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Big Houses, Small Households

Office of Energy and Planning's 20th Annual
Spring Planning & Zoning Conference
Whitefield, NH

Saturday, May 3, 2014

"...to raise new ideas and improve policy debates through quality information and analysis on issues shaping New Hampshire's future."



New Hampshire's Housing Environment is Changing

- New Hampshire's population growth is slowing down, with fewer new migrants
- Job growth is slow and job quality is poor
- Elders are an increasingly larger share of owners and renters
- Young home buyers are challenged by slower economic growth and stricter lending standards
- Recent trend away from ownership and towards rental housing
- Dichotomy of NH growth means different regions have different problems
- General public, town officials and business are not aware of issues affecting NH's housing

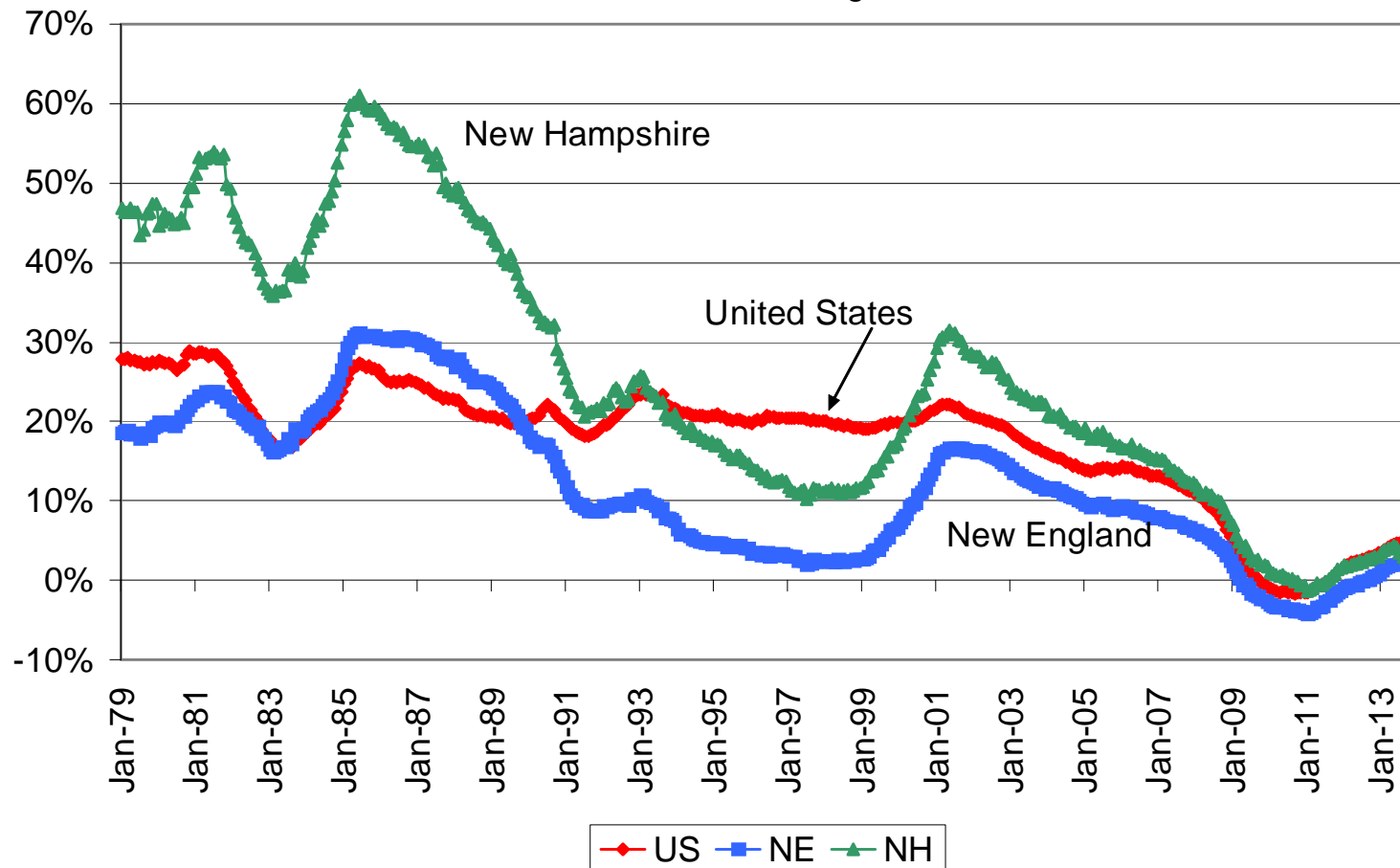


Housing Needs and Production



NH Job Growth Slowing Down

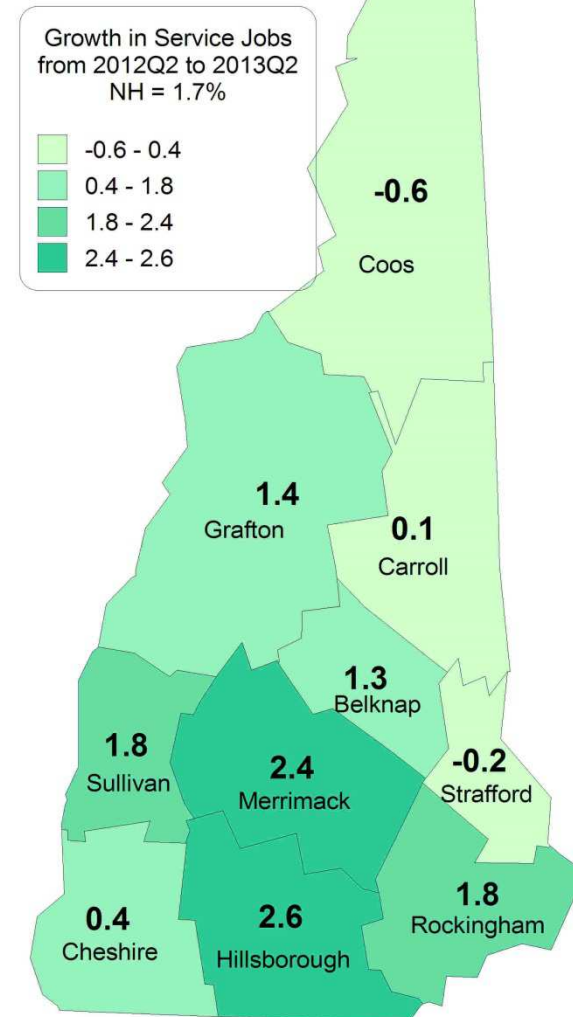
Percent Change in Payroll Employment Over Previous Ten Years
The Great Convergence





Economic Dichotomy in NH

- Job growth above 2% in South.
- Below 2% almost everywhere else.
- North County job base shrinks.

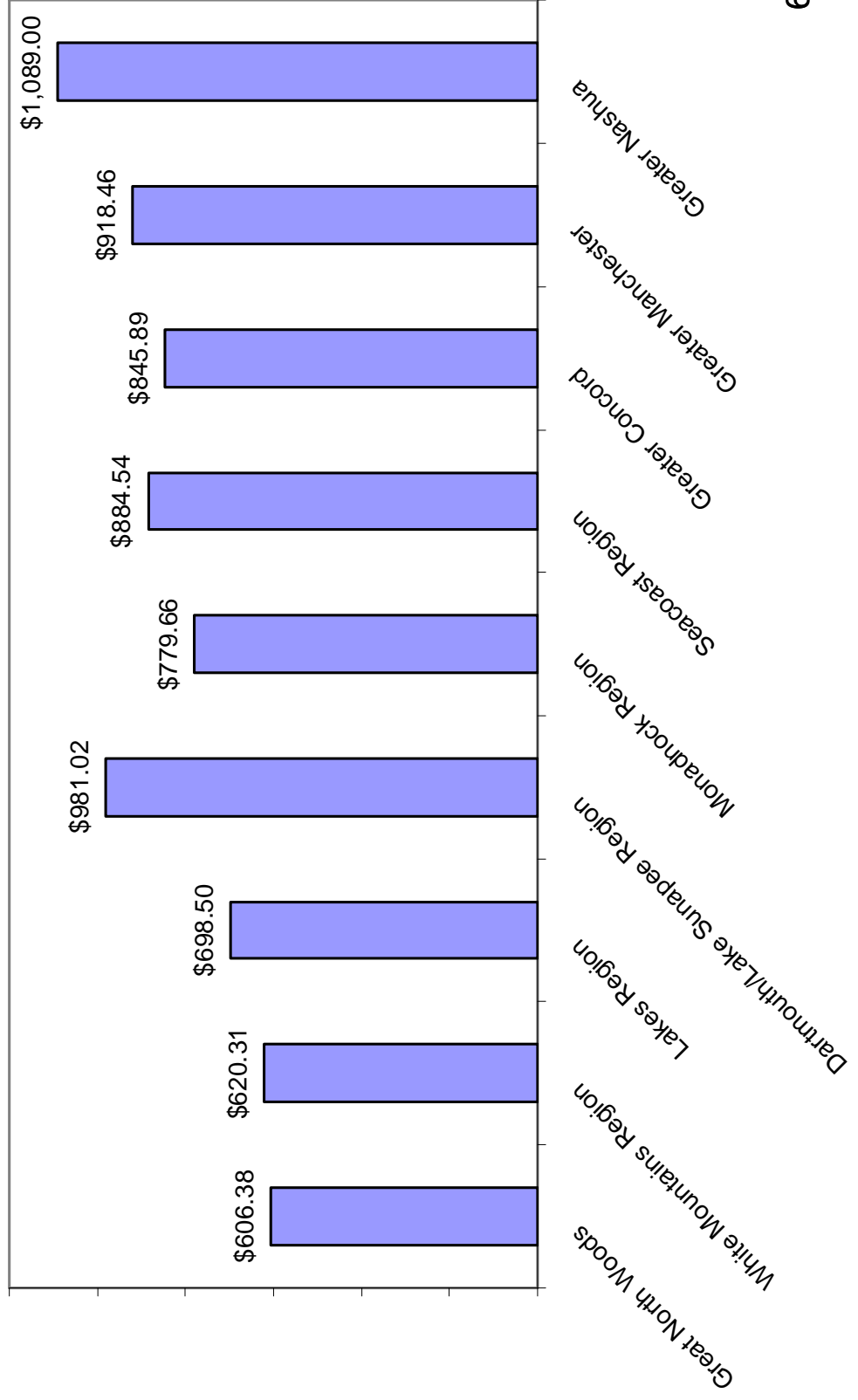


Source: NH Employment Security, Quarterly Employment Survey



NH Wages Also Higher in South

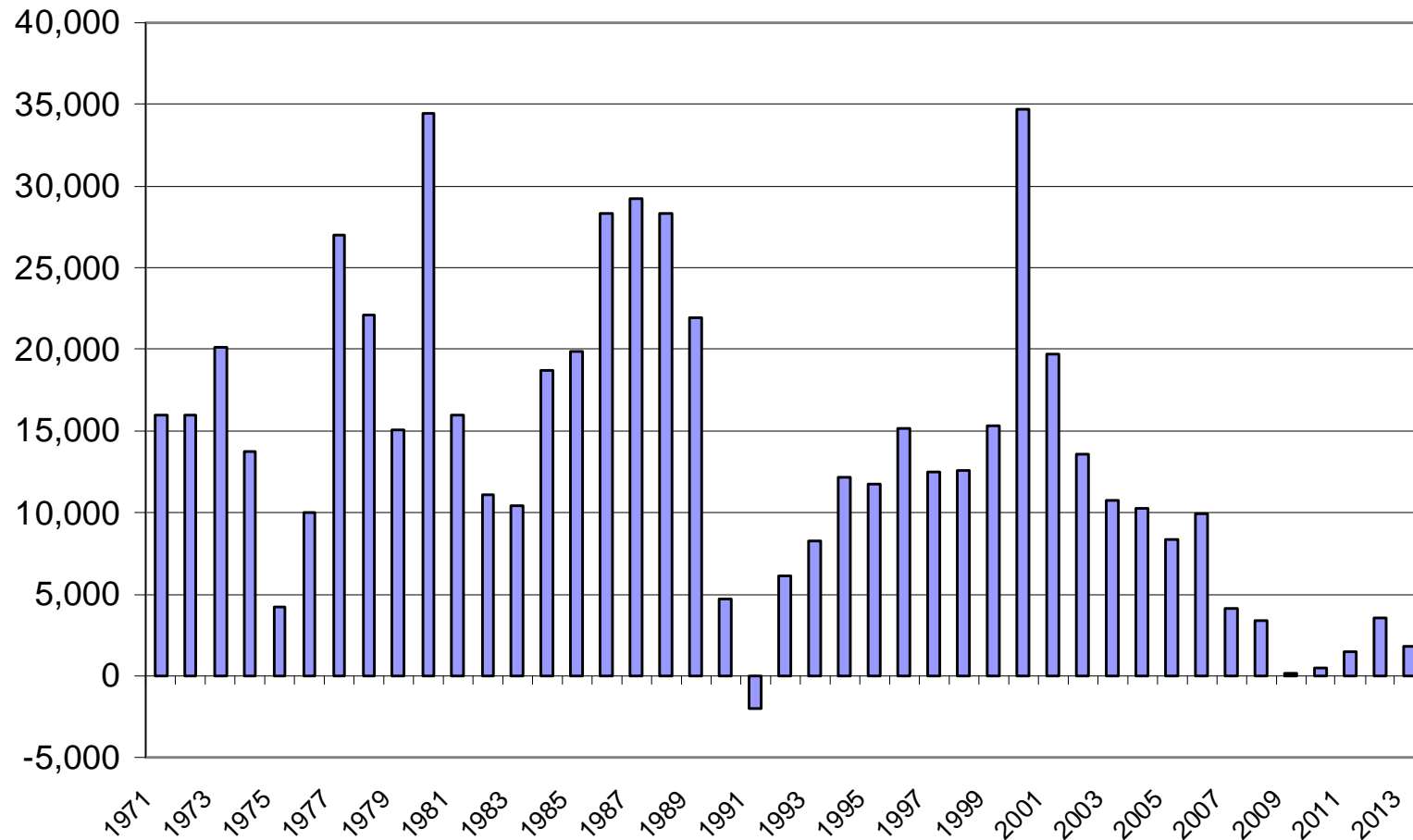
Average Weekly Wage (2011)





