by building permit during that period of intense market activity.

Within the affordable housing market segment, Belmont approved the 32 unit Maple Hill Acres subsidy rental unit development, with a significant inventory of three bedroom units. The development is now occupied.

Mobile homes are another segment of the housing market that communities have a tendency to exclude. In the most recent US Census, (2000) Belmont accommodated 862 mobile homes, which represented 28% of its total housing units. This is in contrast to Belknap County, wherein mobile homes represented 8% of the total housing units.

By these measures the Belmont ordinances are not exclusionary, in that they permit a significant level of new housing construction, permit the development of subsidized multifamily and allow the continued occupancy of a very high inventory of mobile homes.

## **Addendum**

# TITLE LXIV PLANNING AND ZONING

## CHAPTER 674 LOCAL LAND USE PLANNING AND REGULATORY POWERS

### Workforce Housing

#### Section 674:58

[RSA 674:58 effective January 1, 2010.]

##### **674:58 Definitions. –**

In this subdivision:

I. "Affordable" means housing with combined rental and utility costs or combined mortgage loan debt services, property taxes, and required insurance that do not exceed 30 percent of a household's gross annual income.

II. "Multi-family housing" for the purpose of workforce housing developments, means a building or structure containing 5 or more dwelling units, each designed for occupancy by an individual household.

III. "Reasonable and realistic opportunities for the development of workforce housing" means opportunities to develop economically viable workforce housing within the framework of a municipality's ordinances and regulations adopted pursuant to this chapter and consistent with RSA 672:1, III-e. The collective impact of all such ordinances and regulations on a proposal for the development of workforce housing shall be considered in determining whether opportunities for the development of workforce housing are reasonable and realistic. If the ordinances and regulations of a municipality make feasible the development of sufficient workforce housing to satisfy the municipality's obligation under RSA 674:59, and such development is not unduly inhibited by natural features, the municipality shall not be in violation of its obligation under RSA 674:59 by virtue of economic conditions beyond the control of the municipality that affect the economic viability of workforce housing development.

IV. "Workforce housing" means housing which is intended for sale and which is affordable to a household with an income of no more than 100 percent of the median income for a 4-person household for the metropolitan area or county in which the housing is located as published annually by the United States Department of Housing and Urban Development. "Workforce housing" also means rental housing which is affordable to a household with an income of no more than 60 percent of the median income for a 3-person household for the metropolitan area or county in which the housing is located as published annually by the United States Department of Housing and Urban Development. Housing developments that exclude minor children from more than 20 percent of the units, or in which more than 50 percent of the dwelling units have fewer than two bedrooms, shall not constitute workforce housing for the purposes of this subdivision.

**Source.** 2008, 299:2, eff. Jan. 1, 2010.

# TITLE LXIV PLANNING AND ZONING

## CHAPTER 674 LOCAL LAND USE PLANNING AND REGULATORY POWERS

### Workforce Housing

#### Section 674:59

[RSA 674:59 effective January 1, 2010.]

##### **674:59 Workforce Housing Opportunities. –**

I. In every municipality that exercises the power to adopt land use ordinances and regulations, such ordinances and regulations shall provide reasonable and realistic opportunities for the development of workforce housing, including rental multi-family housing. In order to provide such opportunities, lot size and overall density requirements for workforce housing shall be reasonable. A municipality that adopts land use ordinances and regulations shall allow workforce housing to be located in a majority, but not necessarily all, of the land area that is zoned to permit residential uses within the municipality. Such a municipality shall have the discretion to determine what land areas are appropriate to meet this obligation. This obligation may be satisfied by the adoption of inclusionary zoning as defined in RSA 674:21, IV(a). This paragraph shall not be construed to require a municipality to allow for the development of multifamily housing in a majority of its land zoned to permit residential uses.

II. A municipality shall not fulfill the requirements of this section by adopting voluntary inclusionary zoning provisions that rely on inducements that render workforce housing developments economically unviable.

III. A municipality's existing housing stock shall be taken into consideration in determining its compliance with this section. If a municipality's existing housing stock is sufficient to accommodate its fair share of the current and reasonably foreseeable regional need for such housing, the municipality shall be deemed to be in compliance with this subdivision and RSA 672:1, III-e.

