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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

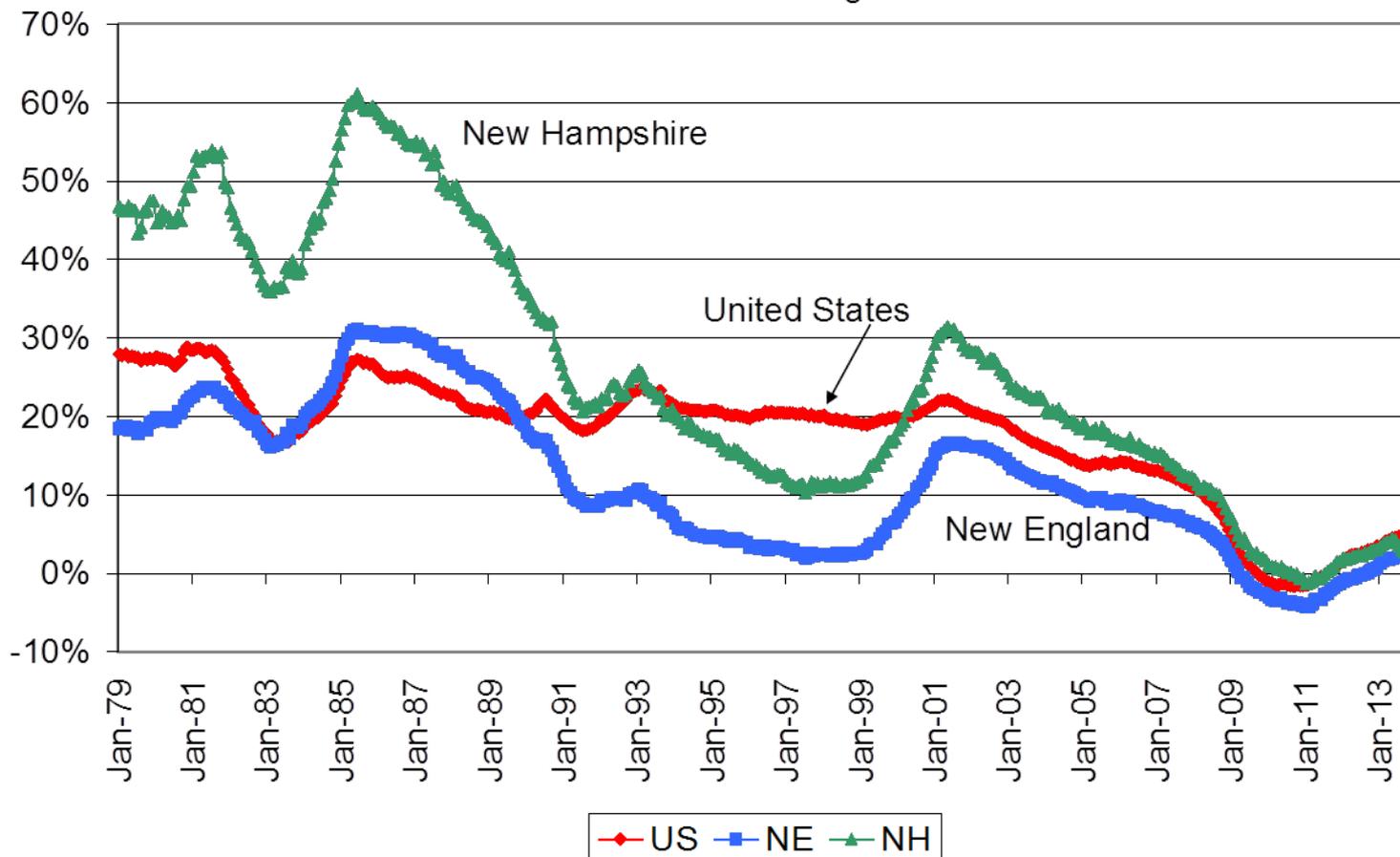


# Housing Needs and Production



# NH Job Growth Slowing Down

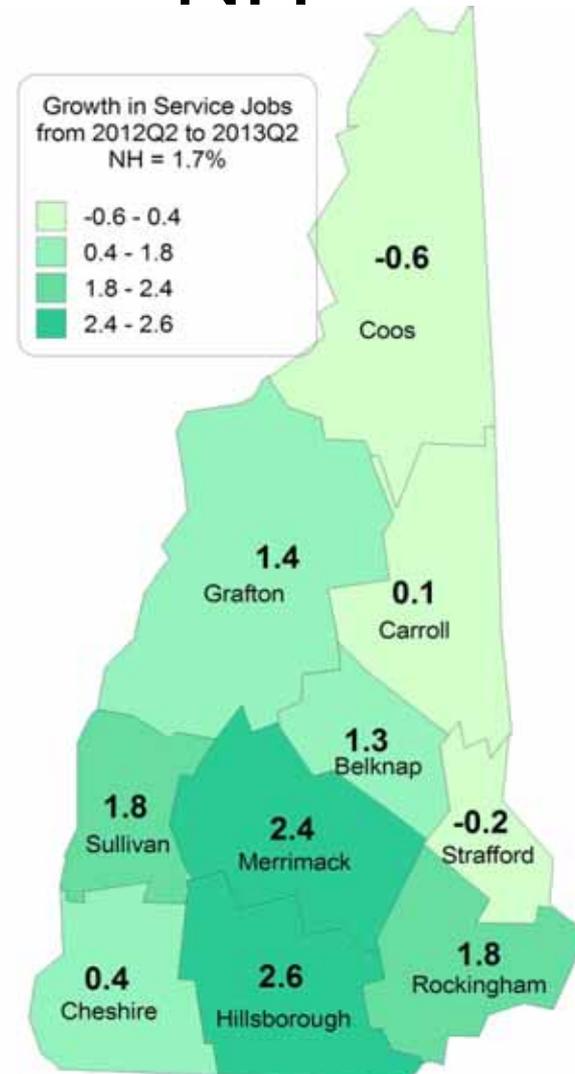
Percent Change in Payroll Employment Over Previous Ten Years  
The Great Convergence