NH Growth Slowing Down - Population

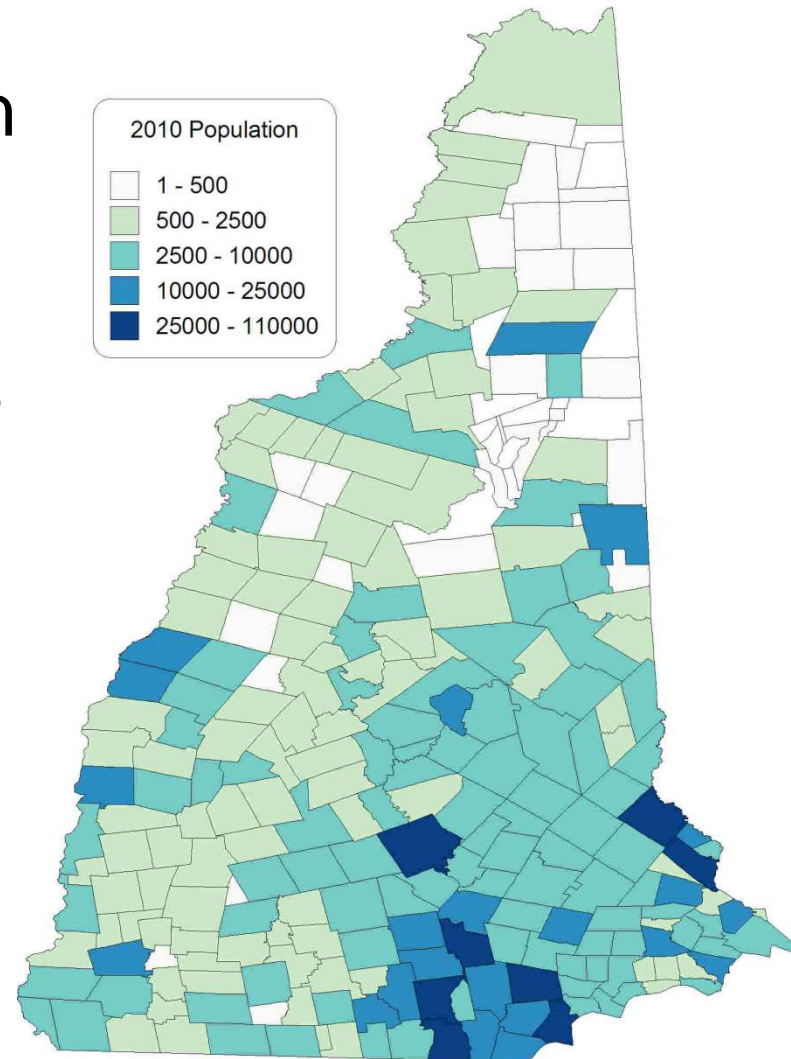
New Hampshire Population Change Over Previous Year



Density Varies by Region

NH Population by Town, 2010

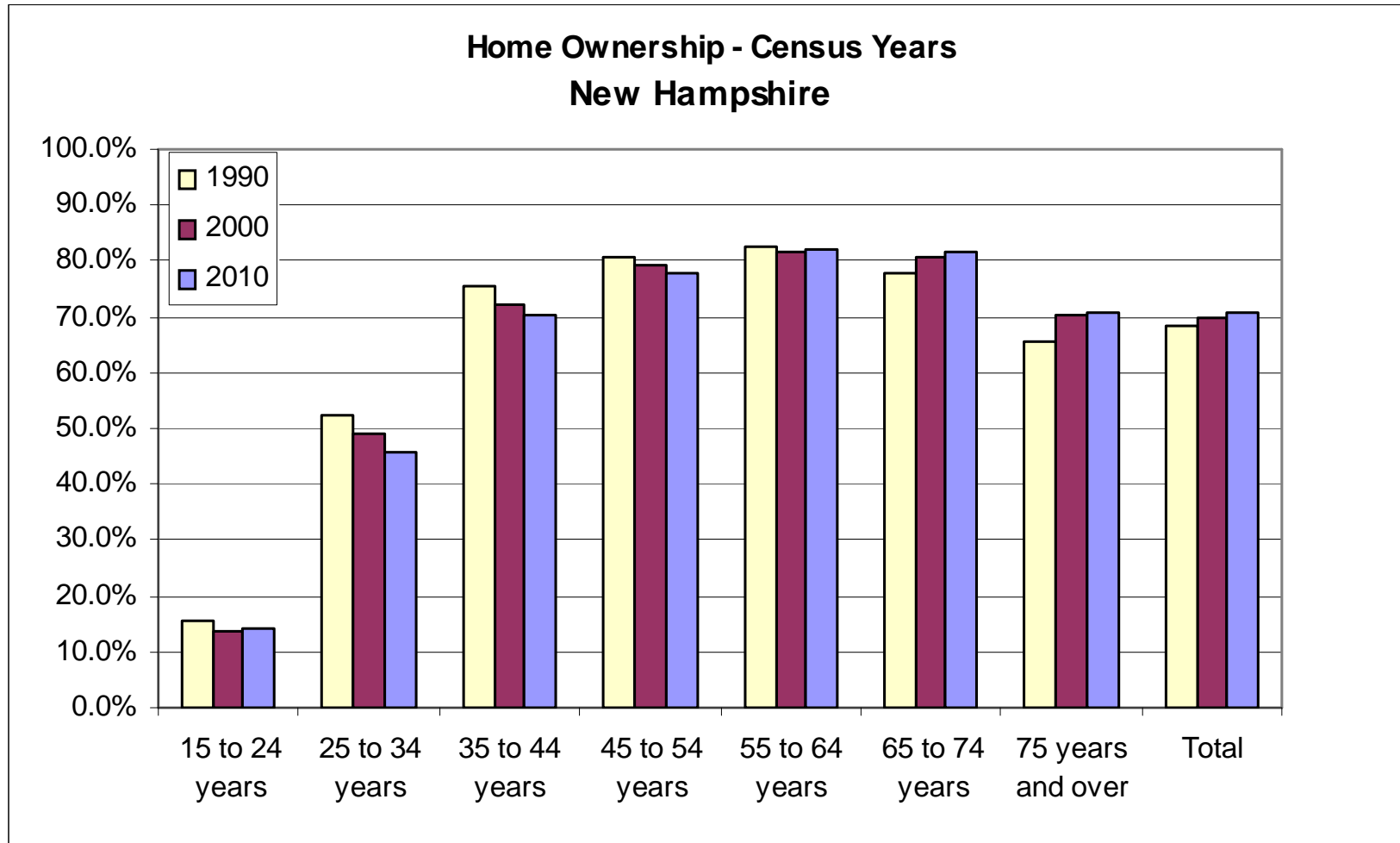
- More people per town in South and Seacoast
- West and North more rural, with exception of cities.



Source: US Census Bureau



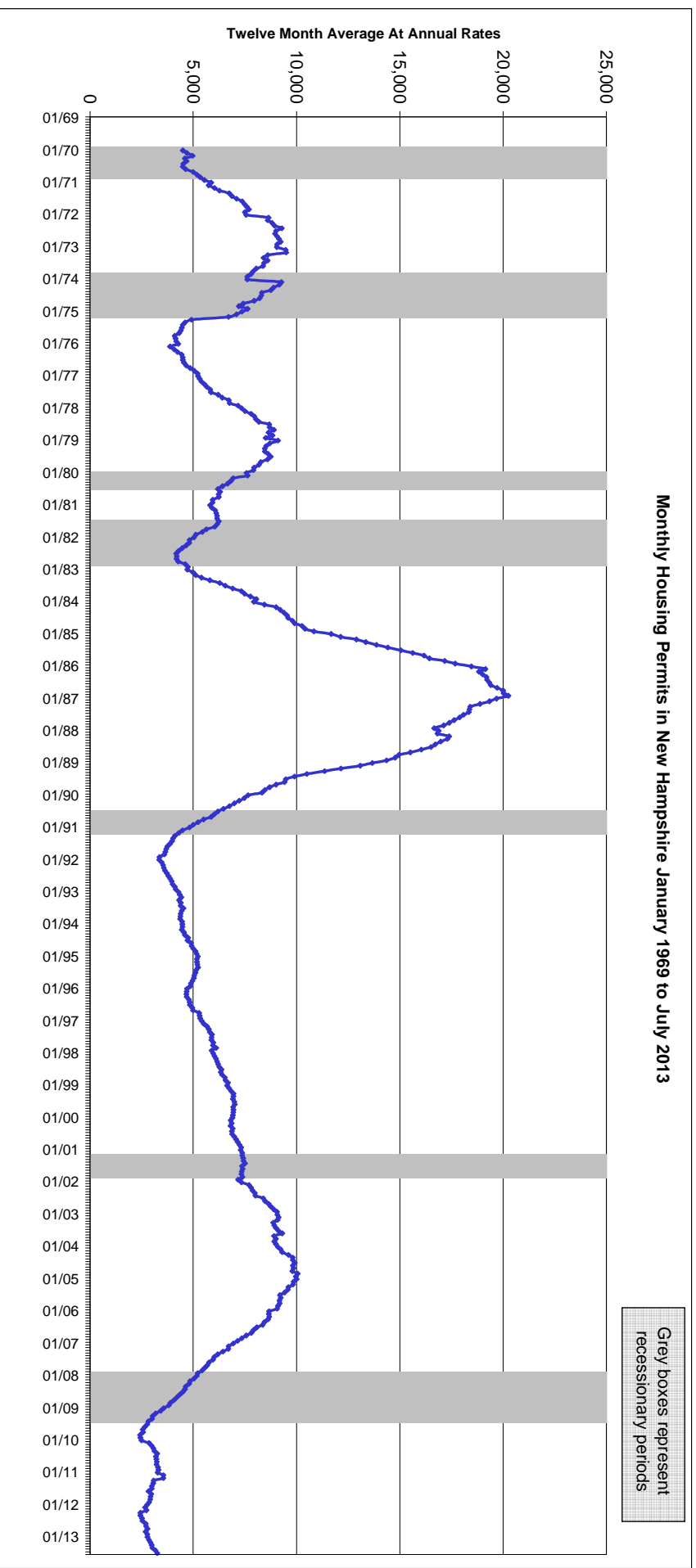
Fewer Young Owners





Current Housing Production Slows

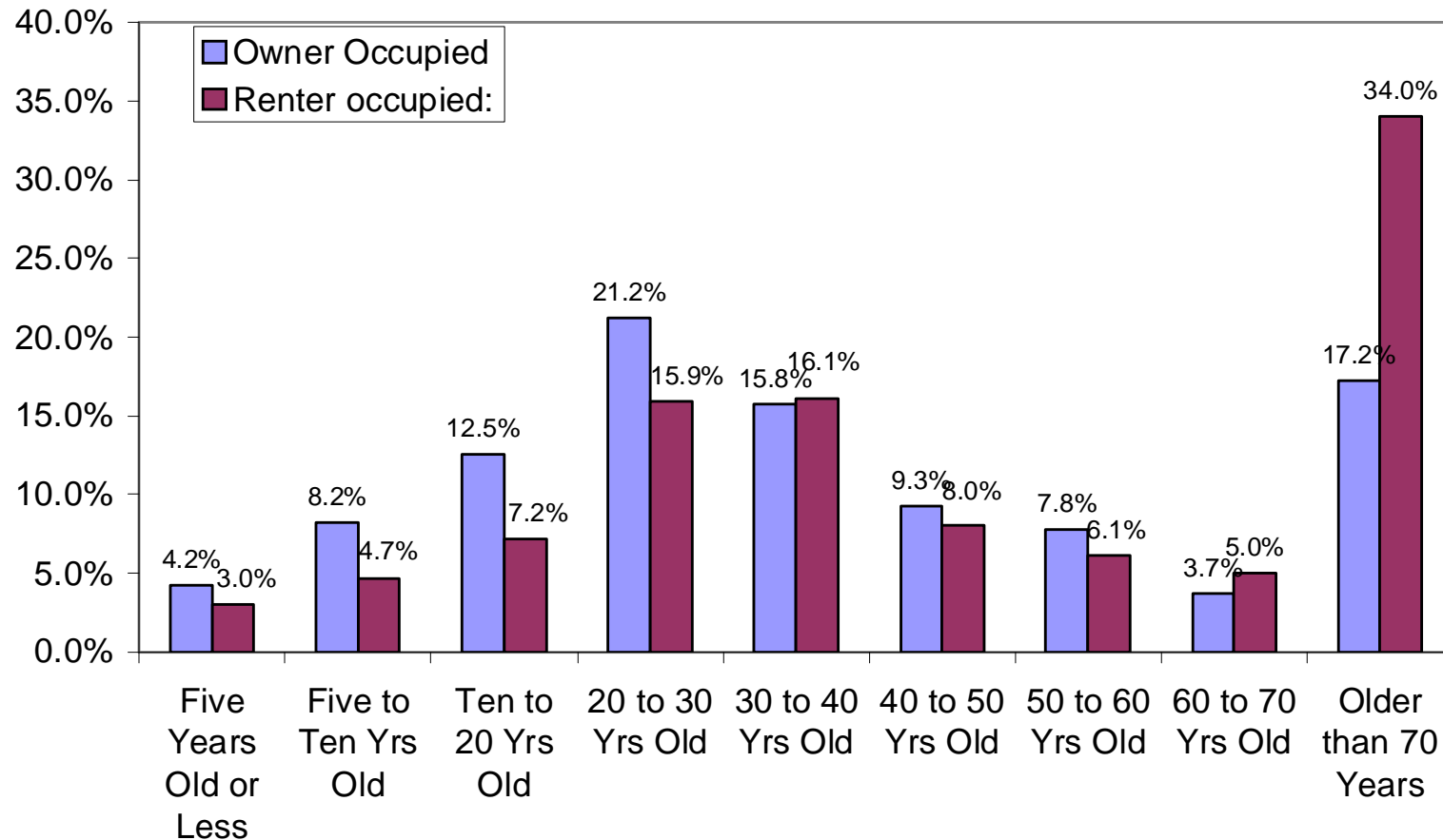
Monthly Housing Permits in New Hampshire January 1969 to July 2013