IV. Paragraph I shall not be construed to require municipalities to allow workforce housing that does not meet reasonable standards or conditions of approval related to environmental protection, water supply, sanitary disposal, traffic safety, and fire and life safety protection.

**Source.** 2008, 299:2, eff. Jan. 1, 2010.

# TITLE LXIV PLANNING AND ZONING

## CHAPTER 674 LOCAL LAND USE PLANNING AND REGULATORY POWERS

### Workforce Housing

#### Section 674:60

[RSA 674:60 effective January 1, 2010.]

##### **674:60 Procedure. –**

I. Any person who applies to a land use board for approval of a development that is intended to qualify as workforce housing under this subdivision shall file a written statement of such intent as part of the application. The failure to file such a statement shall constitute a waiver of the applicant's rights under RSA 674:61, but shall not preclude an appeal under other applicable laws. In any appeal where the applicant has failed to file the statement required by this paragraph, the applicant shall not be entitled to a judgment on appeal that allows construction of the proposed development, or otherwise permits the proposed workforce housing development to proceed despite its nonconformance with the municipality's ordinances or regulations.

II. If a land use board approves an application to develop workforce housing subject to conditions or restrictions, it shall notify the applicant in writing of such conditions and restrictions and give the applicant an opportunity to establish the cost of complying with the conditions and restrictions and the effect of compliance on the economic viability of the proposed development. The board's notice to the applicant of the conditions and restrictions shall constitute a conditional approval solely for the purpose of complying with the requirements of RSA 676:4, I(c)(1). It shall not constitute a final decision for any other purpose, including the commencement of any applicable appeal period.

III. Upon receiving notice of conditions and restrictions under paragraph II, the applicant may submit evidence to establish the cost of complying with the conditions and restrictions and the effect on economic viability within the period directed by the board, which shall not be less than 30 days.

(a) Upon receipt of such evidence from the applicant, the board shall allow the applicant to review the evidence at the board's next meeting for which 10 days' notice can be given, and shall give written notice of the meeting to the applicant at least 10 days in advance. At such meeting, the board may also receive and consider evidence from other sources.

(b) The board may affirm, alter, or rescind any or all of the conditions or restrictions of approval after such meeting.

(c) Subject to subparagraph (d), the board shall not issue its final decision on the application before such meeting, unless the applicant fails to submit the required evidence within the period designated by the board, in which case it may issue its final decision any time after the expiration of the period.

(d) If an applicant notifies the board in writing at any time that the applicant accepts the conditions and restrictions of approval, the board may issue its final decision without further action under this paragraph.

**Source.** 2008, 299:2, eff. Jan. 1, 2010.

# TITLE LXIV PLANNING AND ZONING

## CHAPTER 674 LOCAL LAND USE PLANNING AND REGULATORY POWERS

### Workforce Housing

#### Section 674:61

[RSA 674:61 effective January 1, 2010.]

##### **674:61 Appeals. –**

I. Any person who has filed the written notice required by RSA 674:60, and whose application to develop workforce housing is denied or is approved with conditions or restrictions which have a substantial adverse effect on the viability of the proposed workforce housing development may appeal the municipal action to the superior court under RSA 677:4 or RSA 677:15 seeking permission to develop the proposed workforce housing. The petition to the court shall set forth how the denial is due to the municipality's failure to comply with the workforce housing requirements of RSA 674:59 or how the conditions or restrictions of approval otherwise violate such requirements.

II. A hearing on the merits of the appeal shall be held within 6 months of the date on which the action was filed unless counsel for the parties agree to a later date, or the court so orders for good cause. If the court determines that it will be unable to meet this requirement, at the request of either party it shall promptly appoint a referee to hear the appeal within 6 months. Referees shall be impartial, and shall be chosen on the basis of qualifications and experience in planning and zoning law.

III. In the event the decision of the court or referee grants the petitioner a judgment that allows construction of the proposed development or otherwise orders that the proposed development may proceed despite its nonconformance with local regulations, conditions, or restrictions, the court or referee shall direct the parties to negotiate in good faith over assurances that the project will be maintained for the long term as workforce housing. The court or referee shall retain jurisdiction and upon motion of either party affirming that negotiations are deadlocked, the court or referee shall hold a further hearing on the appropriate term and form of use restrictions to be applied to the project.