# Economic Dichotomy in NH

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

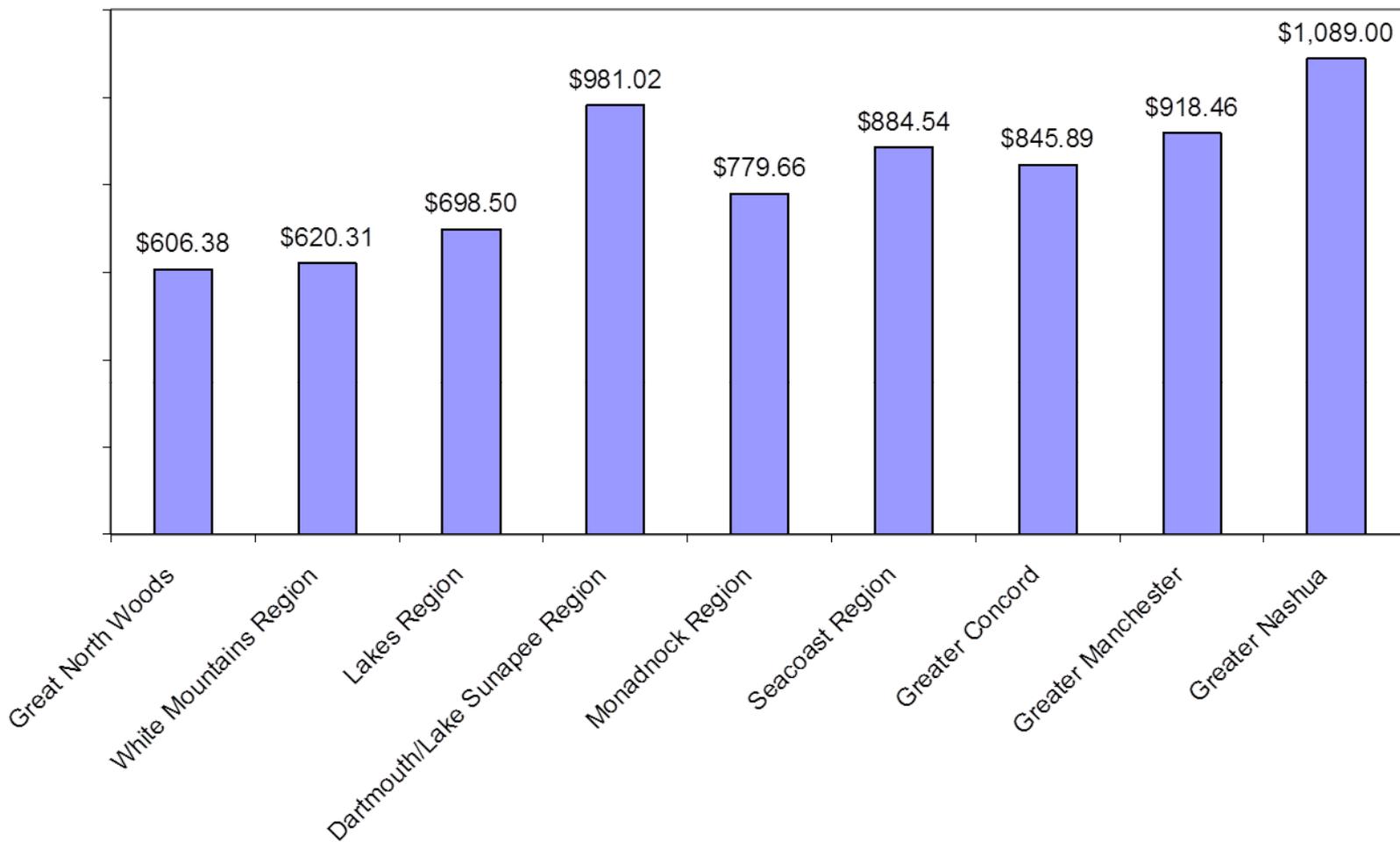


Source: NH Employment Security, Quarterly Employment Survey



# NH Wages Also Higher in South

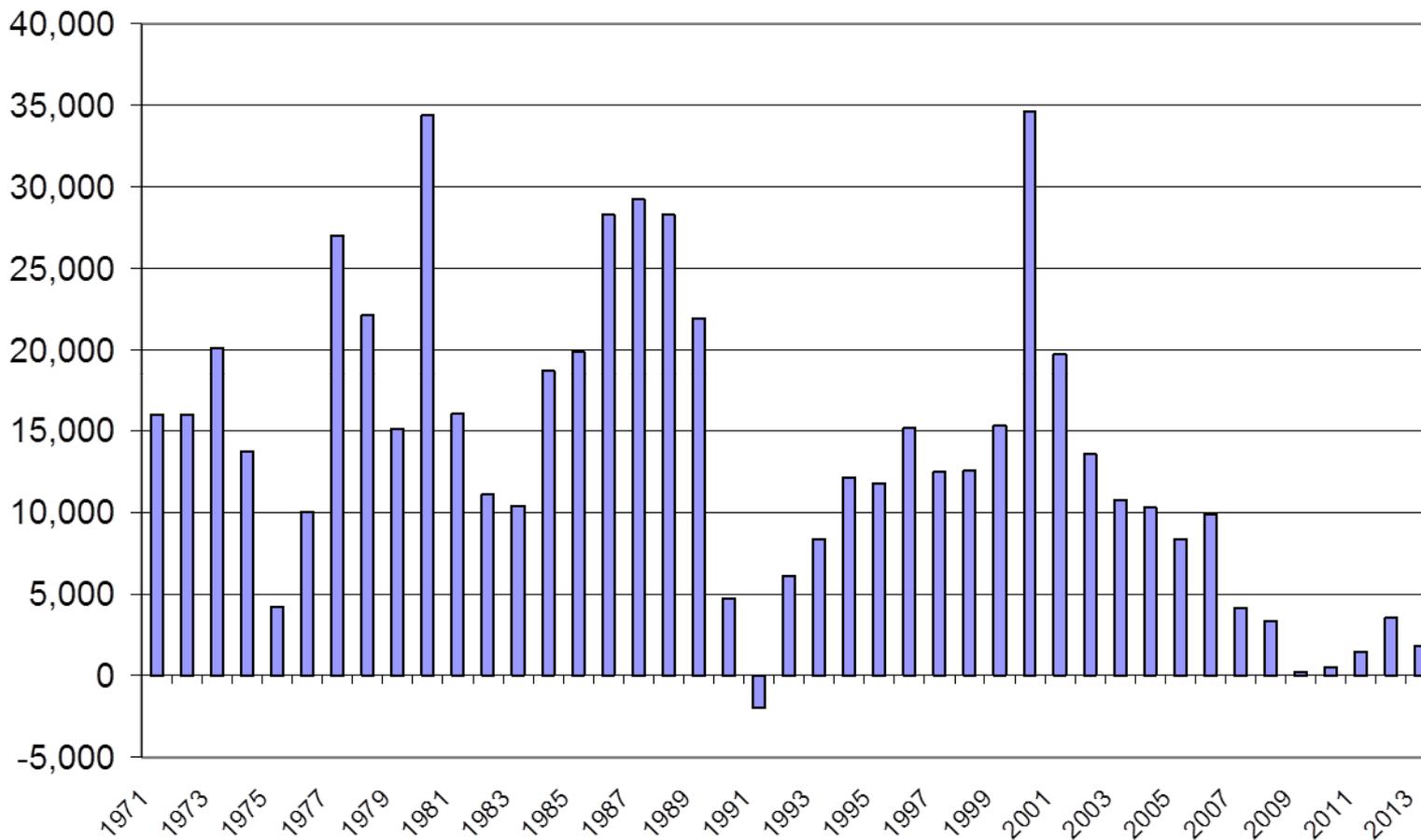
Average Weekly Wage (2011)





# NH Growth Slowing Down - Population

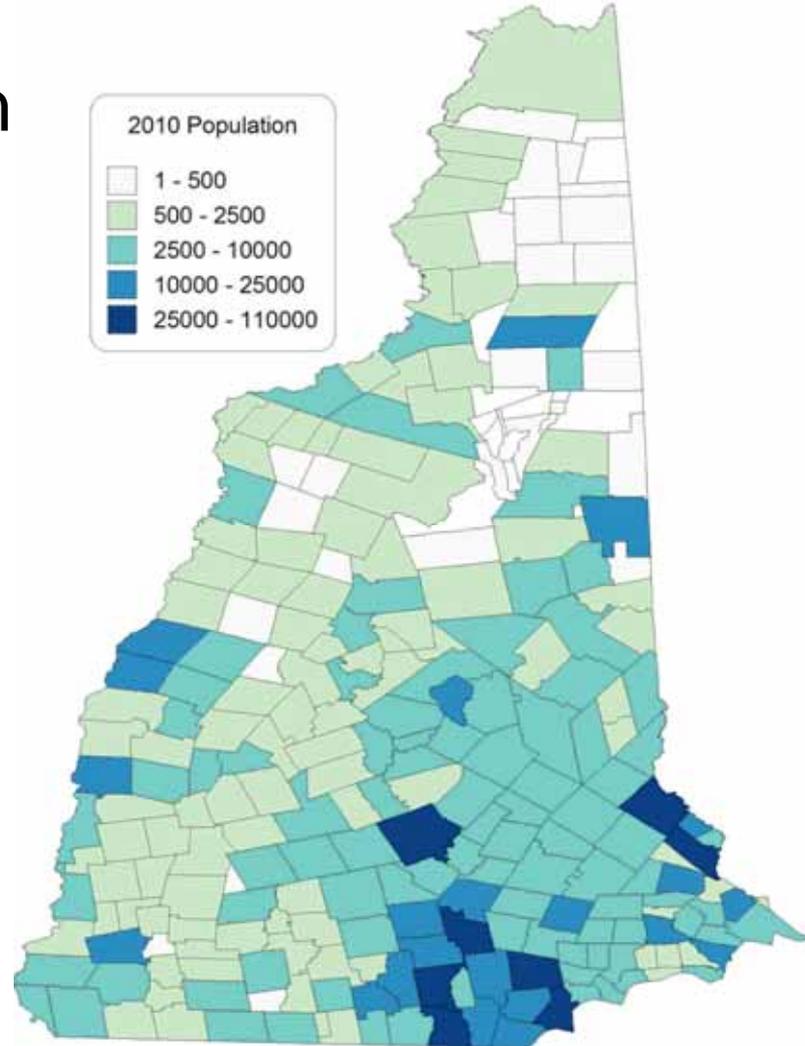
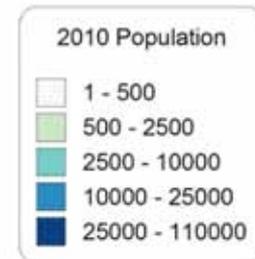
New Hampshire Population Change Over Previous Year