NH Rental Housing Stock is Much Older

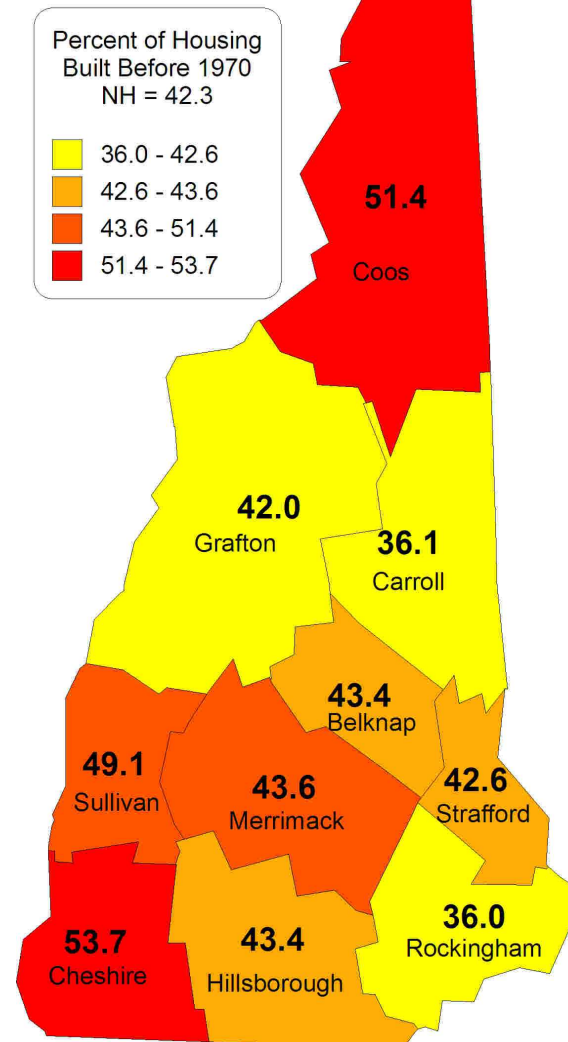
New Hampshire Housing by Age of Structure





Dichotomy in NH

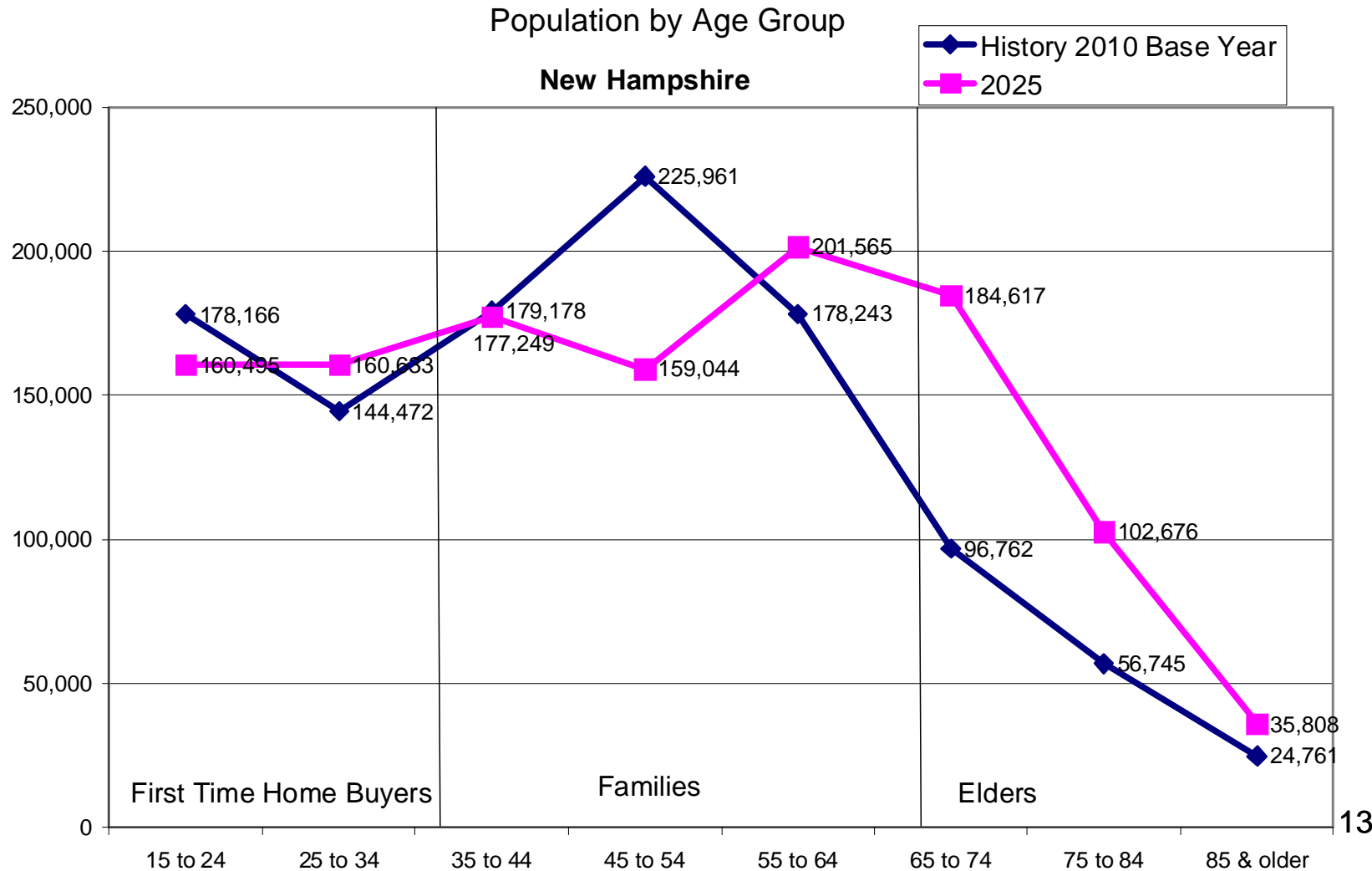
- 2 out of 5 housing units in NH are more than 40 years old.
- Half of the housing units in the West and North Country are more than 40 years old.