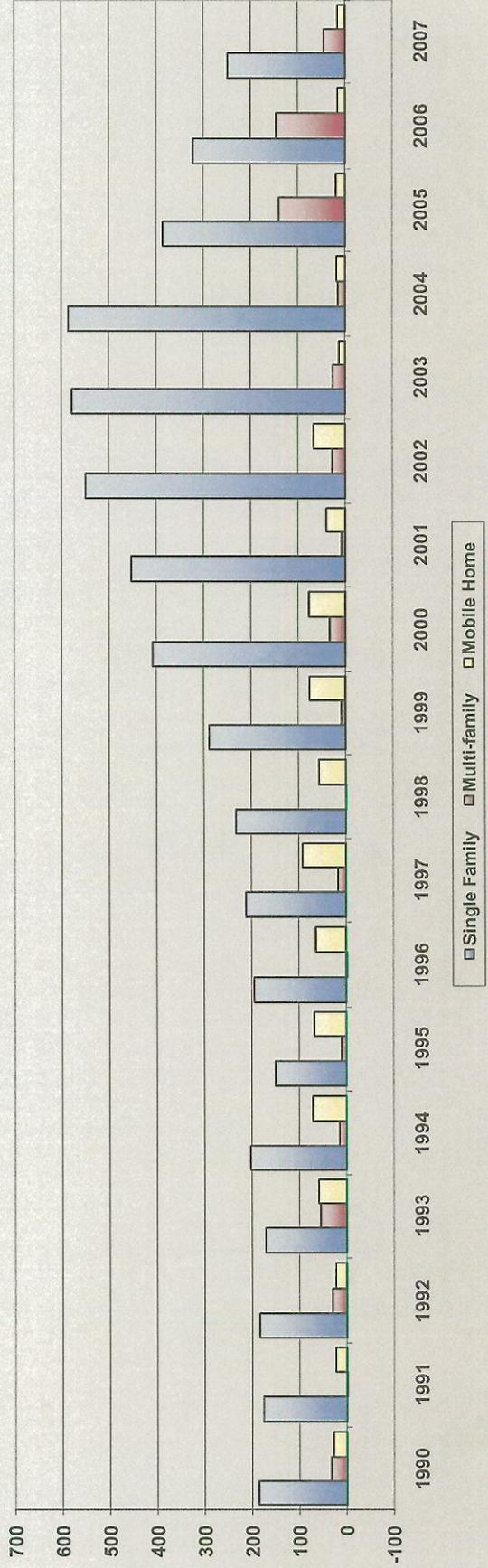
**Source.** 2008, 299:2, eff. Jan. 1, 2010.

NHHFA AREA PROFILE

Belknap County

HOUSING CHARACTERISTICS

Housing Units Authorized by Permit



Housing Units Authorized by Permit

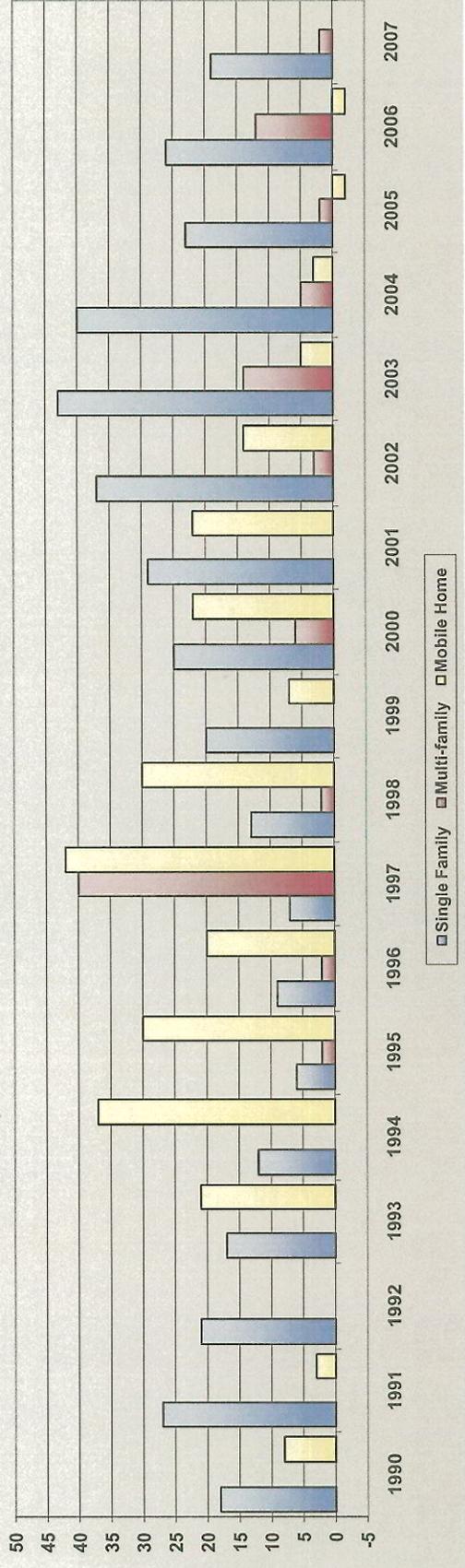
Source: NH Office of Energy and Planning (OEP)