# Density Varies by Region

NH Population by Town, 2010

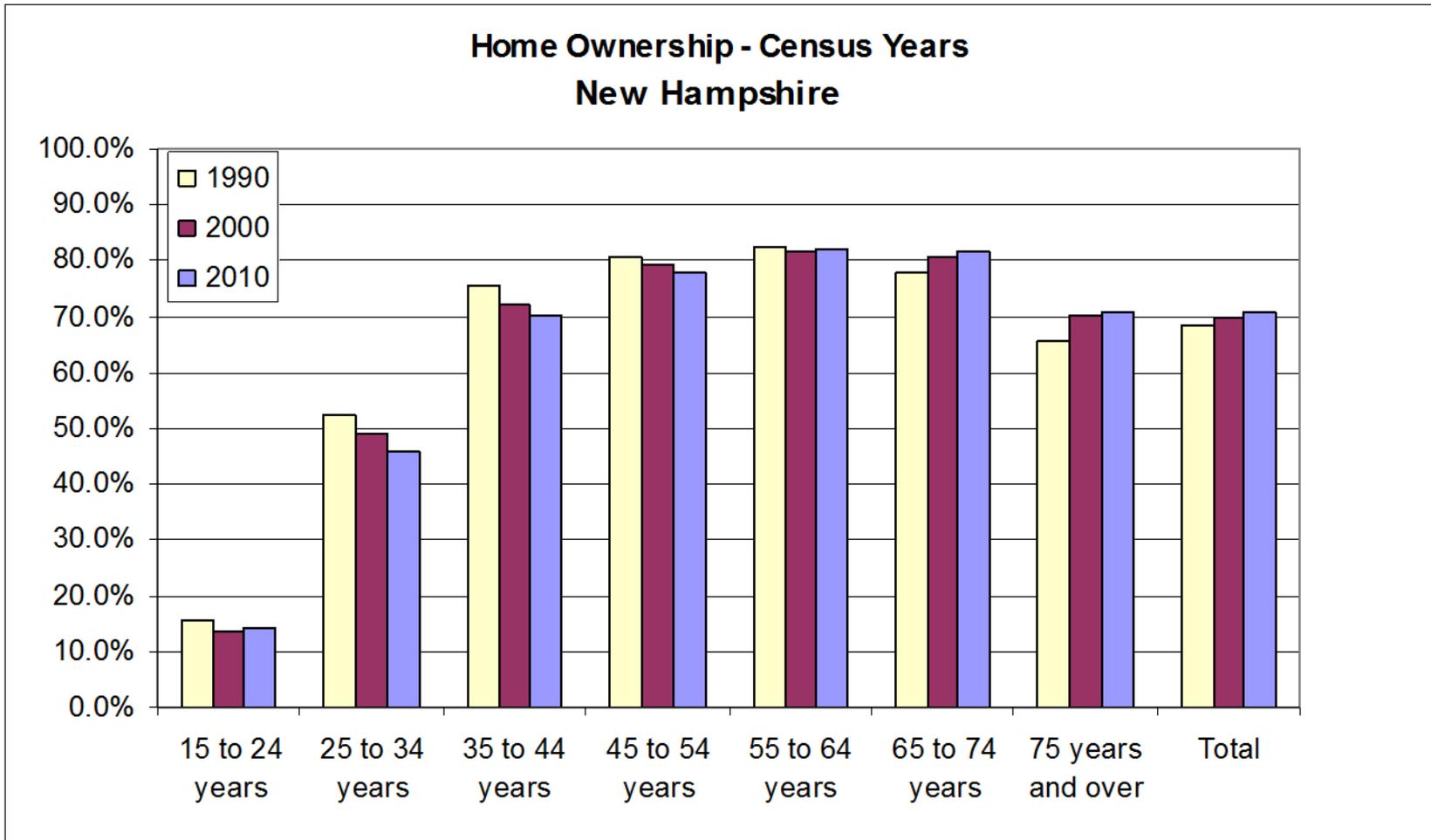


Source: US Census Bureau

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



# Fewer Young Owners

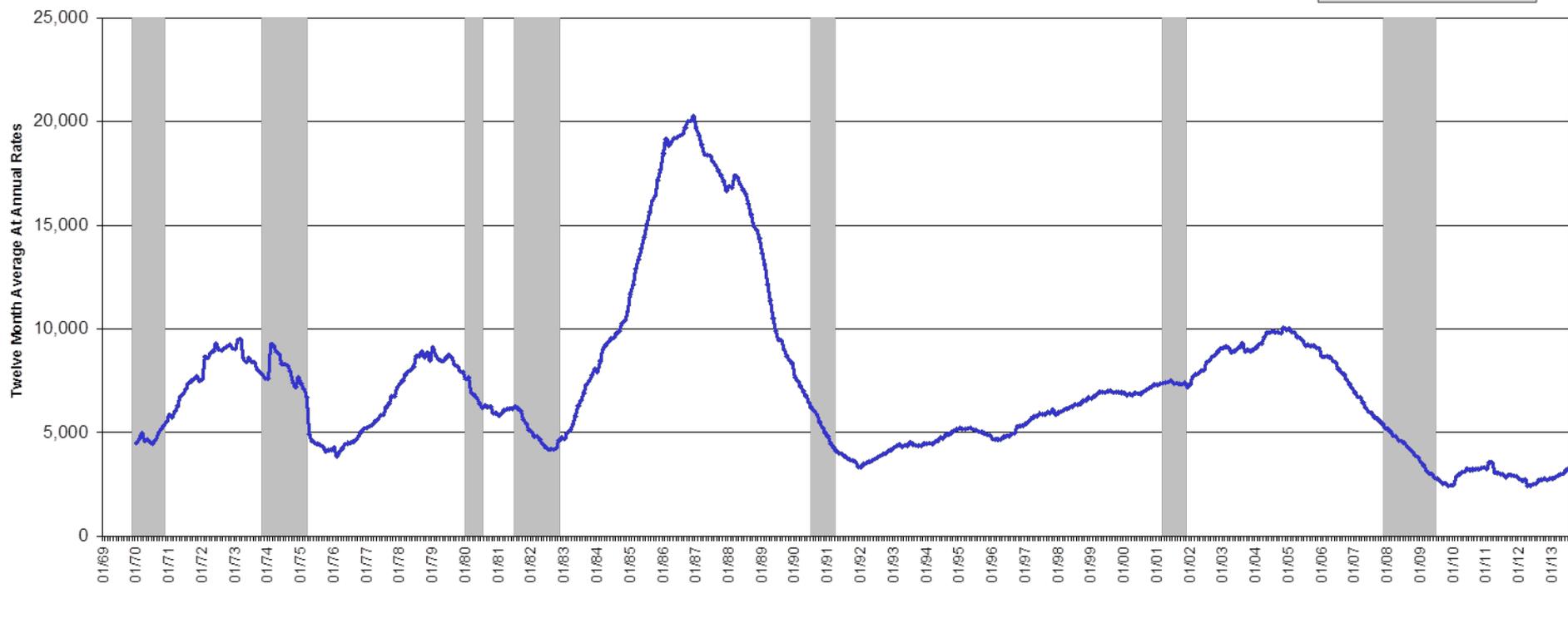




# Current Housing Production Slows

Monthly Housing Permits in New Hampshire January 1969 to July 2013

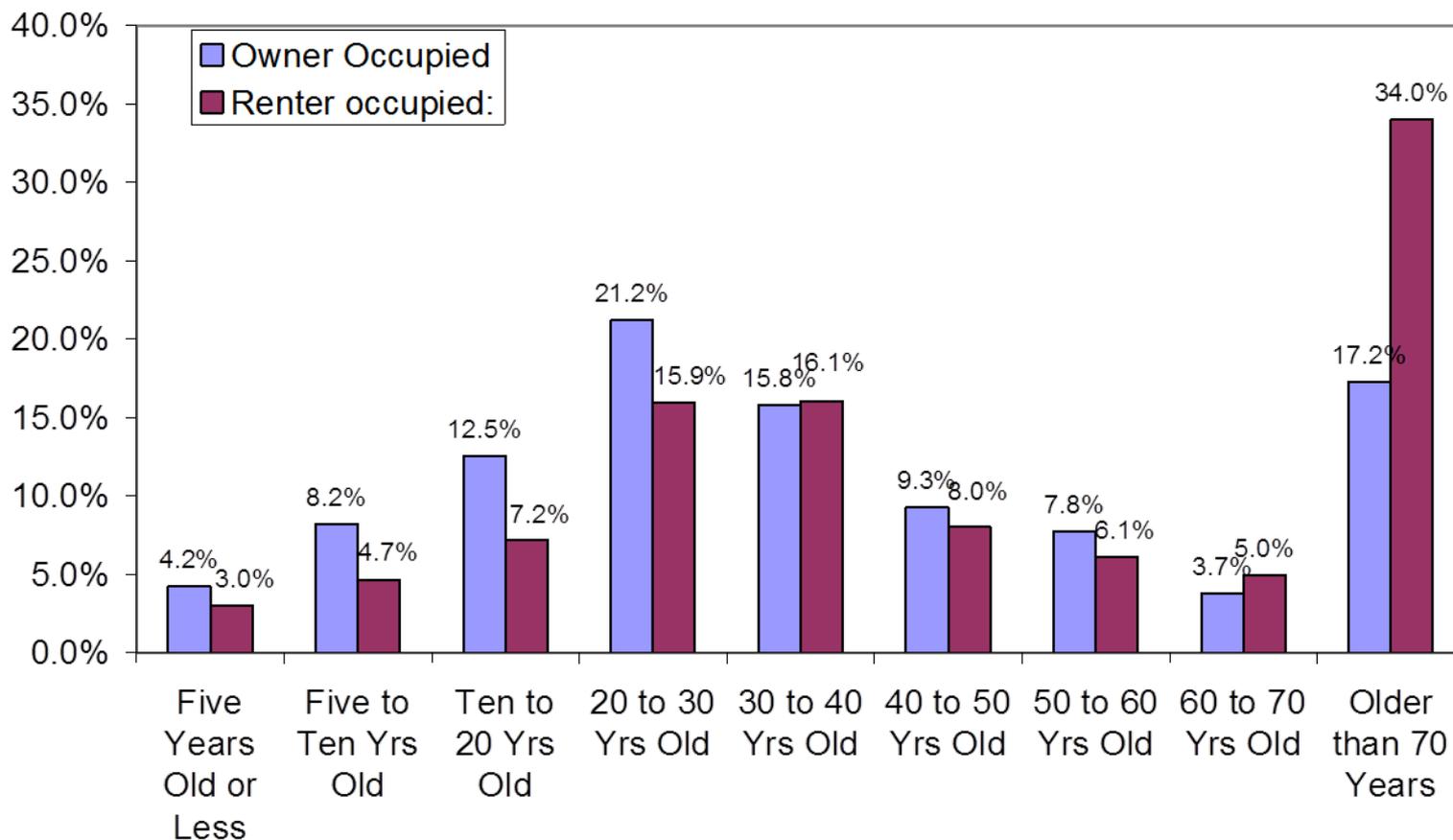
Grey boxes represent recessionary periods





# NH Rental Housing Stock is Much Older

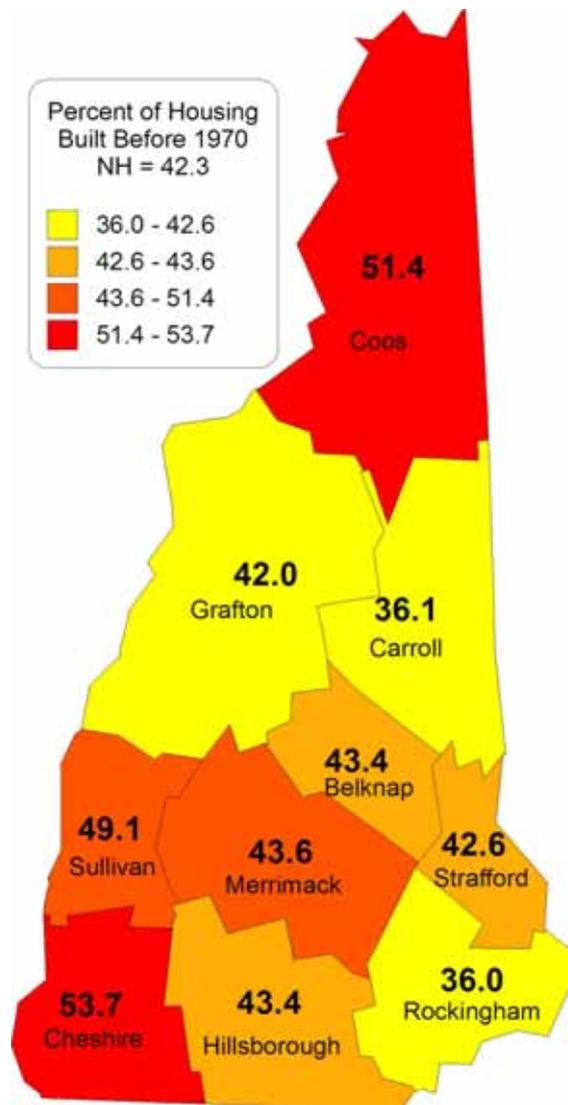
New Hampshire Housing by Age of Structure