Source: American Community Survey; 2009-2011



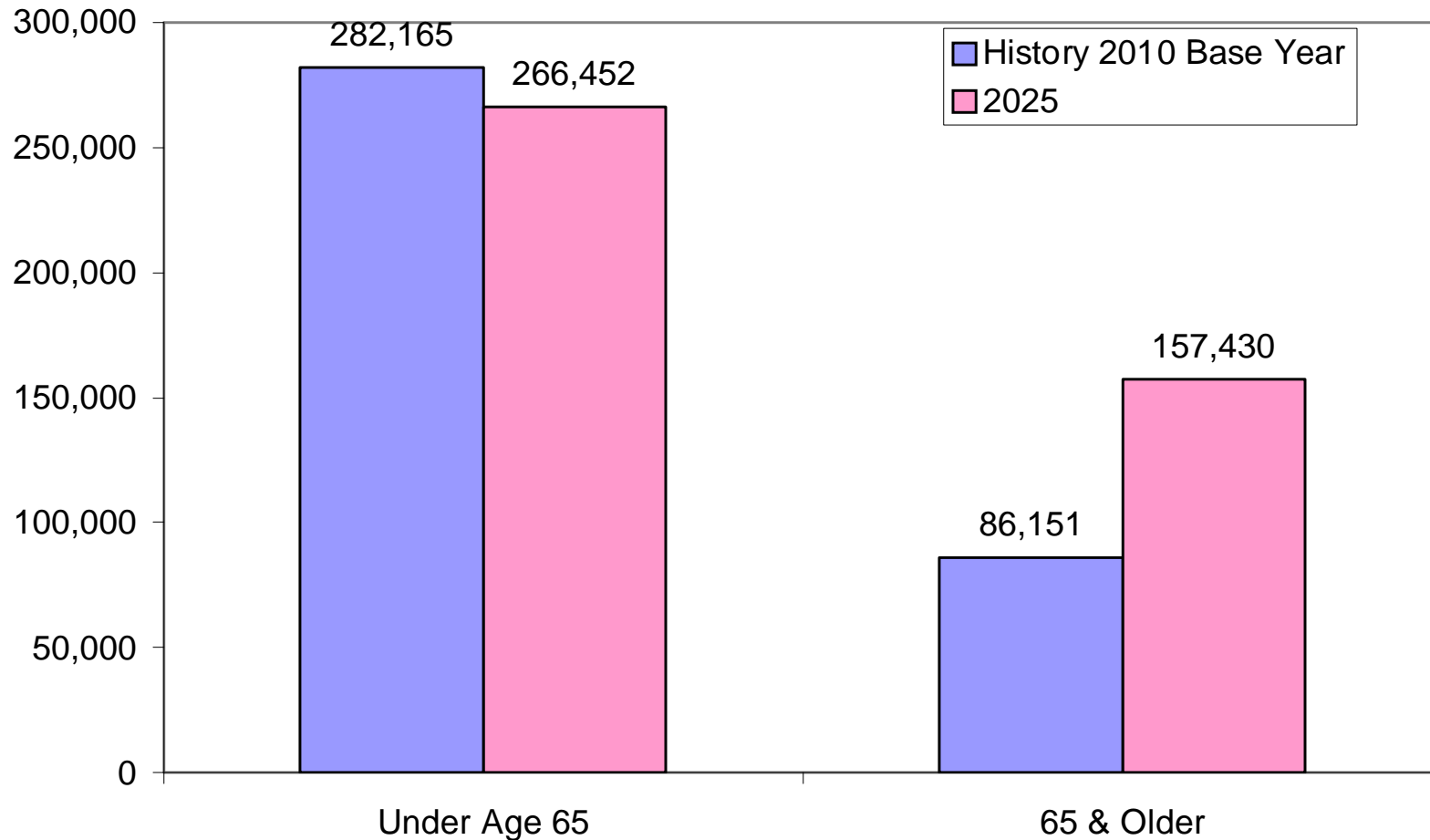
Expected Increase in Older Population





Will Mean an Increase in Older Home Owners

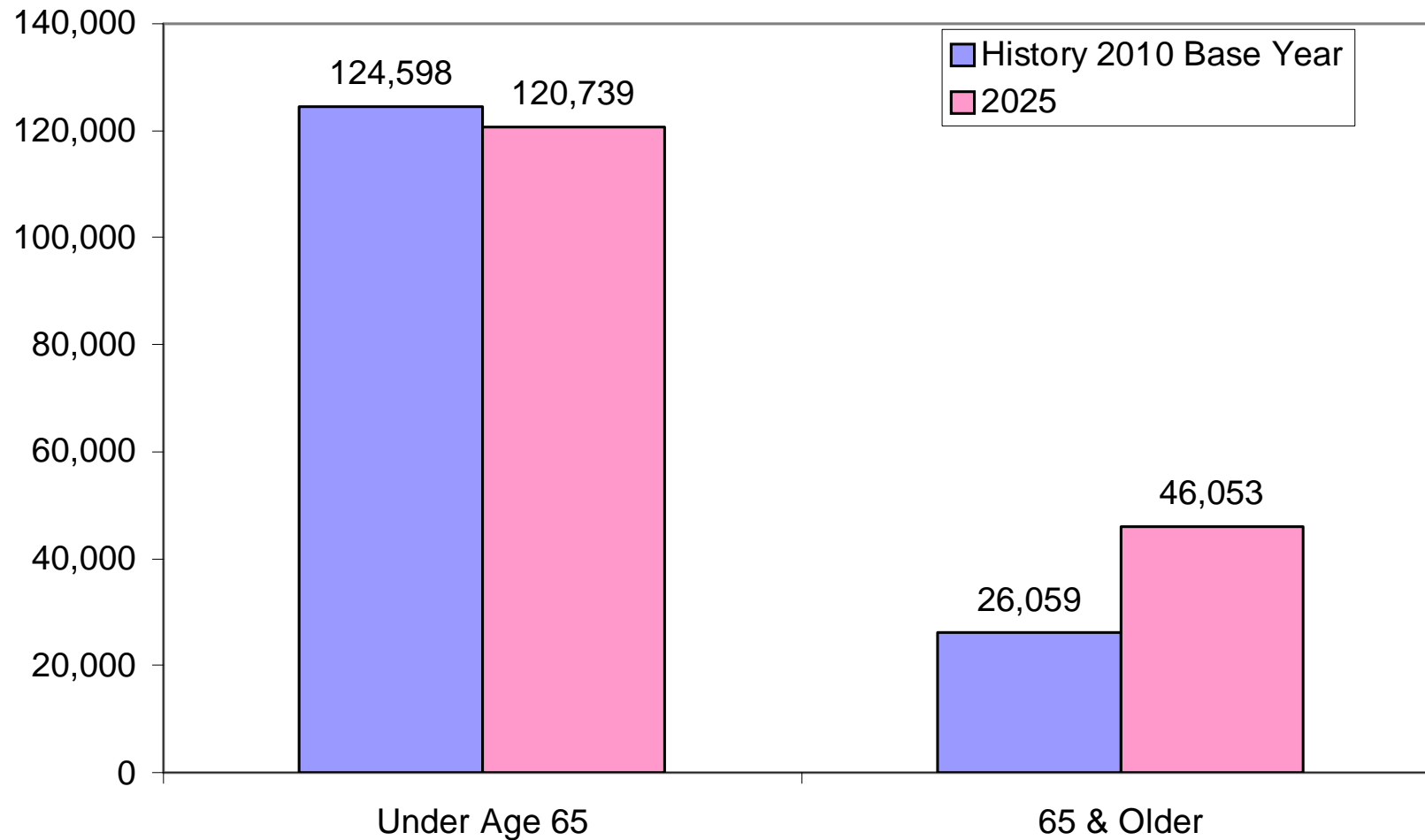
Owner Households
New Hampshire





And More Senior Renters

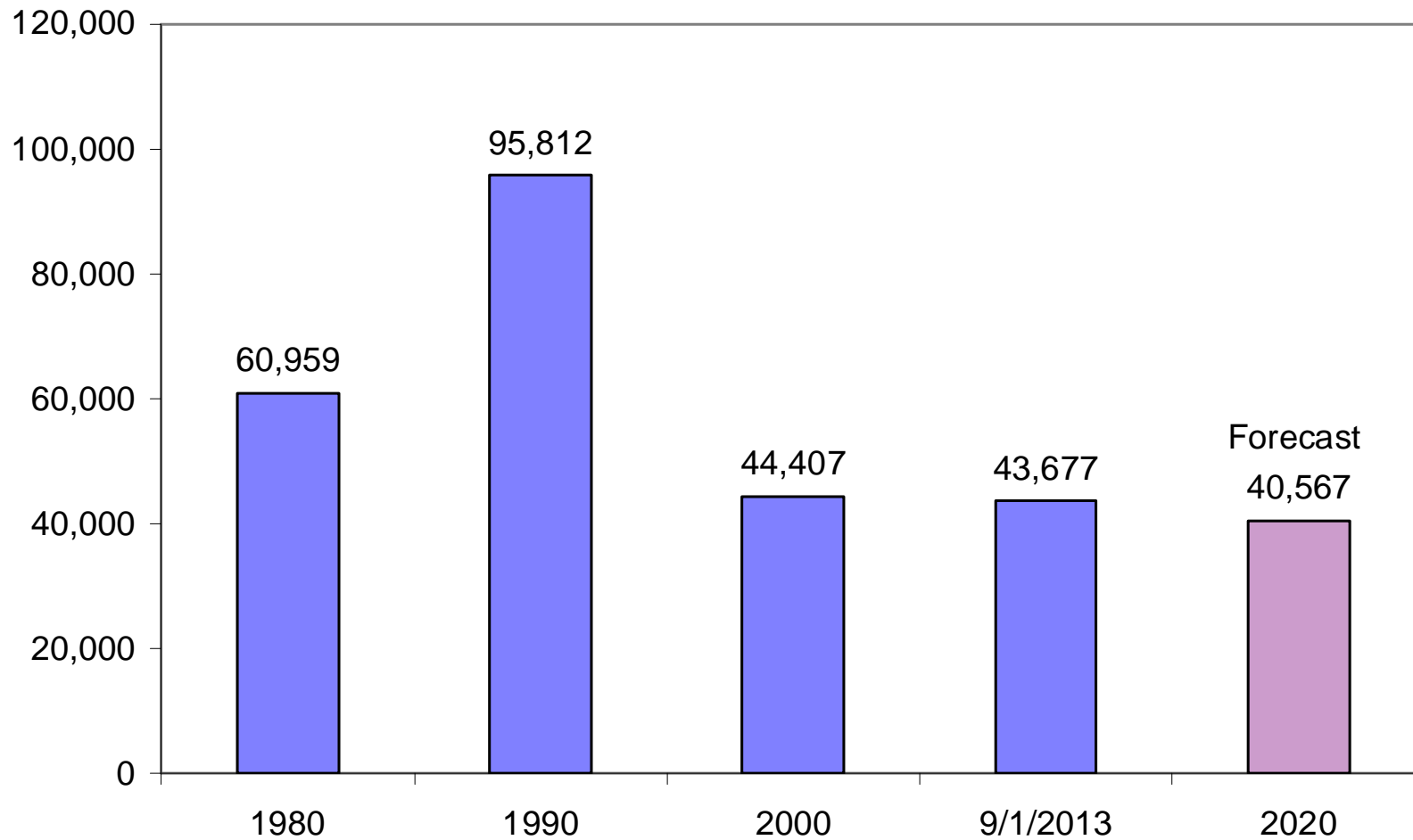
Renter Households
New Hampshire





NH Housing Stock – Slower Construction

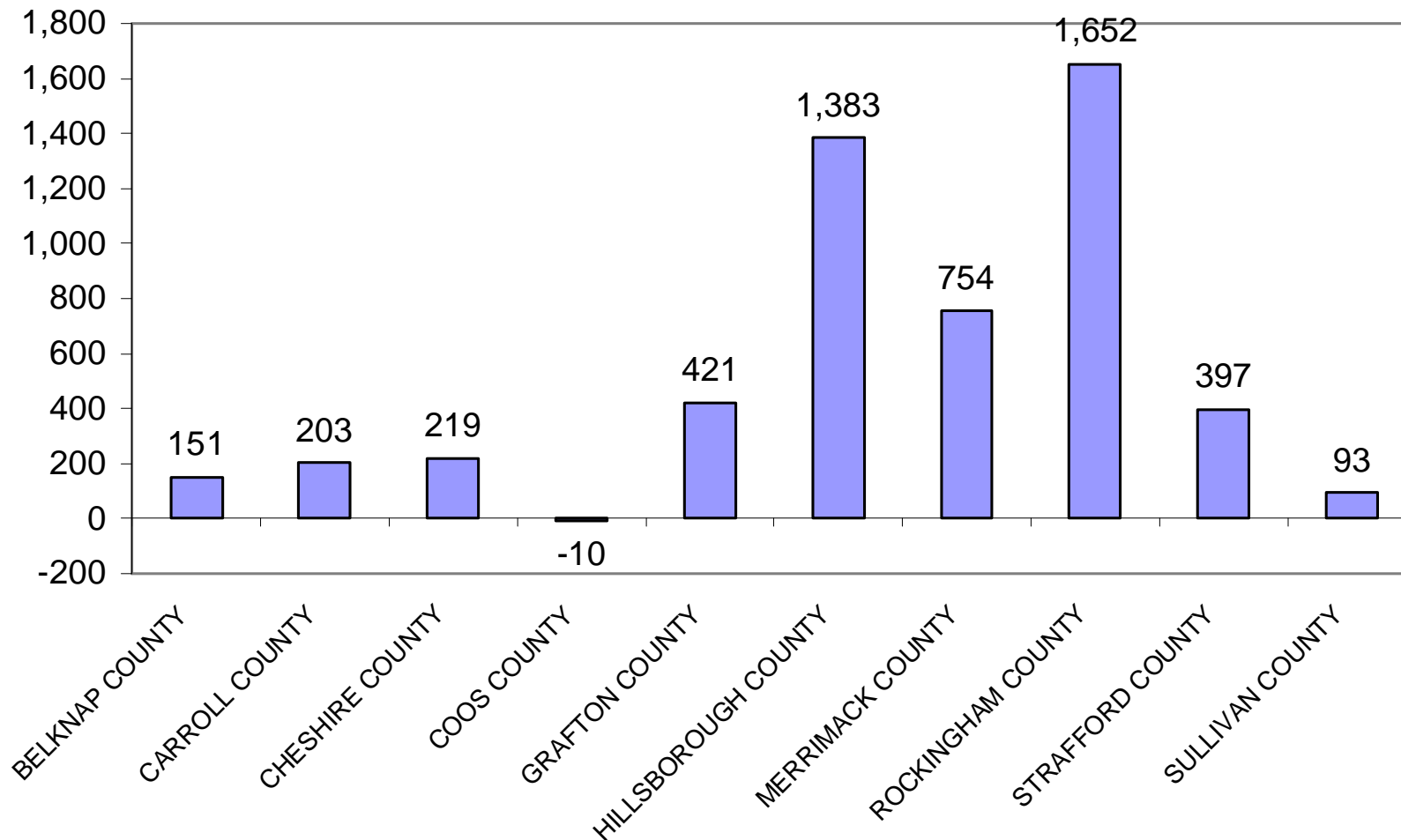
Number of New Hampshire Houses Built in last Ten Years as of:





Housing Production Needs by Region

Average Annual Production Needed 2010-2020



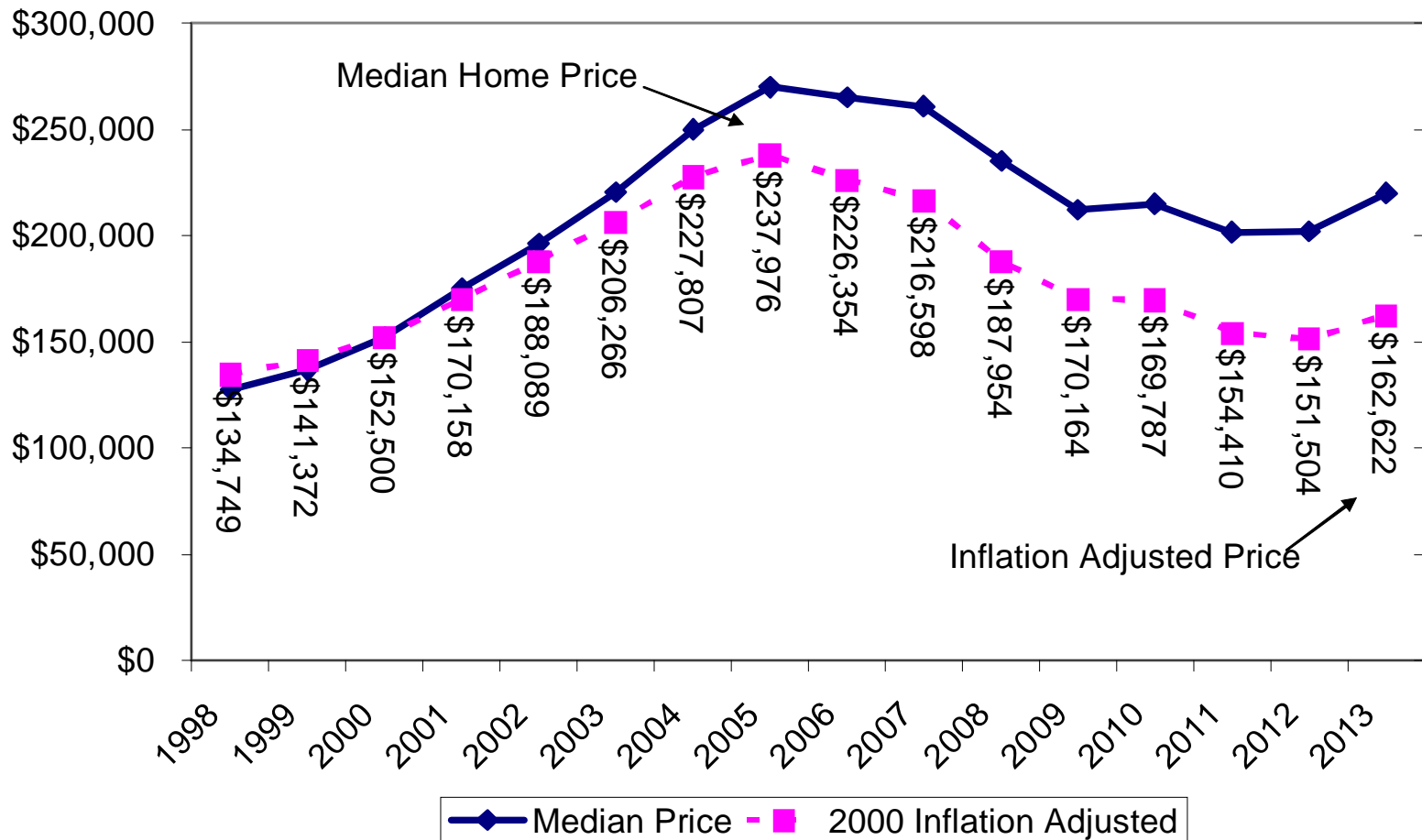


Housing Affordability is a Mixed Picture Right Now



Home Prices Have Fallen Since 2005

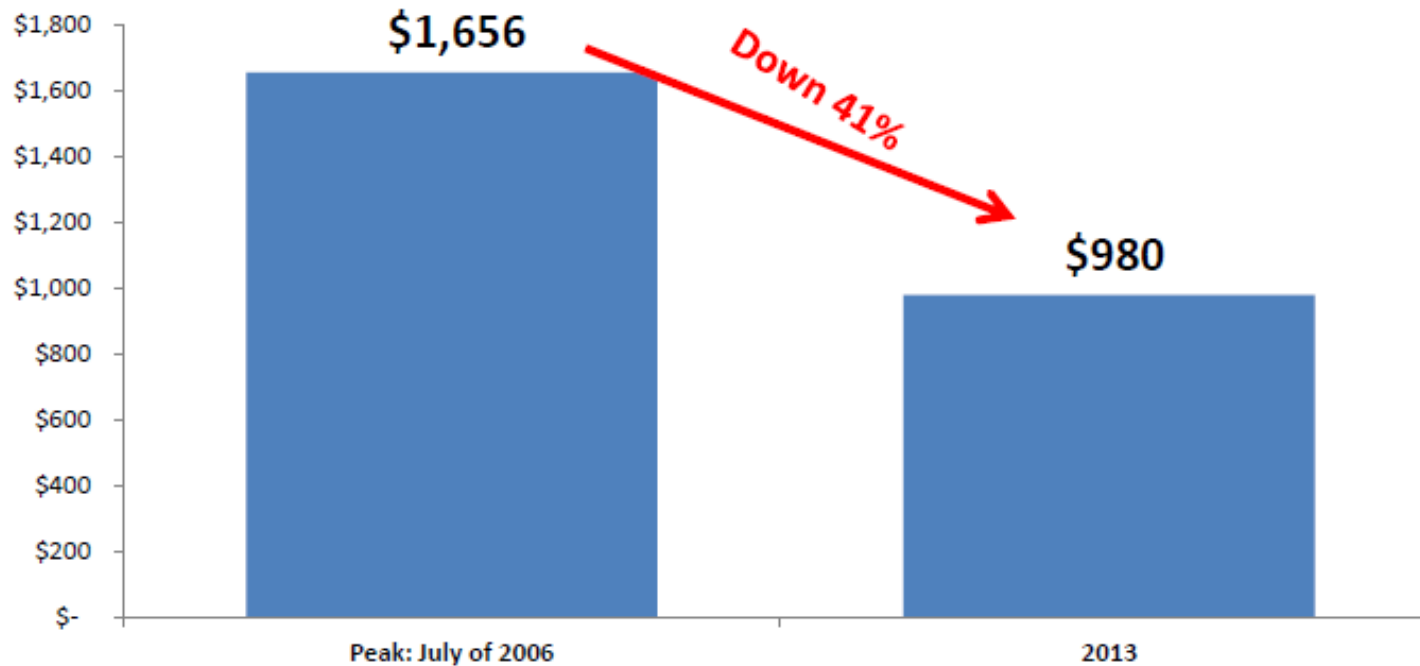
NH Single-Family Residential Home Price (MLS)
Source: NH Association of REALTORS