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2007 est 2000-2007
Single Family	186	176	184	171	203	150	195	212	233	289	408	453	550	578	586	386	322	249	3,532
Multi-family	33	-1	30	55	15	10	-2	17	-1	9	33	8	28	26	15	140	146	45	441
Mobile Home	28	23	23	59	71	68	64	92	57	76	77	40	67	13	18	19	16	16	266
Total	247	198	237	285	289	228	257	321	289	374	518	501	645	617	619	545	484	310	4,239

Town of Belmont, Belknap County

HOUSING CHARACTERISTICS

Housing Units Authorized by Permit



Housing Units Authorized by Permit Source: NH Office of Energy and Planning (OEP)

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007, ie 2000-2007	
Single Family	18	27	21	17	12	6	9	7	13	20	25	29	37	43	40	23	26	19	242
Multi-family	0	0	0	0	0	2	2	40	2	0	6	0	3	14	5	2	12	2	44
Mobile Home	8	3	0	21	37	30	20	42	30	7	22	22	14	5	3	-2	-2	0	62
Total	26	30	21	38	49	38	31	89	45	27	53	51	54	62	48	23	36	21	348

## Belknap County Assisted Housing

Town	Name	Housing Type	Total Units	Assisted Units	Accessible Units	Elderly	Family
Alton	Prospect View	Elderly	26	26	3	26	
Belmont	Belmont Housing for The Elderly	Elderly	40	40	0	40	
Belmont	Belmont Village Apartments	Family	30	26	30		30
Belmont	Maple Hill Acres	Family	32	32	2		32
Belmont	Orchard Hill II	Family	32	27	2		32
Belmont	Sandy Ledge Housing	Family	11	11	1		11
<b>Subtotal: Belmont</b>			<b>145</b>	<b>136</b>	<b>35</b>	<b>40</b>	<b>105</b>
Gilford	Breton Woods	Family	36	31	0		36
Gilford	Gilford Village Knolls	Elderly	22	13	2	22	
Gilford	Gilford Village Knolls II	Elderly	24	24	0	24	
Laconia	Avery Hill	Family	14	14	1		14
Laconia	Blueberry Place	Family	35	35	2		35
Laconia	Laconia Neighborhood Initiatives	Family	19	19	1		19
Laconia	Lakeport Square	Elderly-Fa	75	75	7	50	25
Laconia	Lincoln Street	Family	2	2	0		2
Laconia	Mechanic Street School	Family	6	6	0		6
Laconia	Millview	Family	18	18	2		18
Laconia	Normandin Square	Family	60	60	0		60
Laconia	Pine Hill	Family	18	18	1		18
Laconia	Sunrise Towers	Elderly	98	98	4	98	
Laconia	Tavern Apartments	Elderly	50	50	0	50	
Laconia	Victoria Woods	Elderly	28	24	0	28	
Laconia	Wingate Apartments	Family	100	20	0		100
Meredith	Deer Run Apartments	Family	25	22	0		25
Meredith	Hillside Apartments	Elderly	50	50	5	50	
Meredith	Red Gate Lane	Family	32	28	2		32
Tilton	Mill Knoll	Family	17	17	0		17
Tilton	New Franklin Apartments	Elderly	60	60	6	60	
<b>Total Belknap County</b>			<b>960</b>	<b>846</b>	<b>71</b>	<b>448</b>	<b>512</b>
Belmont Share			15%	16%	49%	9%	21%