# 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.

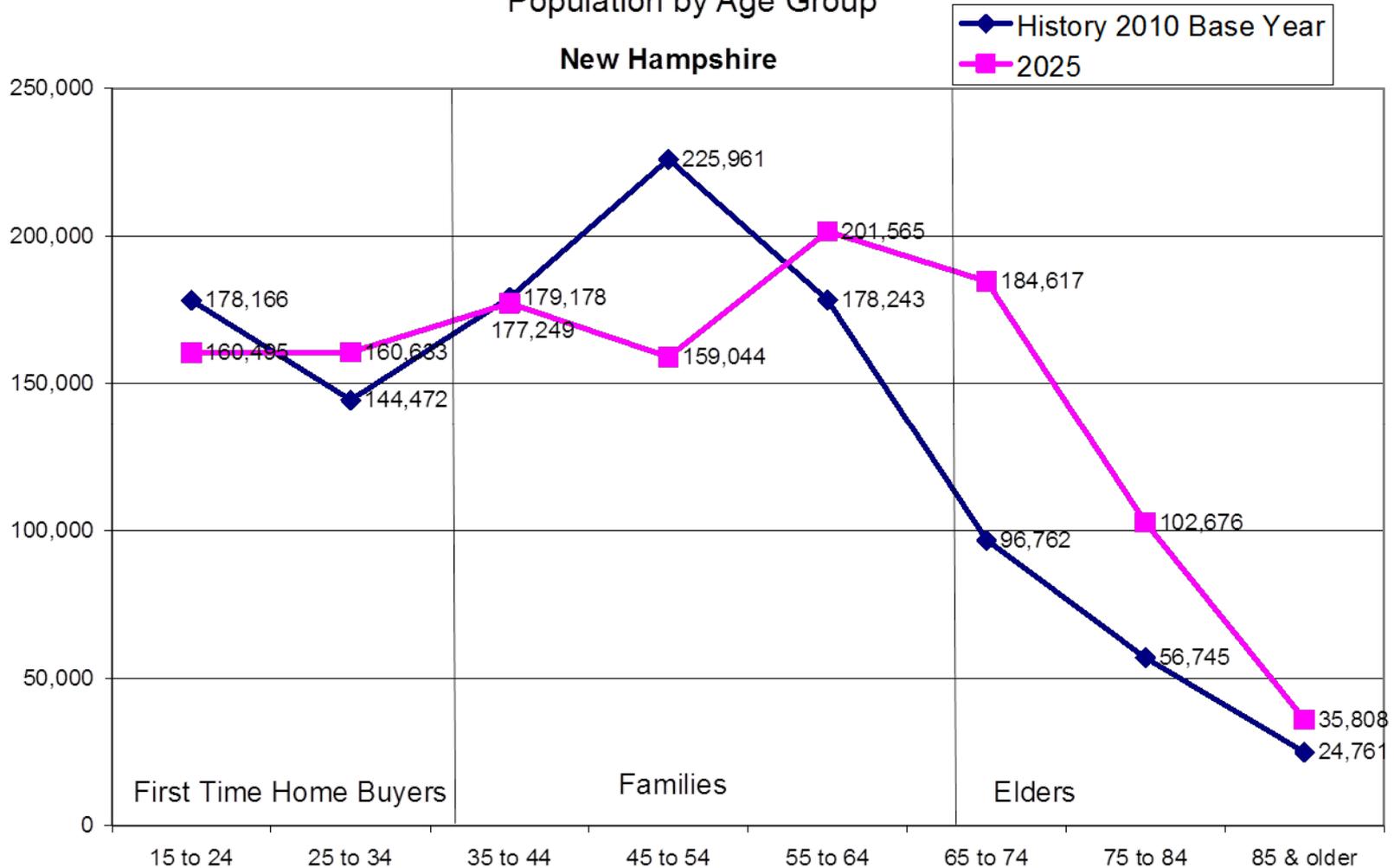


Source: American Community Survey; 2009-2011



# Expected Increase in Older Population

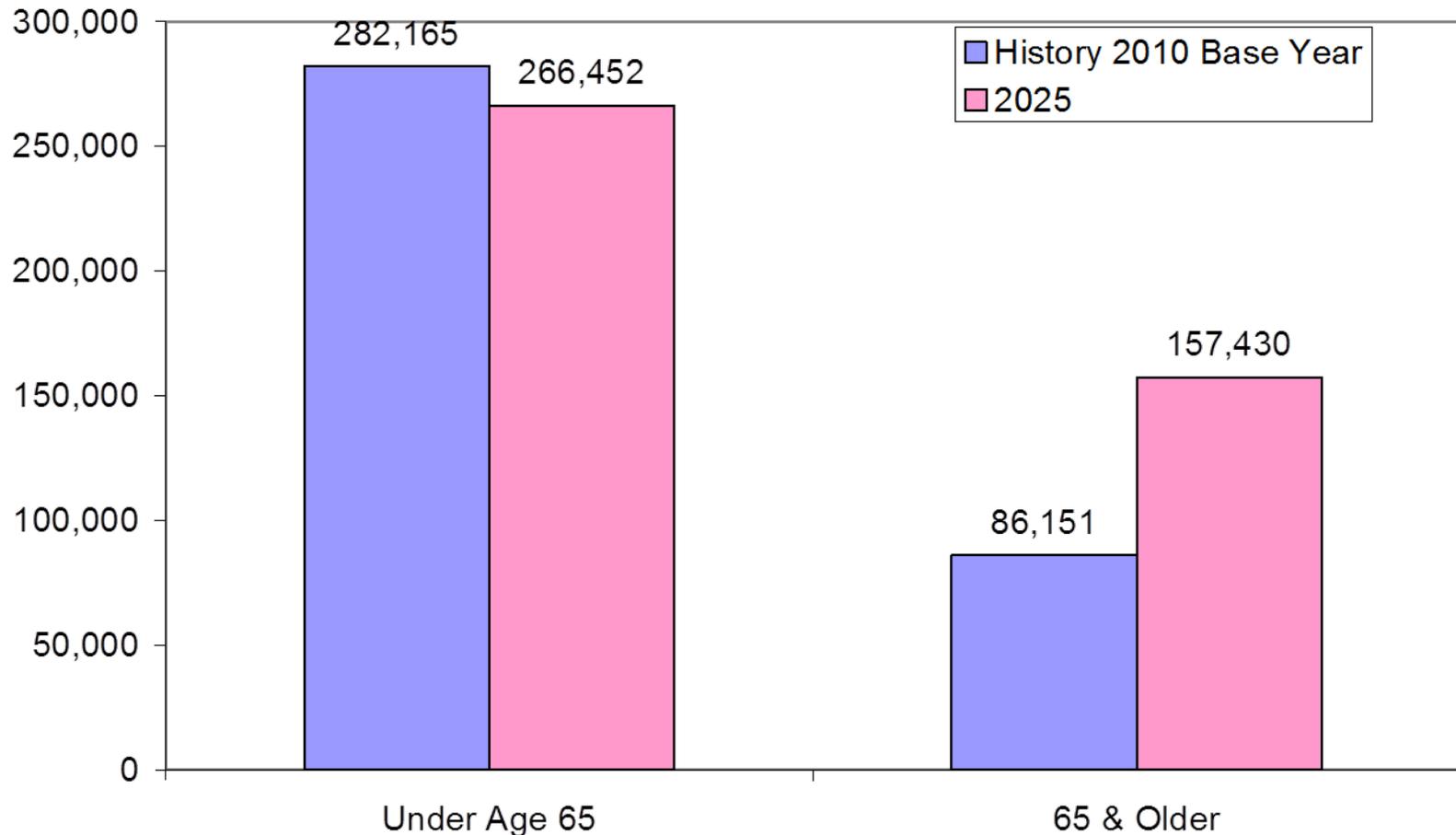
Population by Age Group  
New Hampshire





# Will Mean an Increase in Older Home Owners

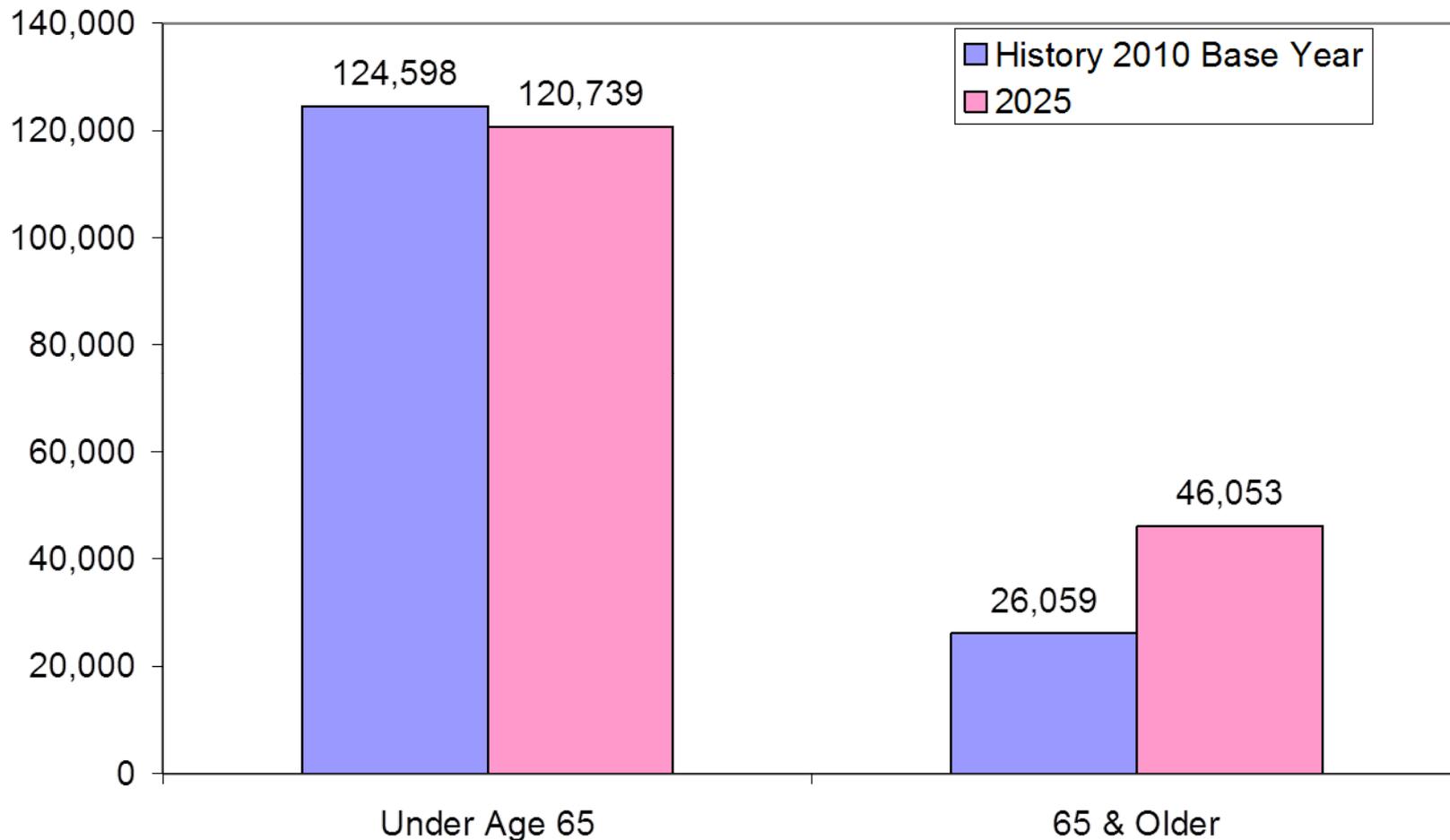