Declines in Prices and Interest Rates Affect Affordability

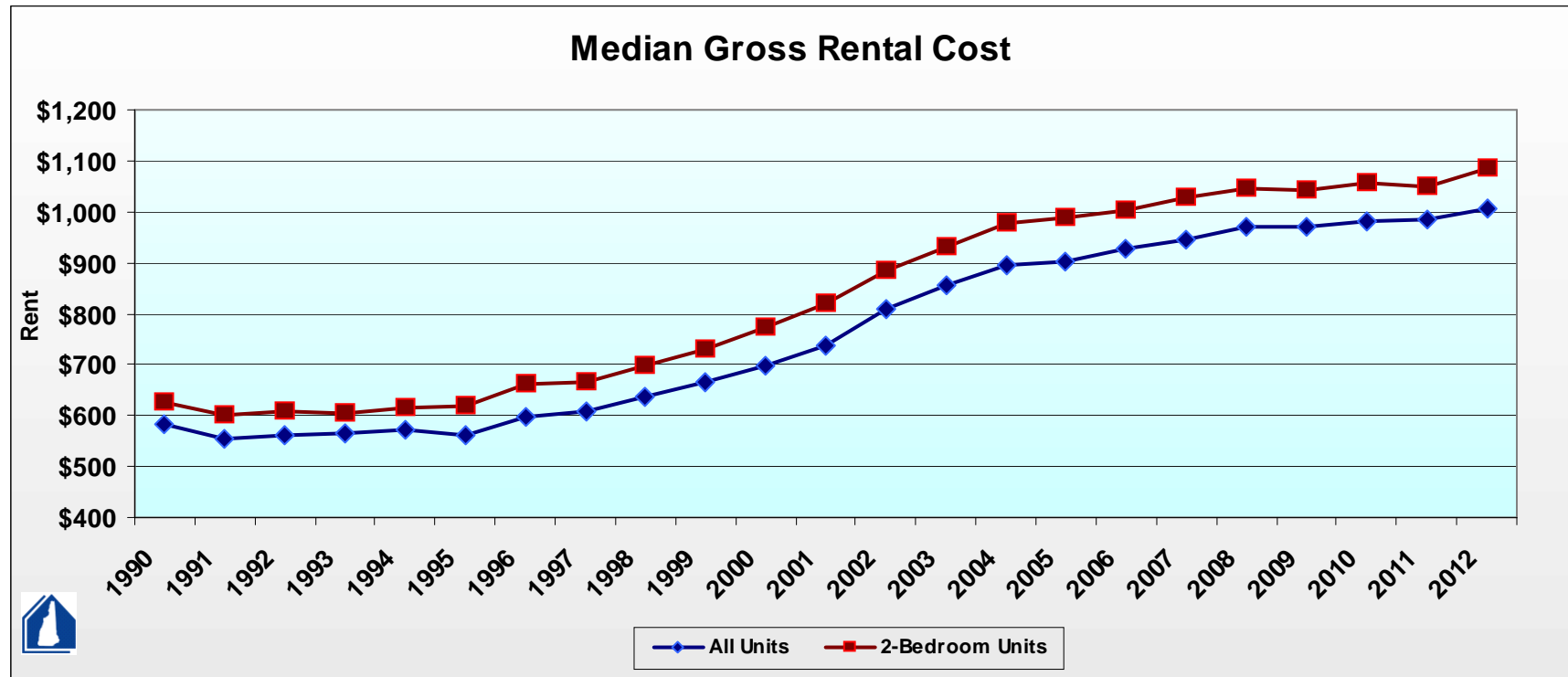
Monthly Mortgage Payment For Median NH Home
30 Year Conventional Mortgage @ 90% of Purchase Price





But Rental Prices Have Continued to Rise

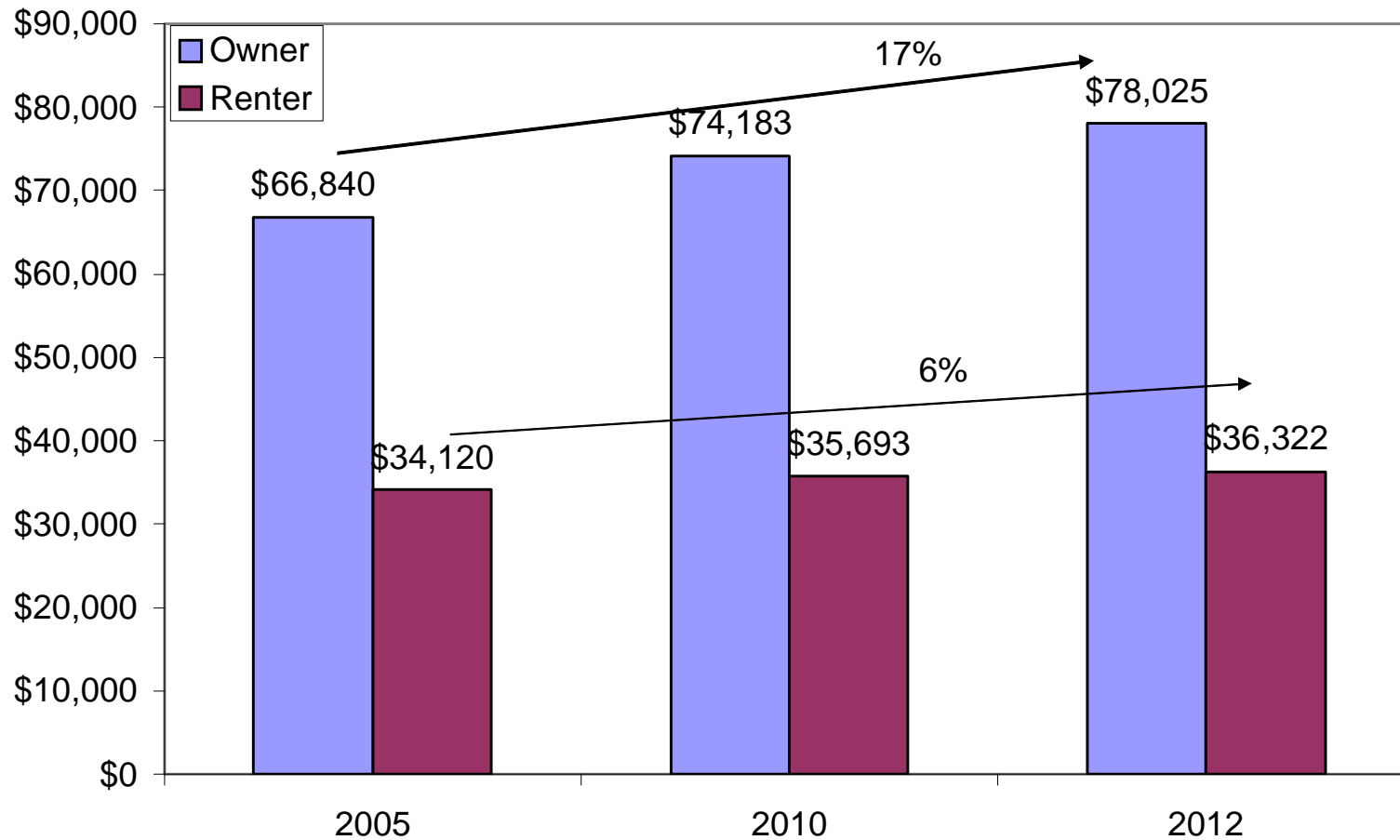
New Hampshire Rents – NHHFA Surveys





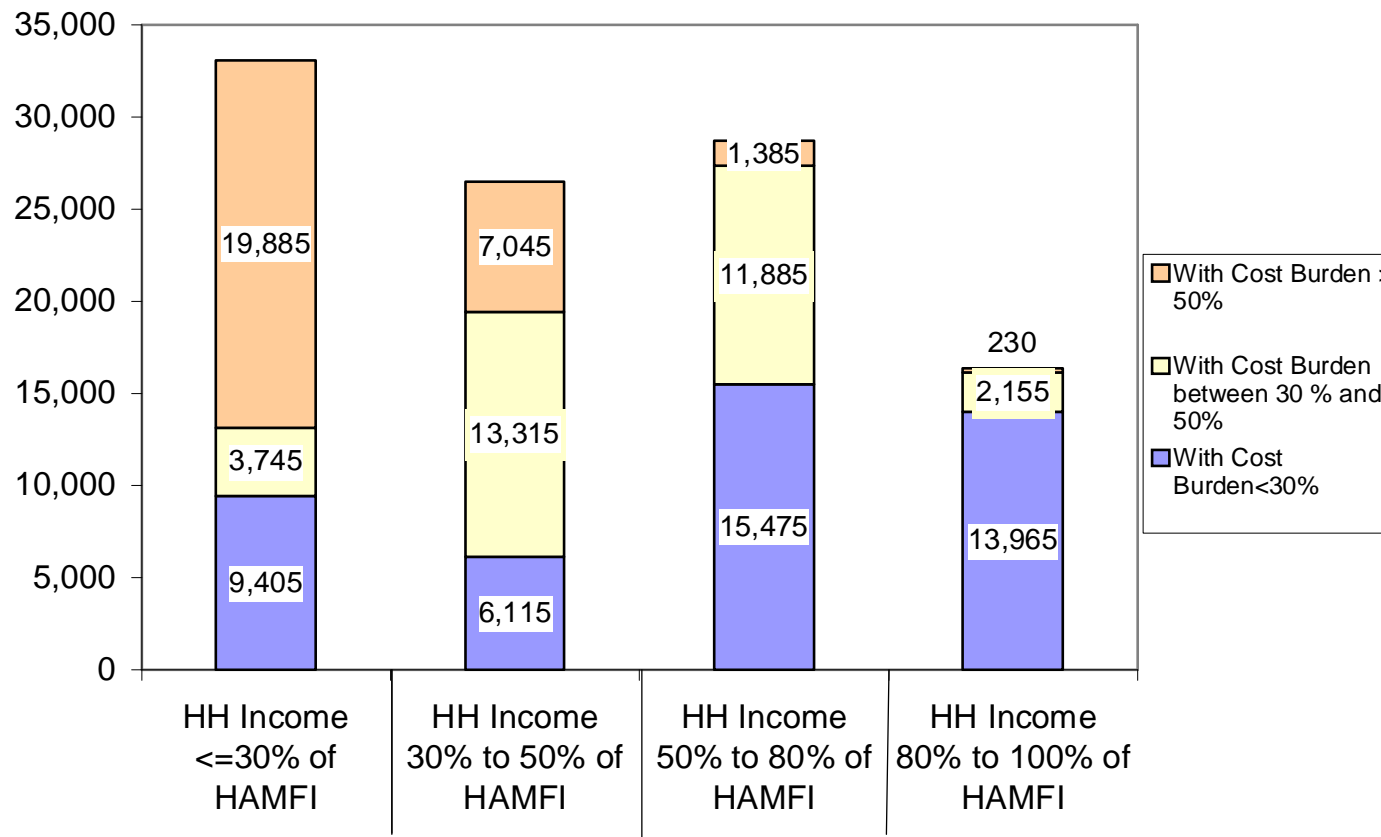
And Renter Median Income Growth Slower Than for Home Owners

NH Median Household Income by Tenure



55,000 NH Renters Pay More than 30% of Income on Housing

Renter Income by Cost Burden



And Low Income renters have the highest burden



Market Perceptions and Preferences



Market Perceptions: Realtors, Builders, Lenders

- The NH market is lagging the MA market recovery;
- Recovery in NH is spotty, favoring readily accessible communities;
- Rigid zoning, low density provisions, high impact fees, and slow approval process are dampening development of innovative housing solutions;
- Communities remain skeptical of new development's benefits and wary of its public sector costs;



Market Perceptions and Preferences: Young Households

- Net outmigration;
- Have diverse solutions to housing needs;
 - Doubling up
 - Living with parents
 - Commuting long distances
 - Leasing out bedrooms if home is owned
- Preference for urban lifestyle
- Housing not an investment;
- Mediocre job quality is taking its toll
 - 2/3 of NH recent job growth pays below average wages;
- Student debt
 - 75% of NH graduates have debt
 - Averages \$32,900 in NH—highest in the country
- New Qualifying Mortgage standards (43% debt to income ratio) could be a problem;
- ? Generation renters?



Market Perceptions and Preferences: Aging Boomers

- Fastest growing demographic;
- Strong preference to age in place;
- Inadequate savings/pensions to retain current lifestyle;
- Affordability is stressed-out
 - particularly for senior renters;
 - Assisted living (\$60,000 per year) and nursing homes (\$80,000 per year) are expensive options;
- Declining home prices reduce equity;
- Funding shifting to in-home services, but slowly;
- Who will buy their units...declining households <age 65



Market Perceptions and Preferences: Workforce and Affordable Housing

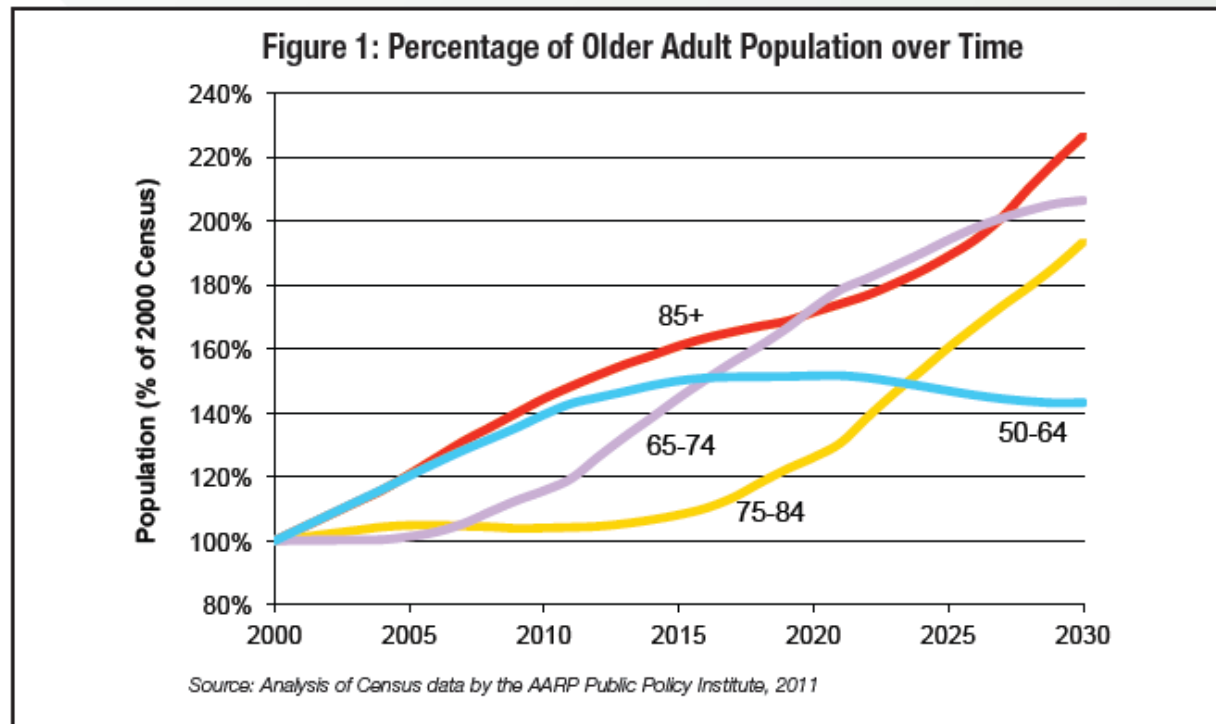
- Significant affordable housing issue in the state due, in part, to inferior job growth;
- Rental market is tight with rising rents jeopardizing affordability;
- Workforce housing is becoming more accepted by communities but not across the board;
- Move up market is weak;
- Rigid zoning and development controls;
- Shortage of professional guidance in rural communities;



Senior Housing



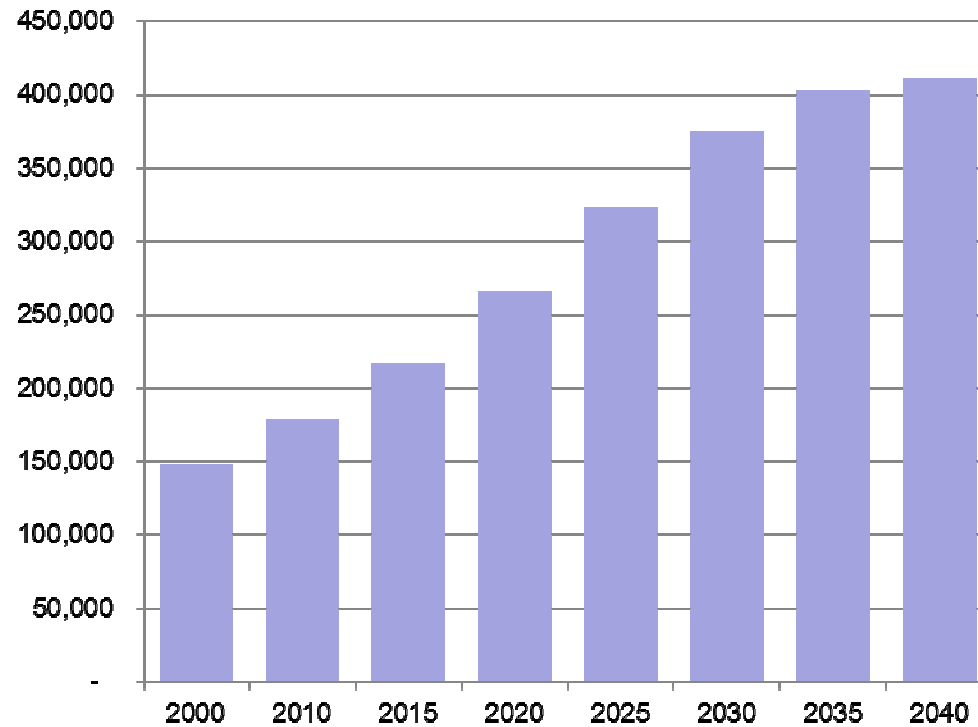
US Population Is Aging





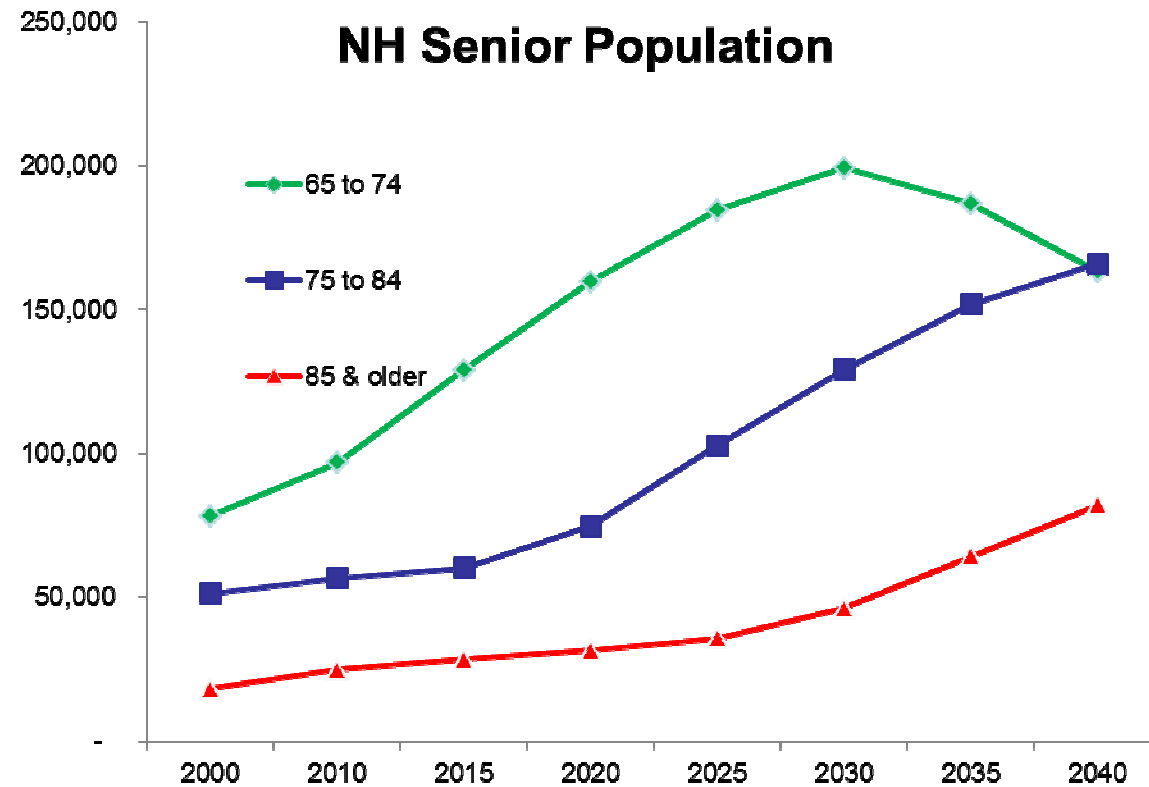
NH Following Suit

NH Population Age 65+





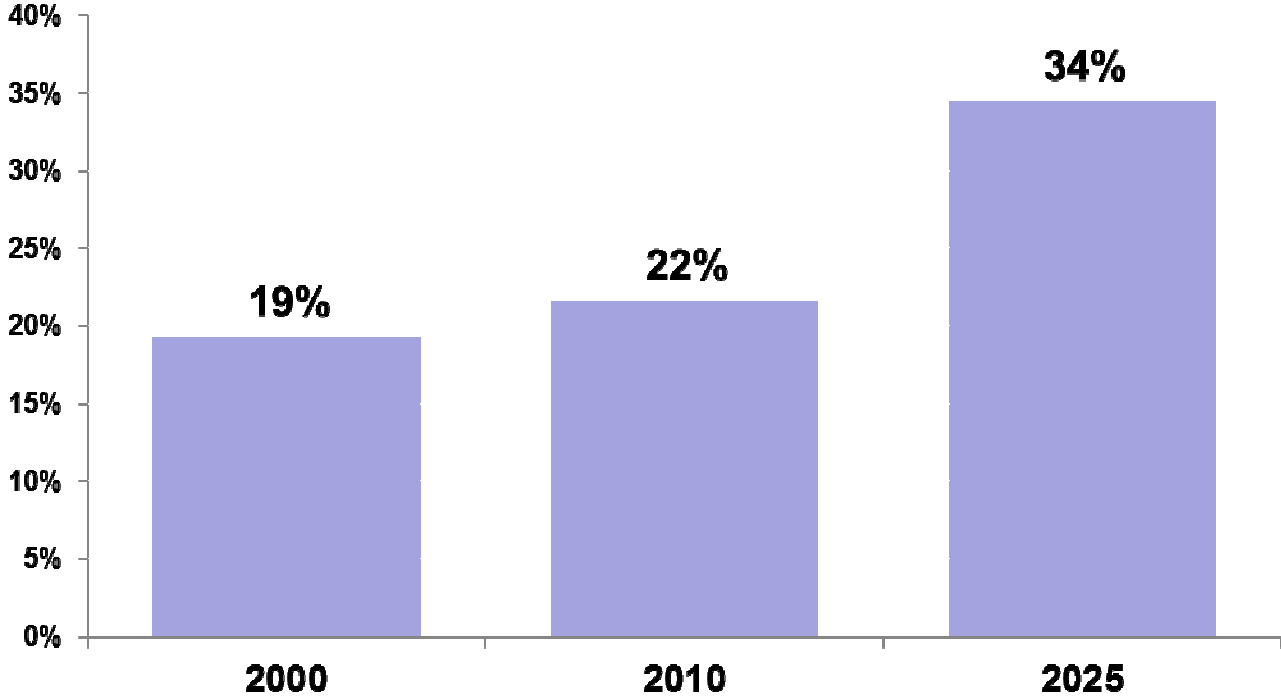
85+ Accelerates After Year 2025





Seniors Portion Increases from 1 in 5 to 1 in 3

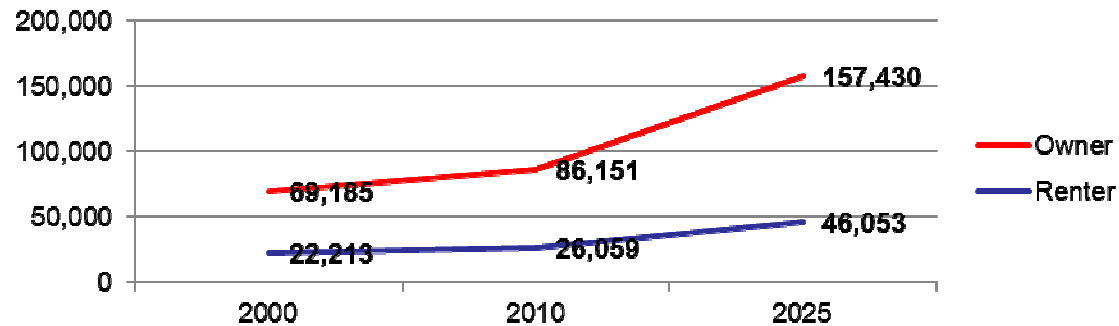
**Senior Households as a % of NH Occupied
Units**





Senior Owner Growth Exceeds Renter Growth

Households Age 65+ By Tenure

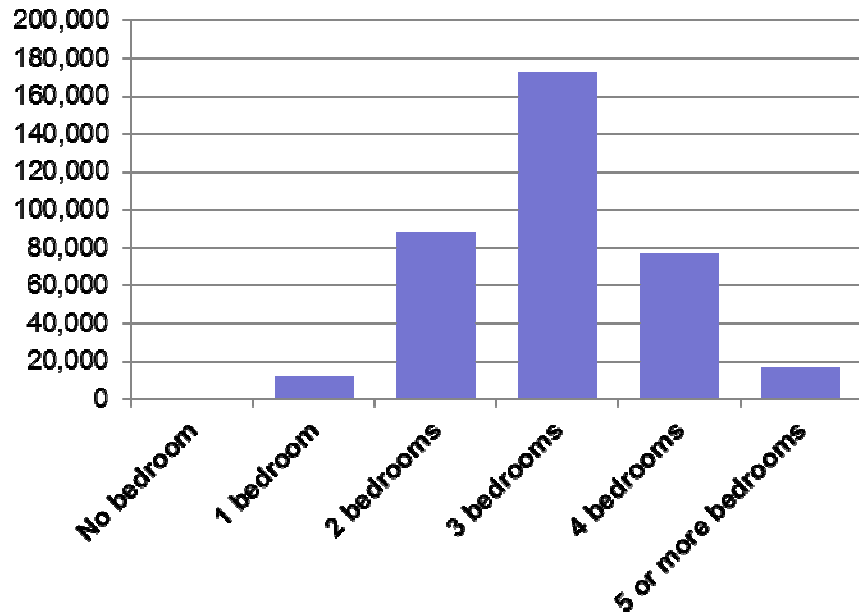


NH Occupied Housing Units (Households) By Age		
	Change	% Change
Age 65+		
Owner	71,279	83%
Renter	19,994	77%
Total Age 65+	91,273	81%
Total Under Age 65	-19,572	-5%
Total Households	71,701	14%

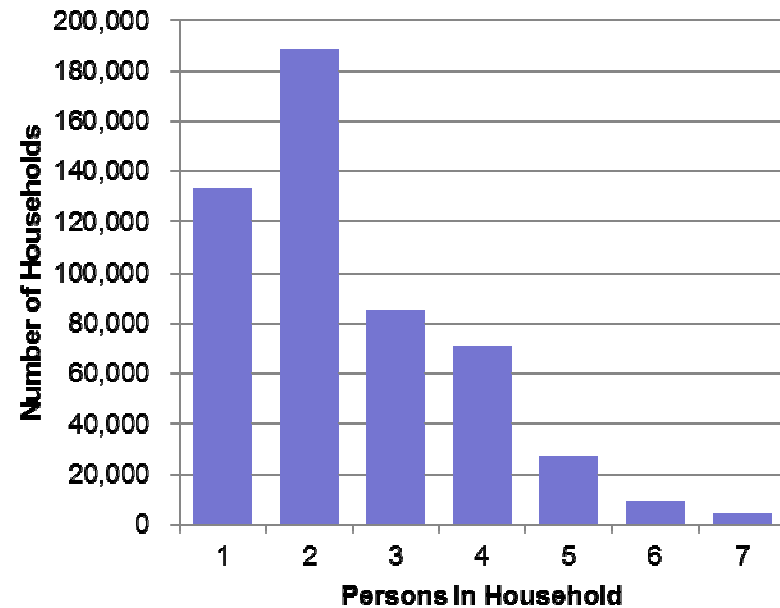


Mismatch With the Inventory—Small Households, Large Units—Downsizing to What?