Owner Households  
New Hampshire





# And More Senior Renters

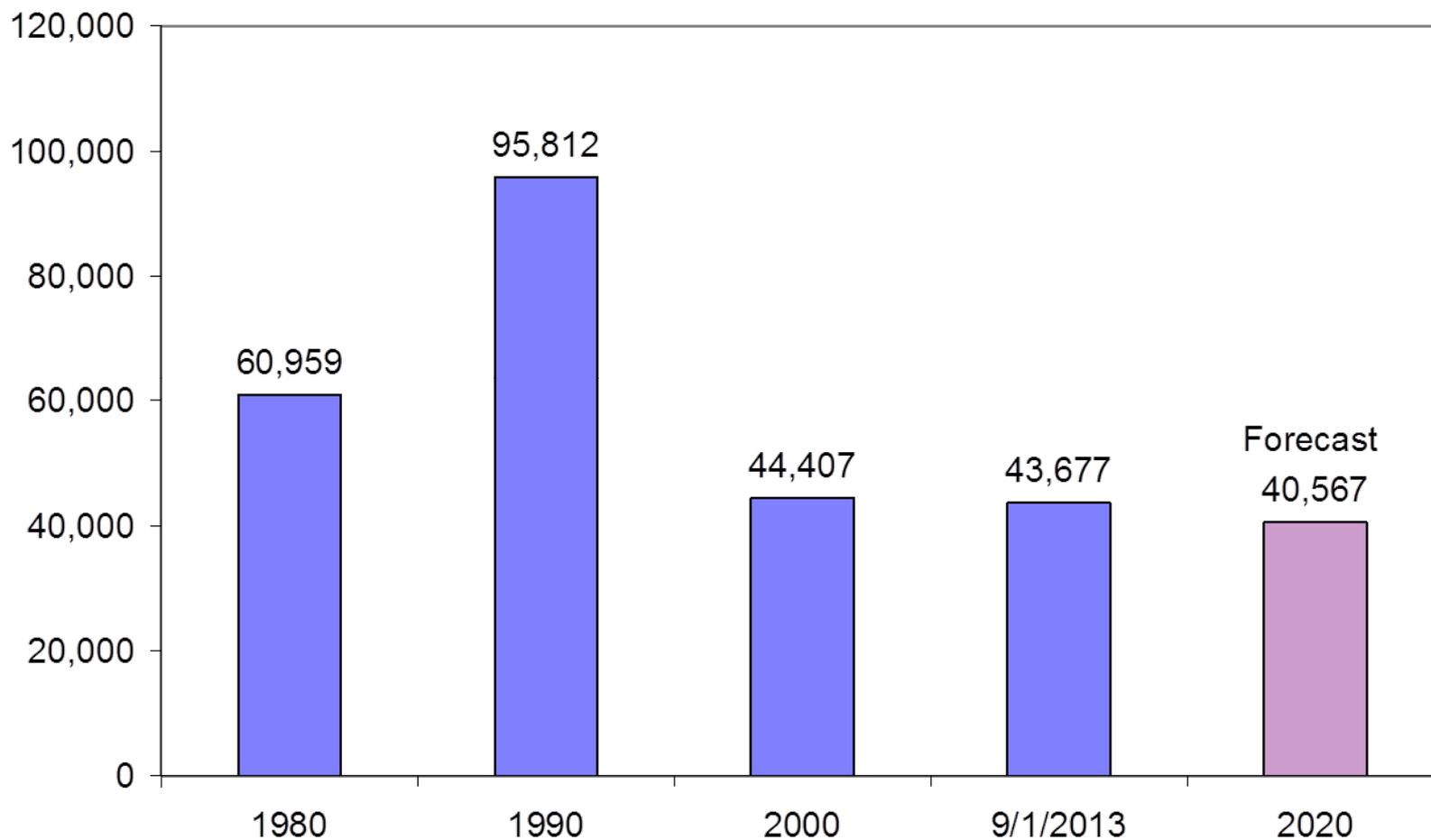
Renter Households  
New Hampshire





# NH Housing Stock – Slower Construction

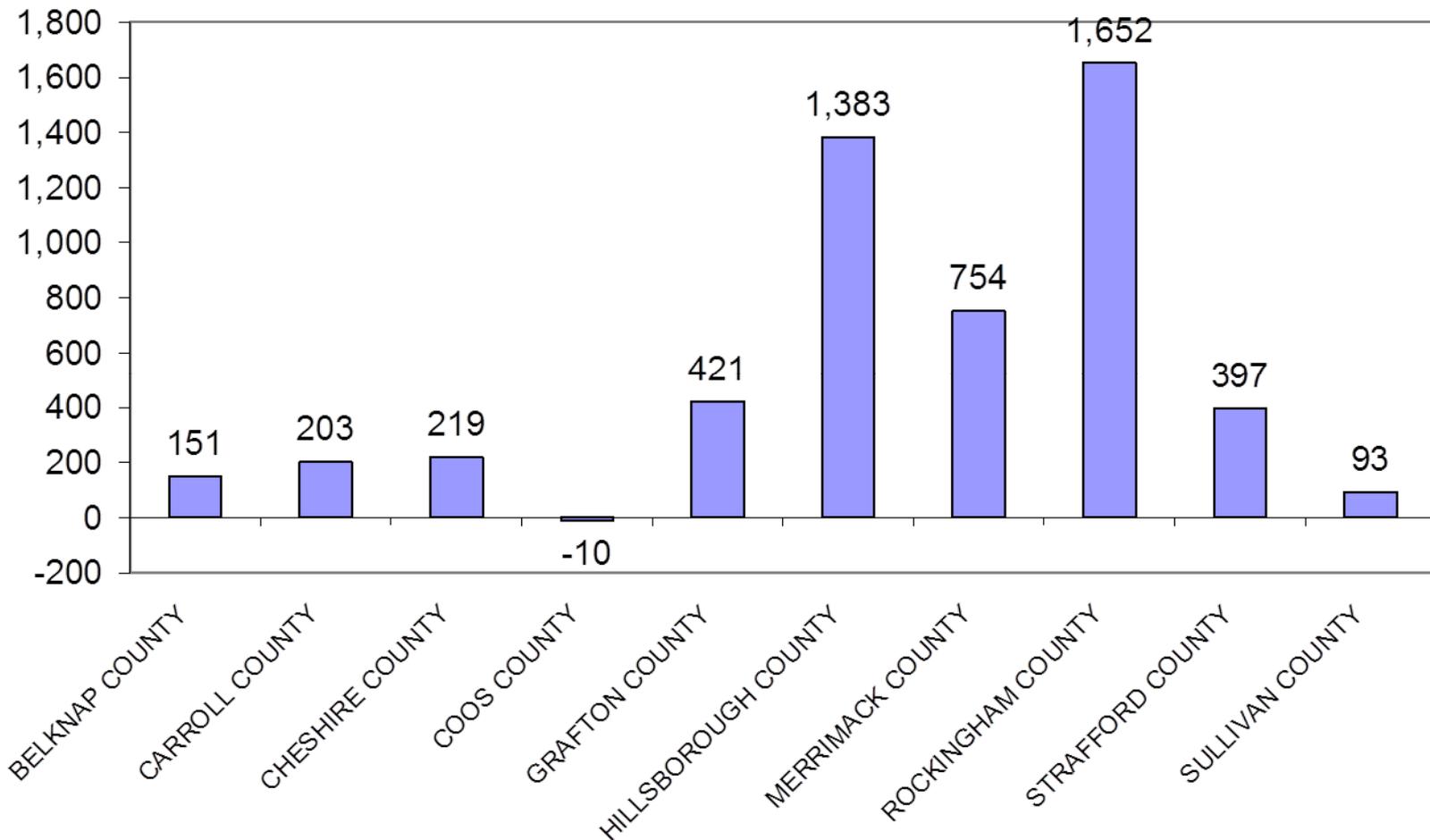
Number of New Hampshire Houses Built in last Ten Years as of:





# Housing Production Needs by Region

Average Annual Production Needed 2010-2020



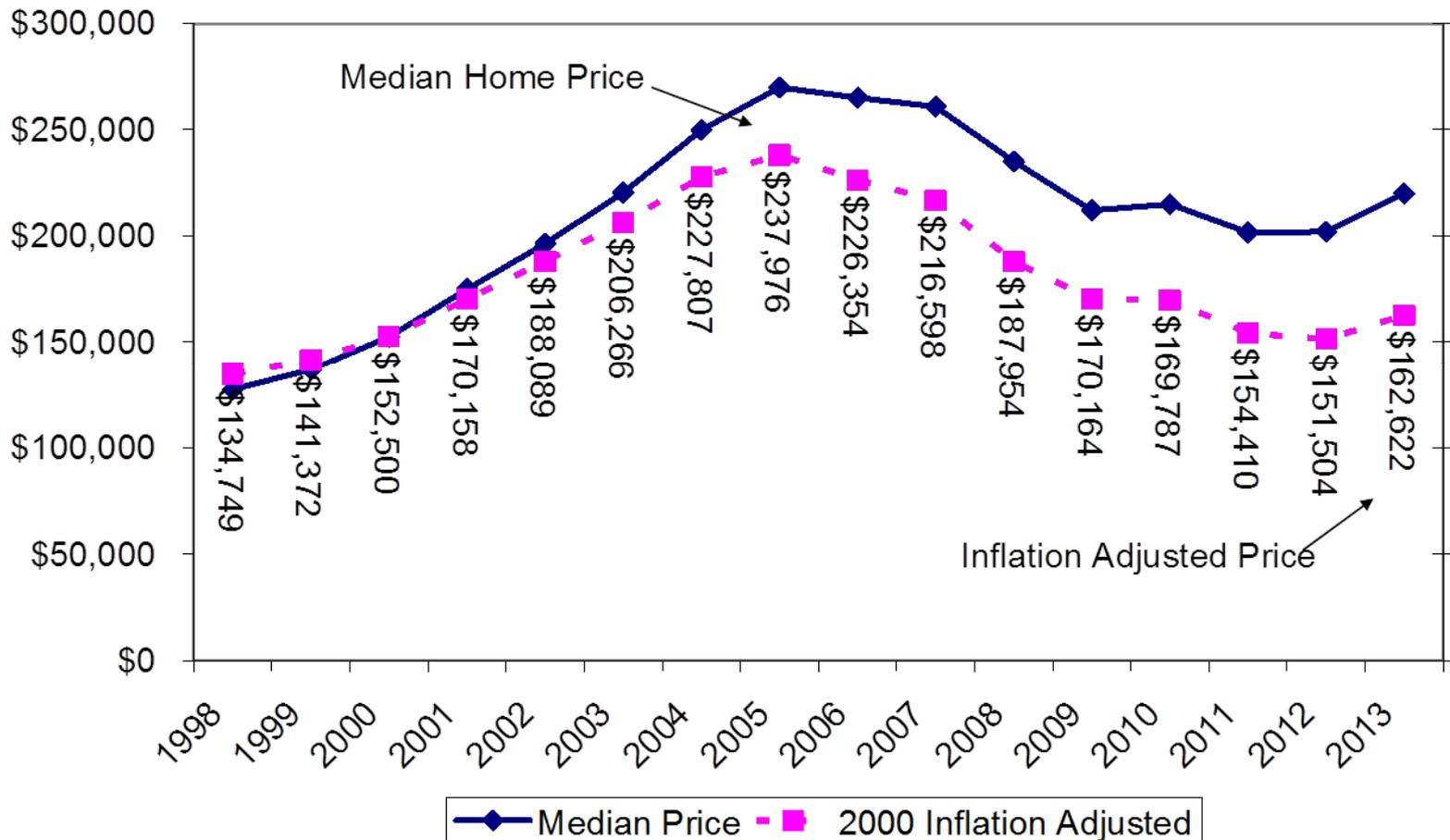


# Housing Affordability is a Mixed Picture Right Now



# Home Prices Have Fallen Since 2005

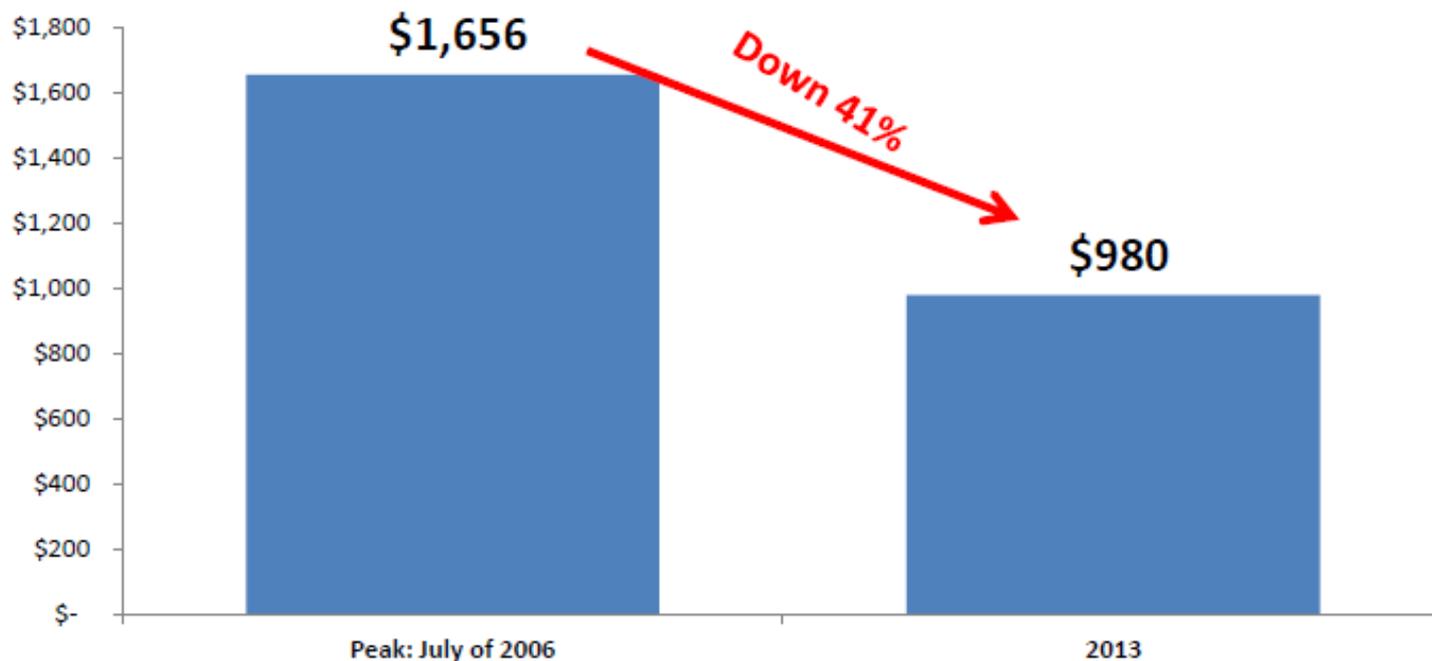
NH Single-Family Residential Home Price (MLS)  
Source: NH Association of REALTORS





# Declines in Prices and Interest Rates Affect Affordability

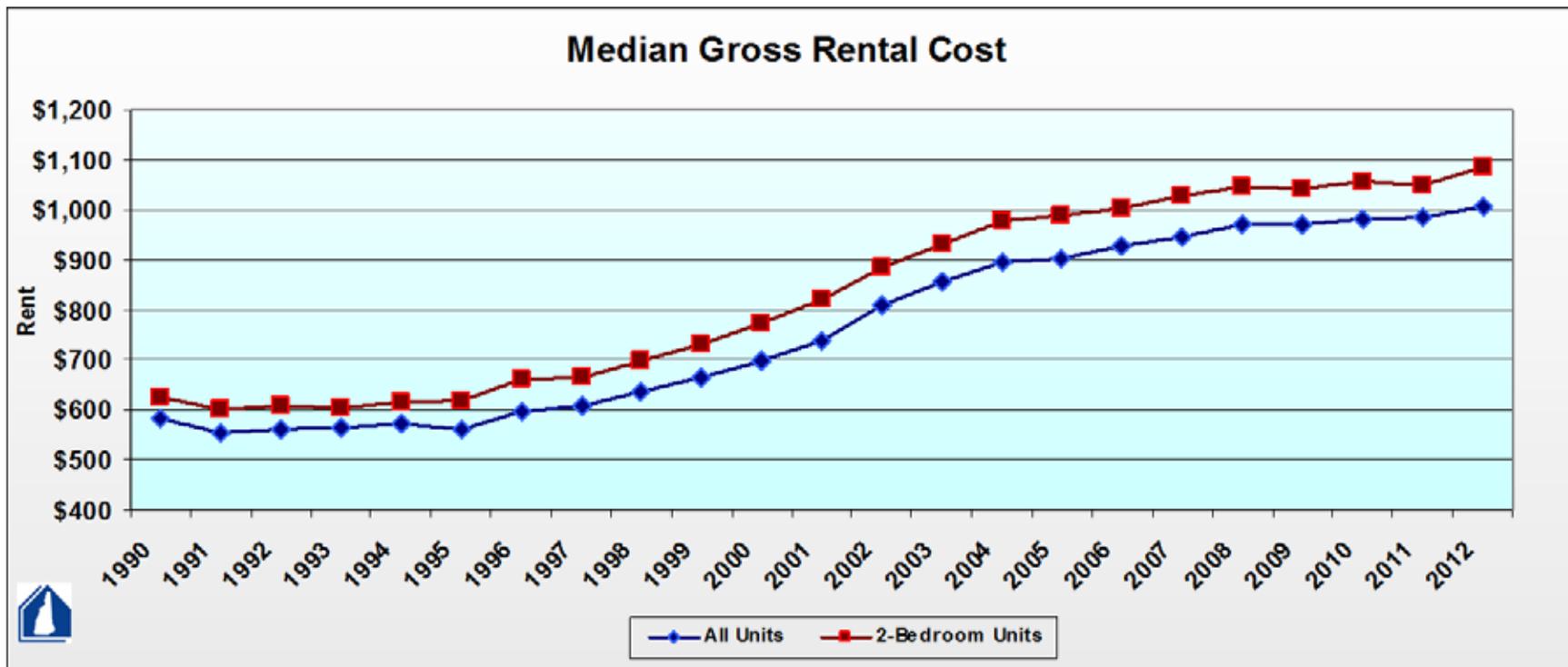
Monthly Mortgage Payment For Median NH Home  
*30 Year Conventional Mortgage @ 90% of Purchase Price*