Bedroom Count in Owner Occupied Units



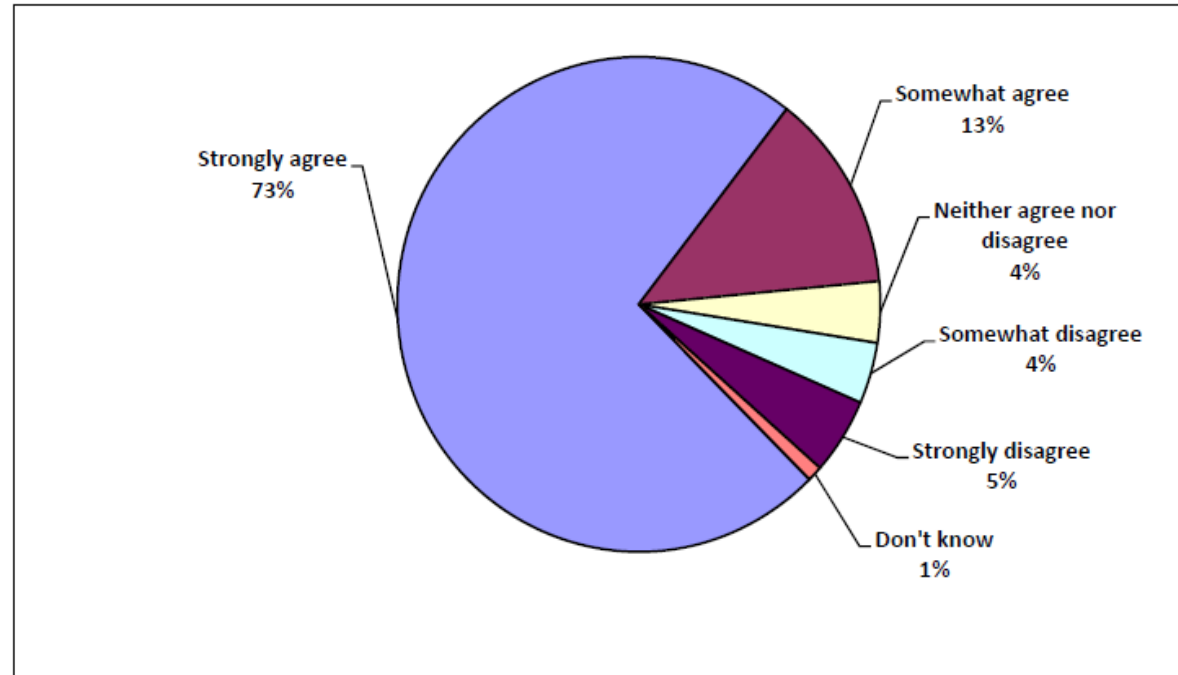
NH Households by Household Size





Most Seniors Want to Age in Place

What I'd Really Like to Do is Stay in My Current Residence for as Long as Possible
(n=985)

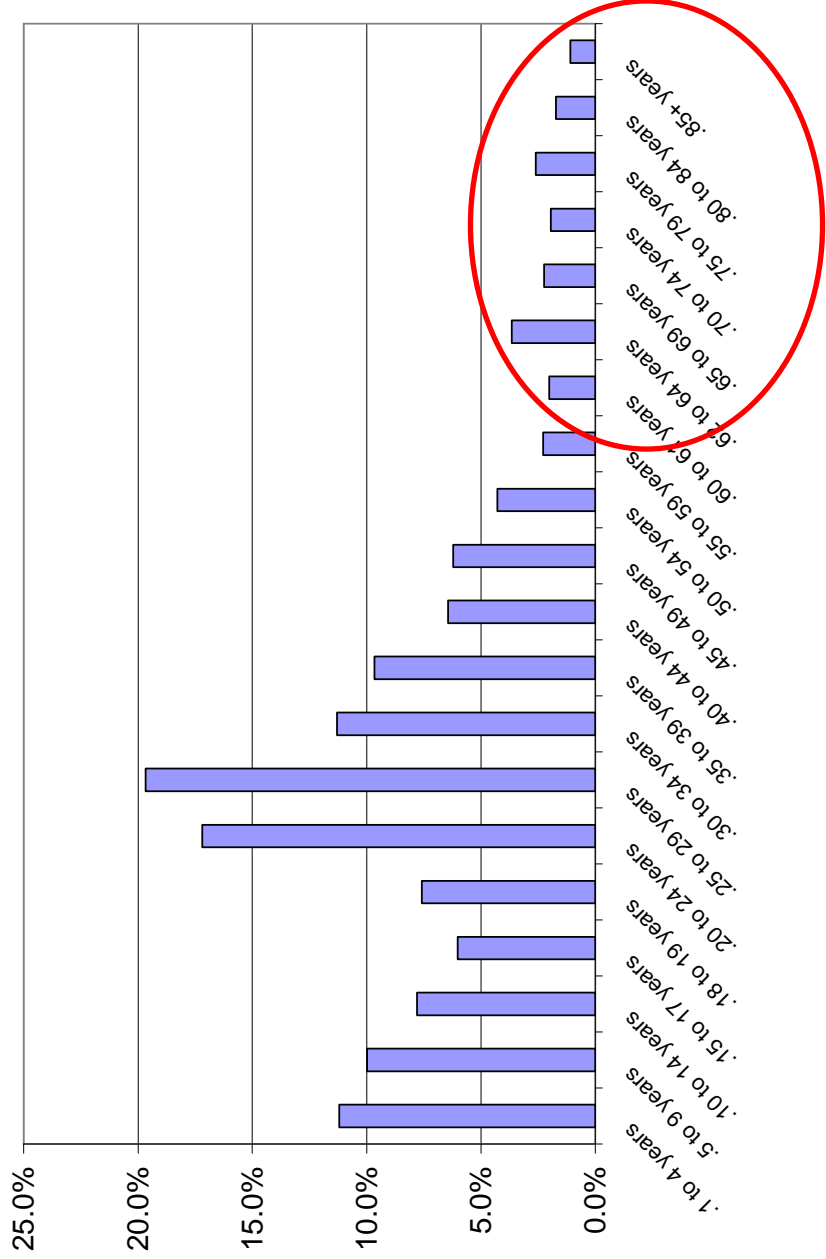


Source: AARP, 2010



Most Seniors Do Age In Place

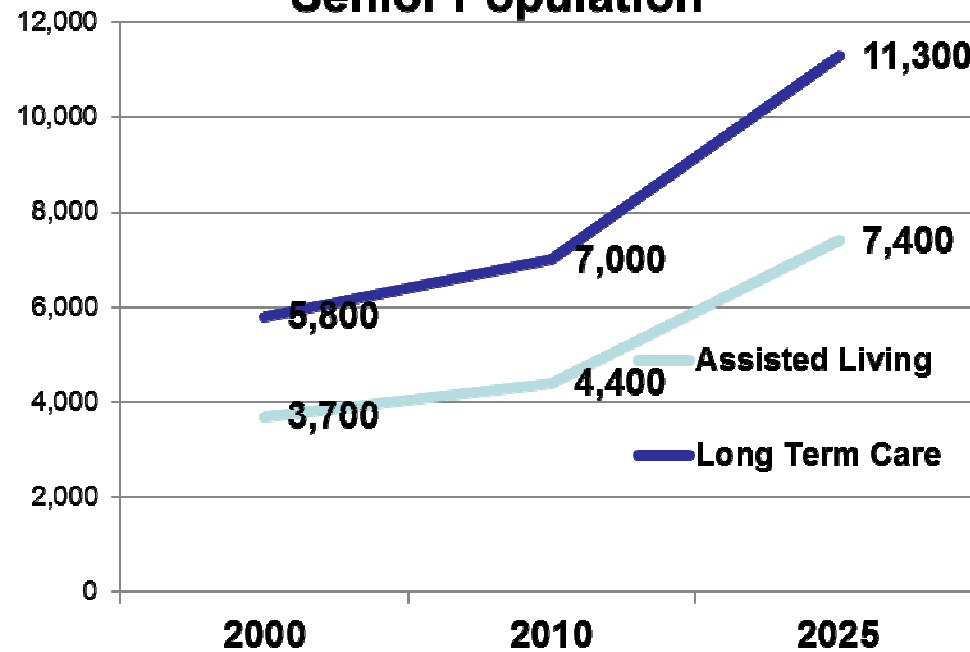
Northeast US Annual Mobility by Age, 2012 to 2013





At Current Ratios, Nursing Home and Assisted Living Demand Will Rise Sharply

Living Arrangements of NH Senior Population



Ratios may fall, but boomers may retire in their vacation homes



Limitations on Aging in Place

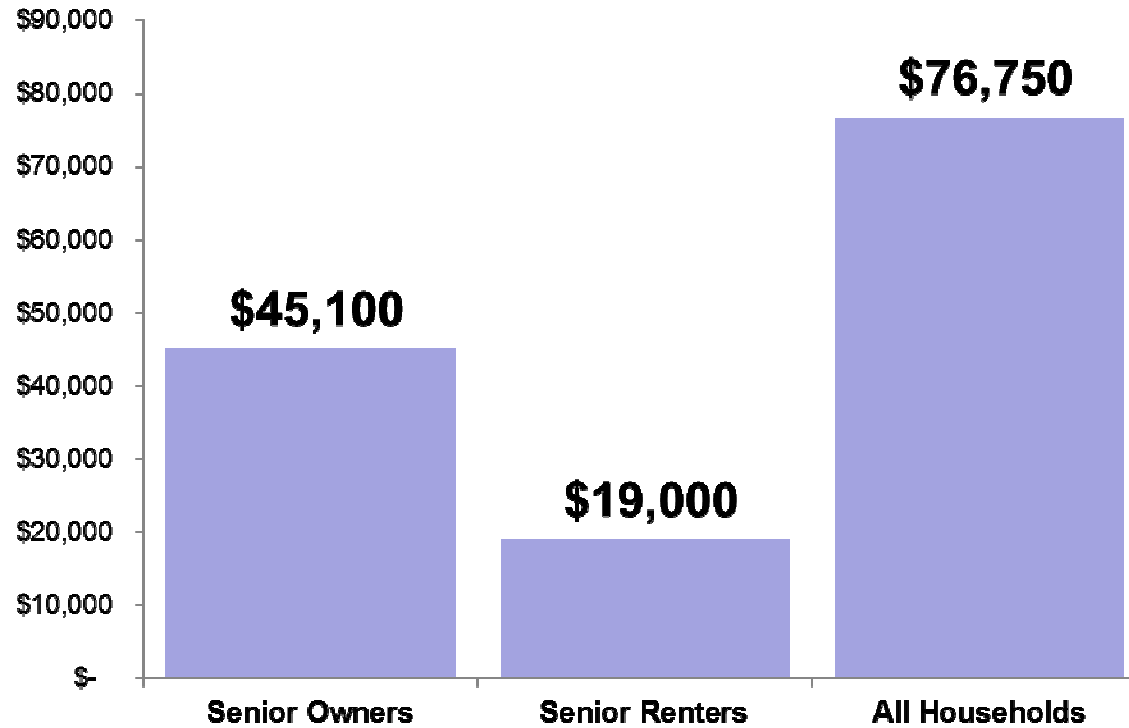


Issue: Nearly Half of Seniors Have a Significant Disability

Senior Households With At Least One Disability		
	Households	% of Senior Households
Vision Difficulty	3,570	8.0%
Hearing Difficulty	9,818	22.0%
Physical Difficulty	11,380	25.5%
Cognitive Difficulty	4,463	10.0%
Selt-Care Difficulty	3,302	7.4%
Independent Living Difficulty	7,006	15.7%
With At Least One Disability	44,626	42.1%
Total Households Age 65+	106,000	
Source: ACS, 2011 Cited in AARP State Housing Profiles, 2011		