# But Rental Prices Have Continued to Rise

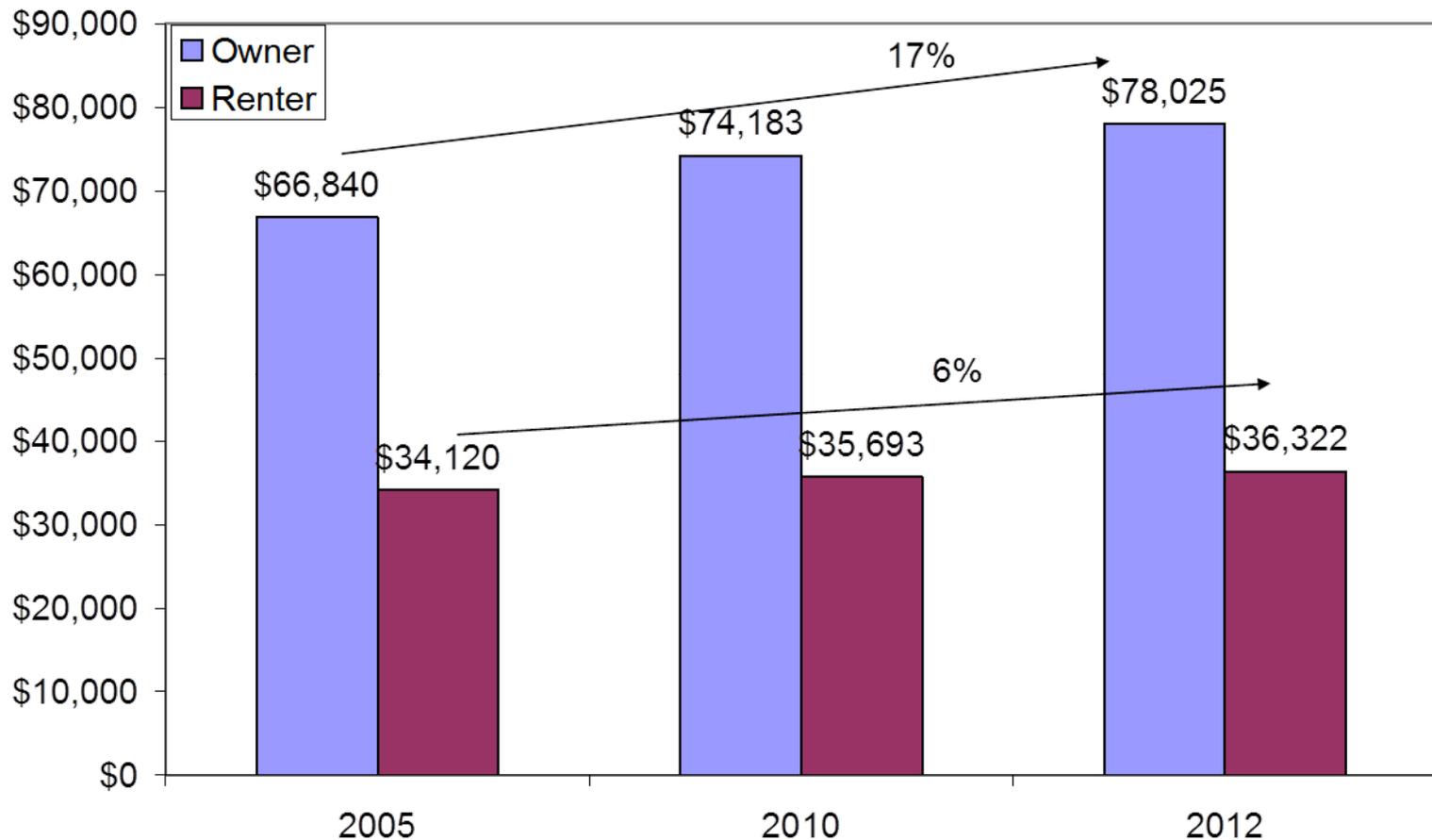
New Hampshire Rents – NHHFA Surveys





# And Renter Median Income Growth Slower Than for Home Owners

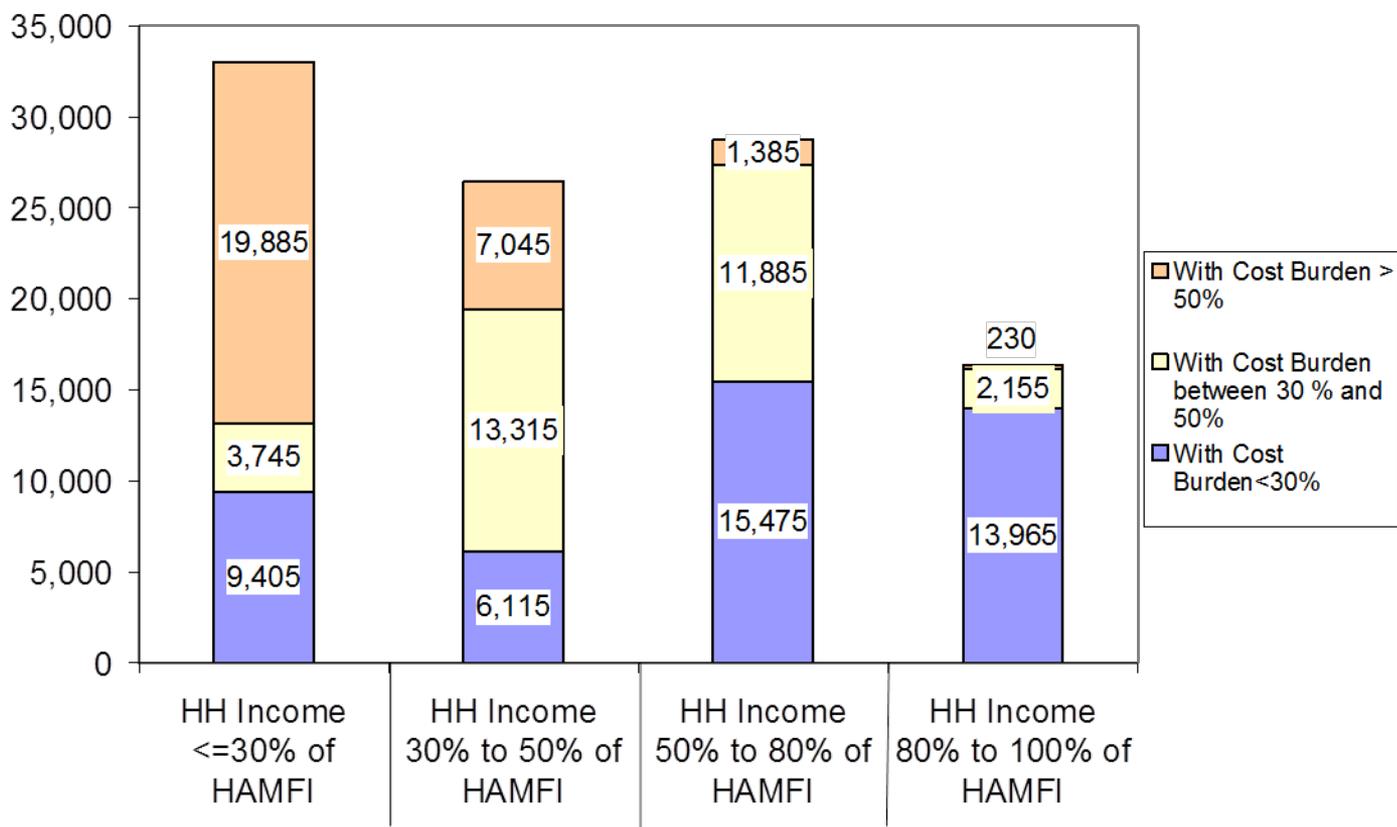
NH Median Household Income by Tenure





# 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

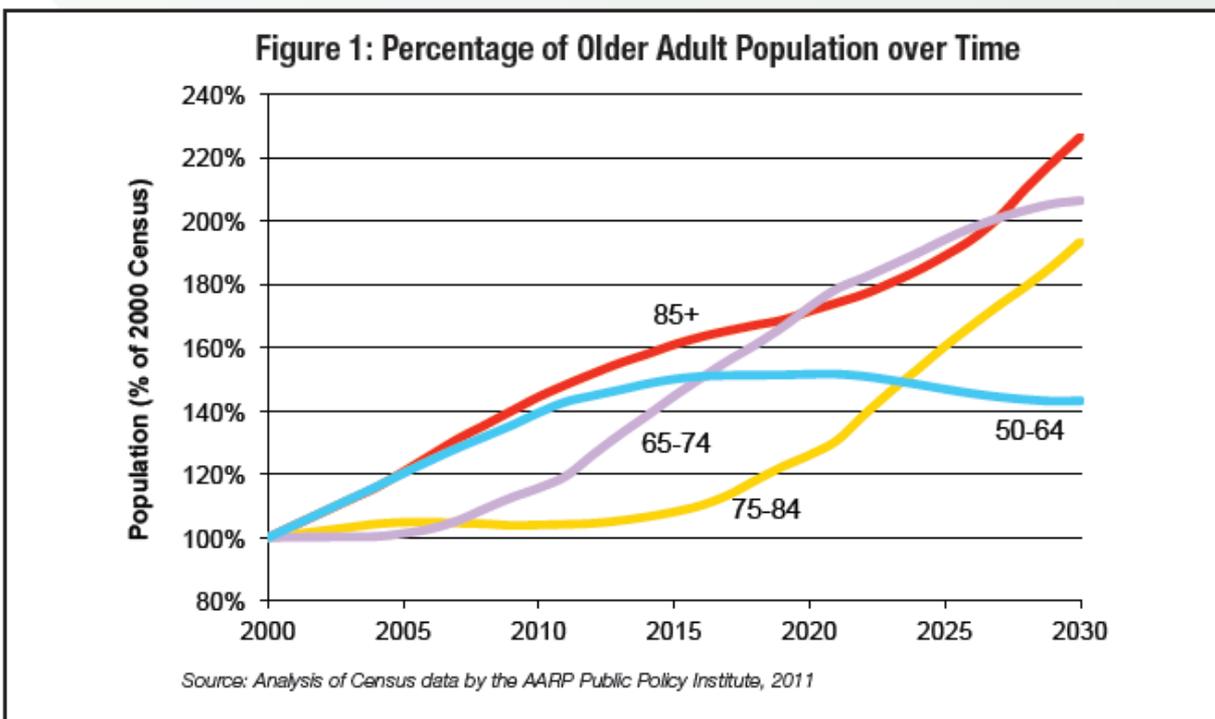
- Significant affordable housing issue in the state due, in part, to inferior job growth;
- Rental market is tight with rising rents jeopardizing affordability;
- Workforce housing is becoming more accepted by communities but not across the board;
- Move up market is weak;
- Rigid zoning and development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