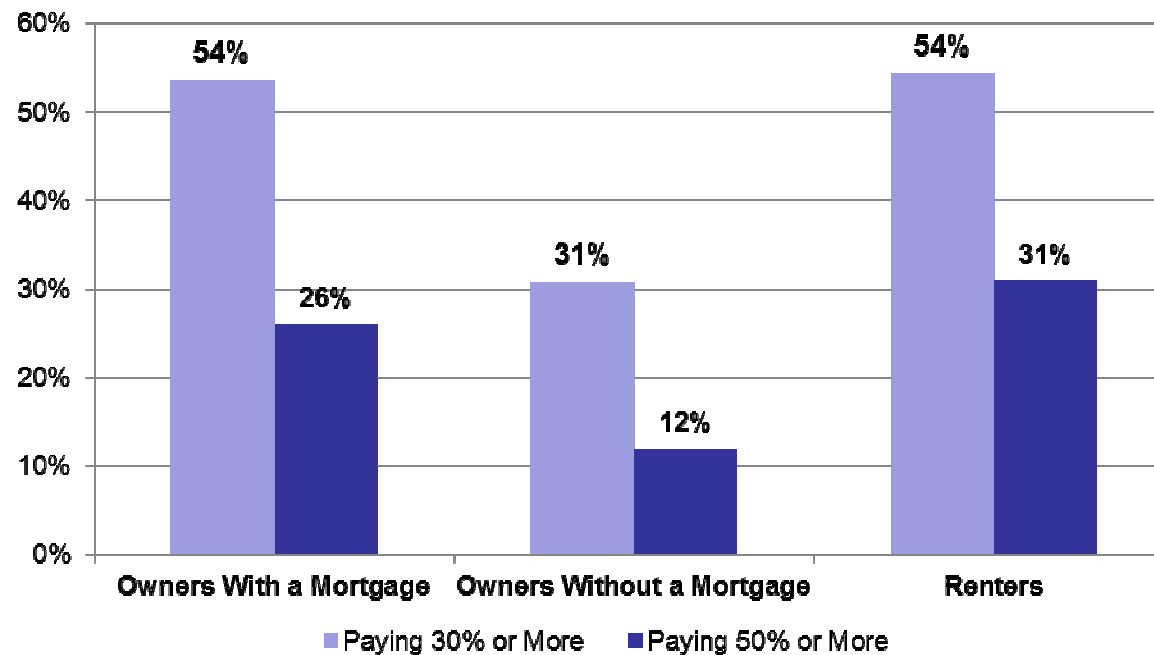
Issue: Incomes are Low— 20% of Senior Renters Below Poverty





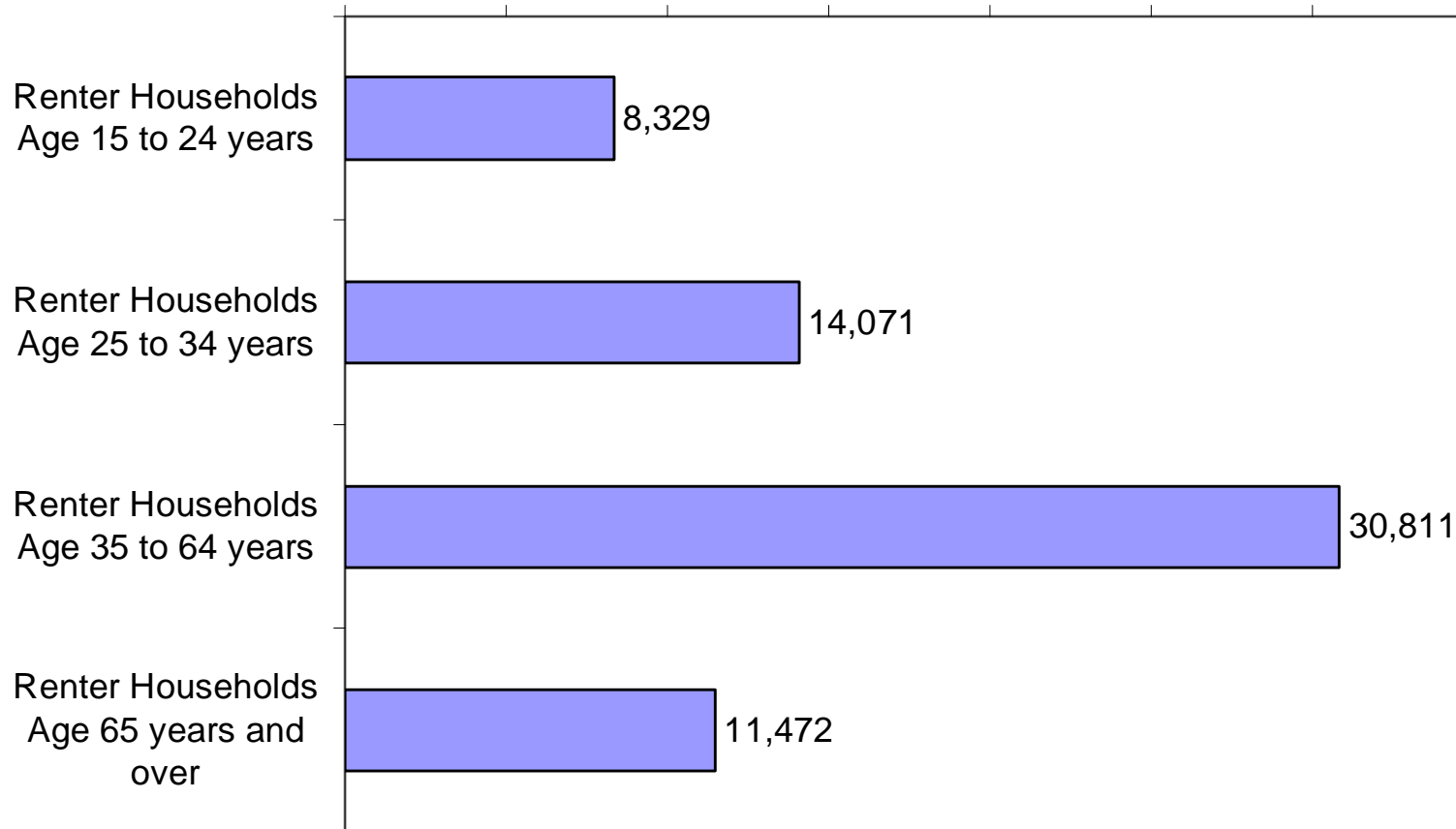
Issue: Overpayment Is Significant

NH Seniors Overpaying For Housing, 2009



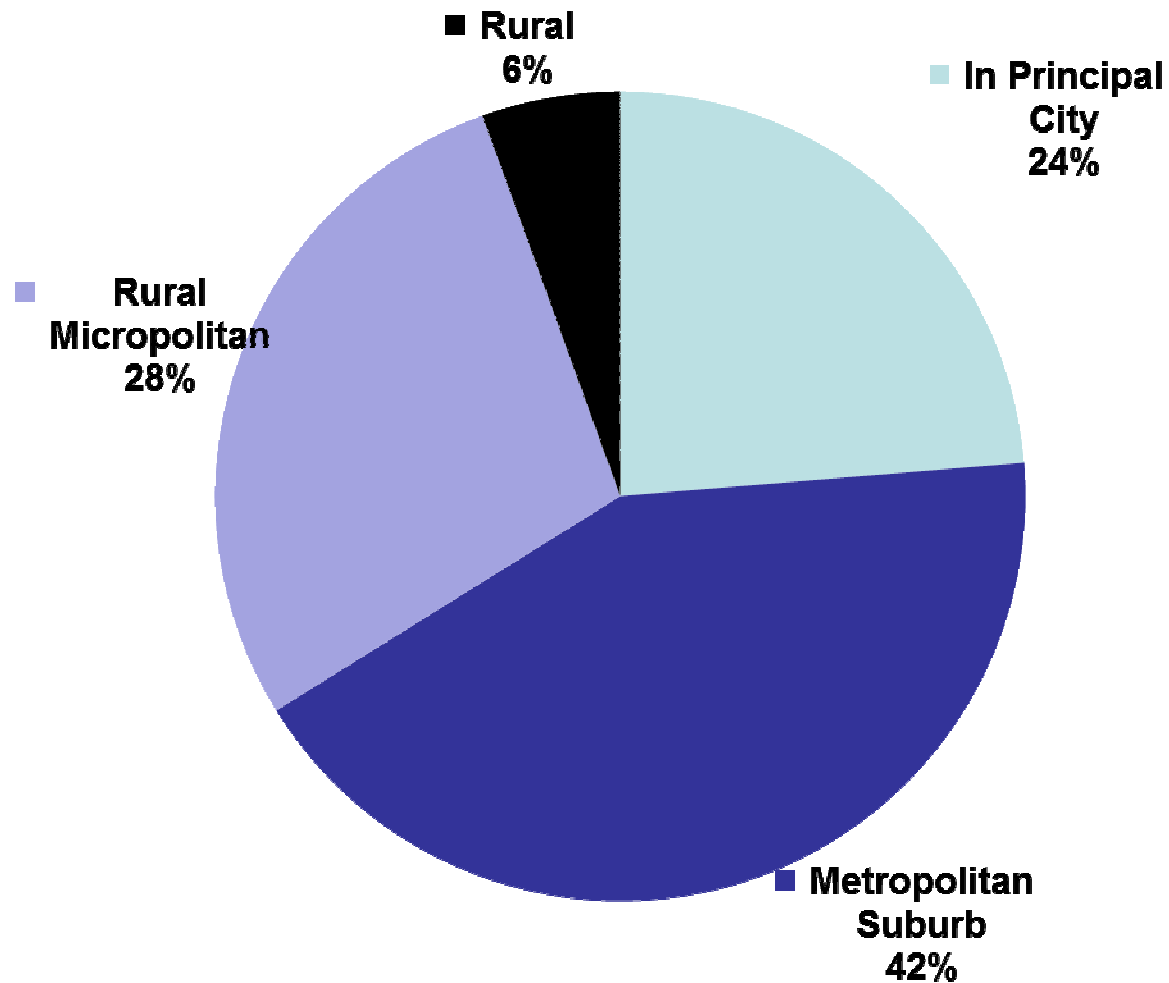
Now 1 Out of 5 Overpaying Renters are Seniors

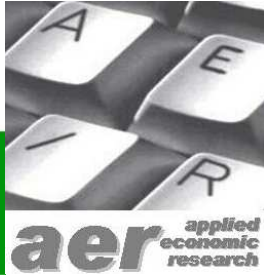
**NH Renters Paying 30% or more of Income on Housing
by Age Group**



Issue: Low Density Community Setting—Difficult to Provide At-Home Services

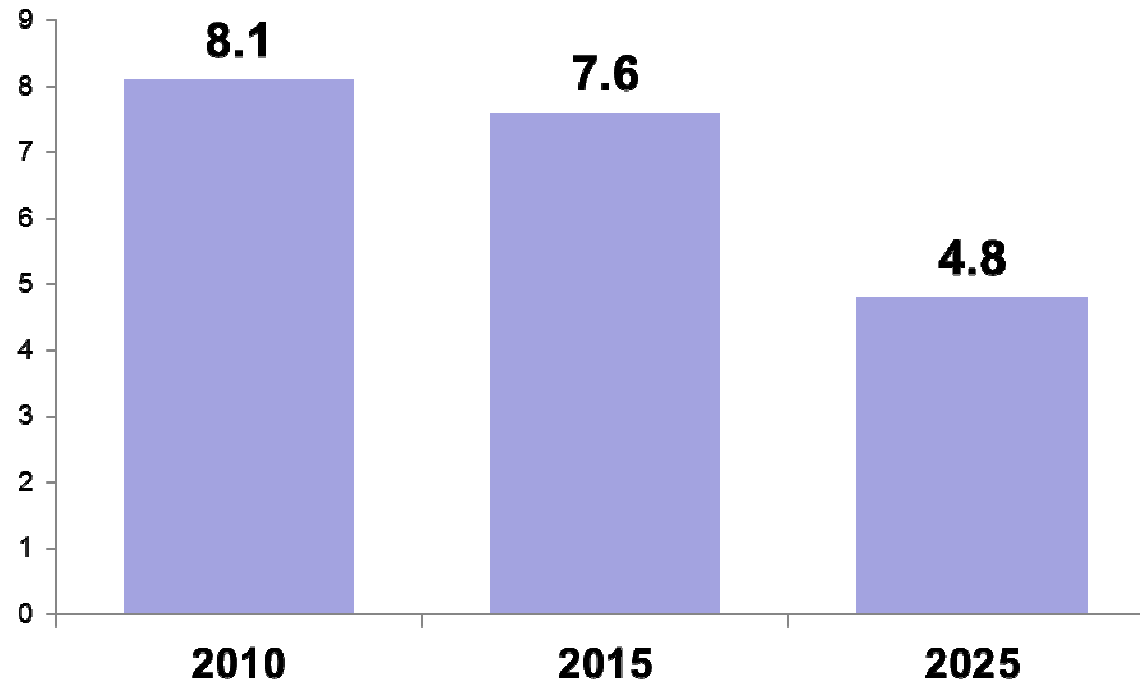
Geographic Distribution of NH Senior Population





Fewer Caregivers per Senior

**NH Caregivers Age 45-64
per Populaton 80+**



Issue: Housing Characteristics-- Preferences Don't Match Supply

Aging in Place Need:

- Low maintenance, smaller, efficient units
- First floor bedroom and bath
- No stairs into unit
- Wider entry and bathroom doors
- Adapted bathrooms and kitchens
- Higher electrical outlets
- Levers, not knobs
- Access to public transportation

Supply Inventory:





NH's Changing Environment Has Consequences

Environment



Consequences

- New Hampshire's population growth is slowing down
- Job quality is poor
- Elders will be increasingly larger share of owners and renters
- Young home buyers are challenged
- Recent trend away from ownership and towards rental
- Different problems in different regions
- General public, town officials and business are not aware of issues affecting NH's housing

- Fewer new households, and fewer families
- Overpayment problems for low income renters
- Elder overpayment, and Elders not aware of options available
- Future home owners not aware of ownership pitfalls and advantages
- Multi-family production shortages
- Geographic diversity more important than urban core.
- Town officials not comfortable changing existing regulations.



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