# Senior Housing



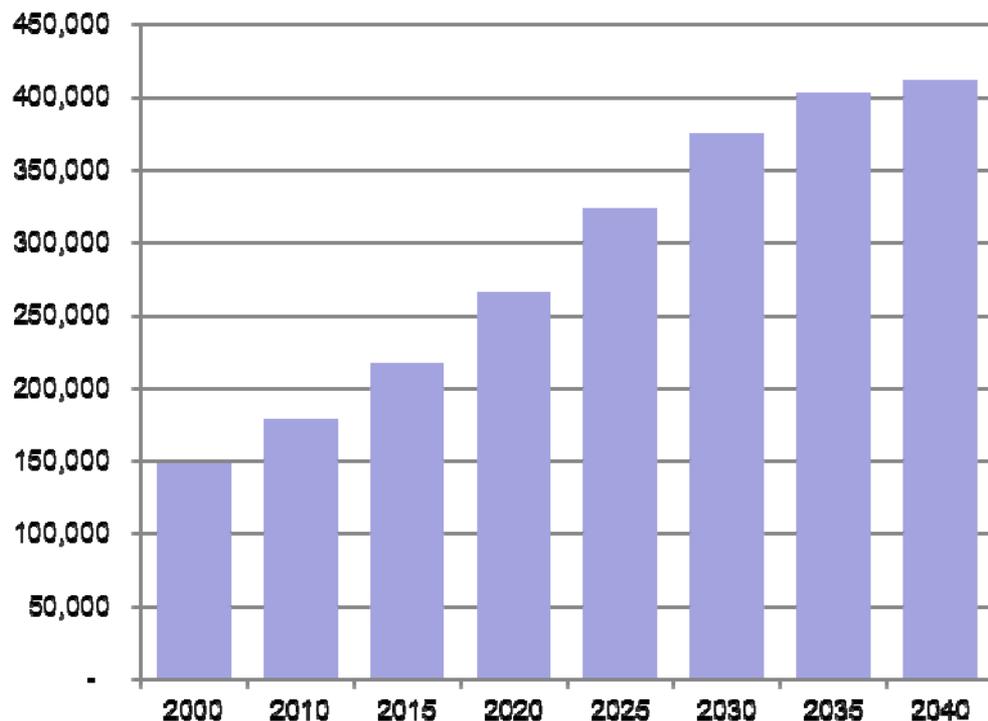
# US Population Is Aging





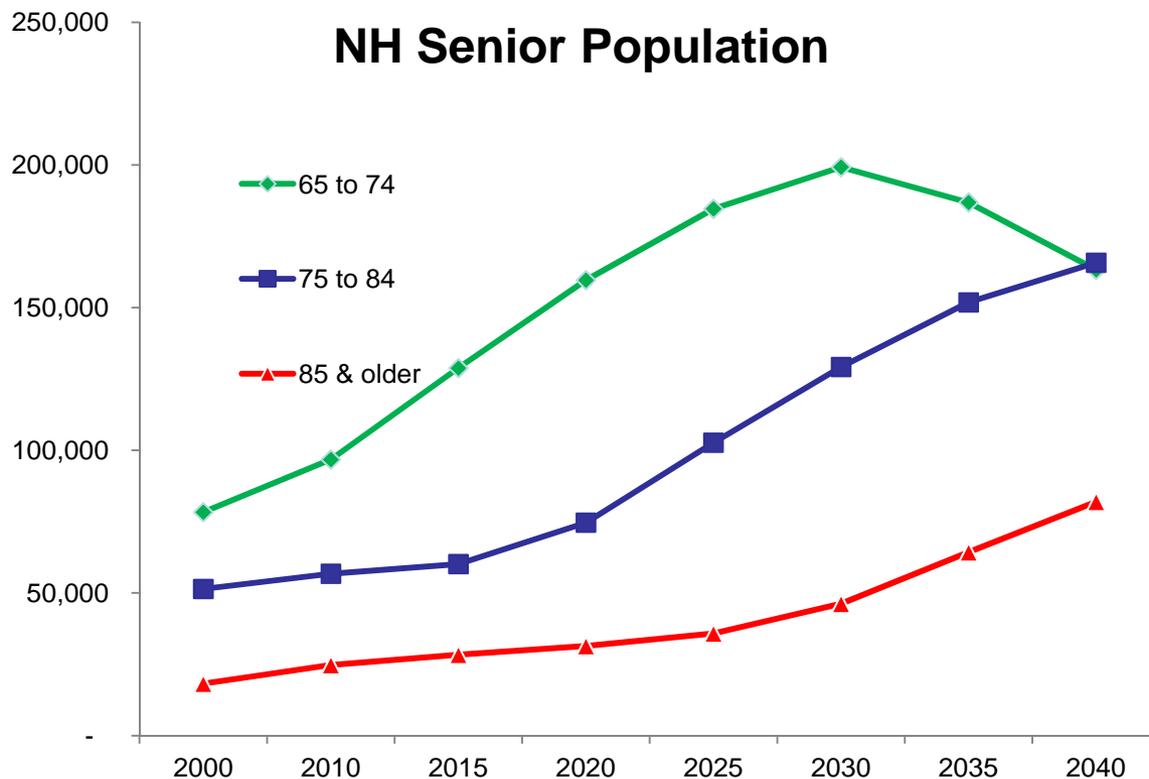
# NH Following Suit

## NH Population Age 65+





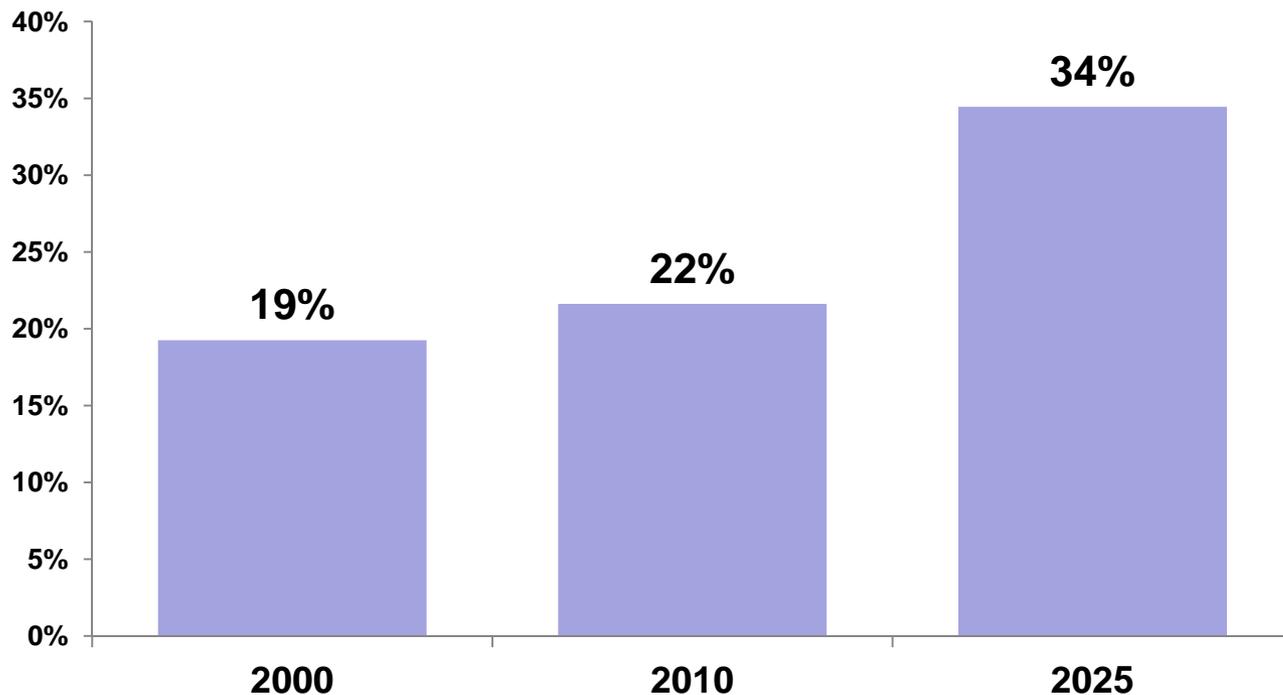
# 85+ Accelerates After Year 2025





# Seniors Portion Increases from 1 in 5 to 1 in 3

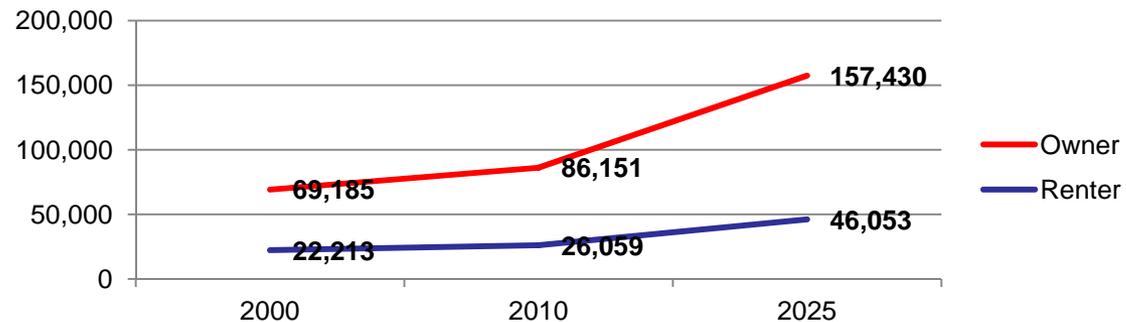
Senior Households as a % of NH Occupied  
Units





# Senior Owner Growth Exceeds Renter Growth

## Households Age 65+ By Tenure

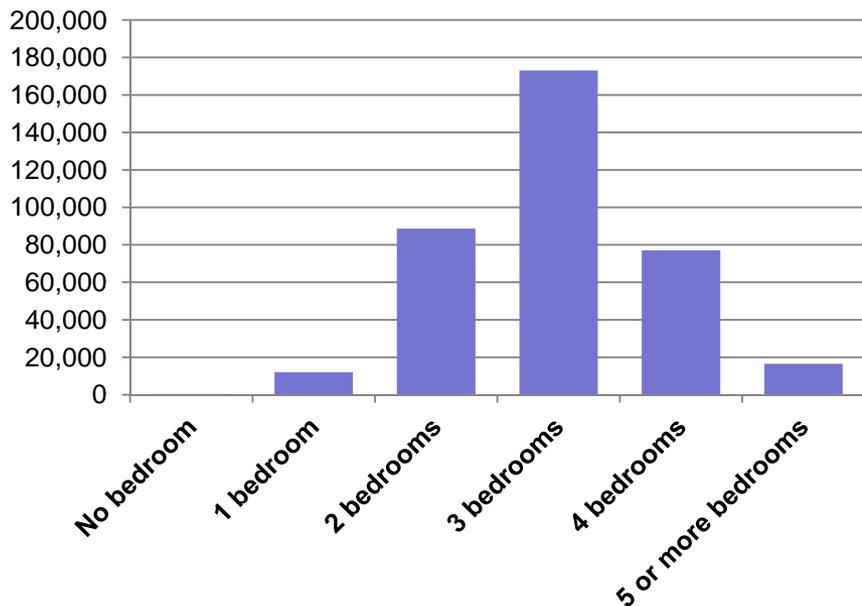


NH Occupied Housing Units (Households) By Age		
	Change	% Change
<b>Age 65+</b>		
Owner	71,279	83%
Renter	19,994	77%
<b>Total Age 65+</b>	<b>91,273</b>	<b>81%</b>
<b>Total Under Age 65</b>	<b>-19,572</b>	<b>-5%</b>
<b>Total Households</b>	<b>71,701</b>	<b>14%</b>

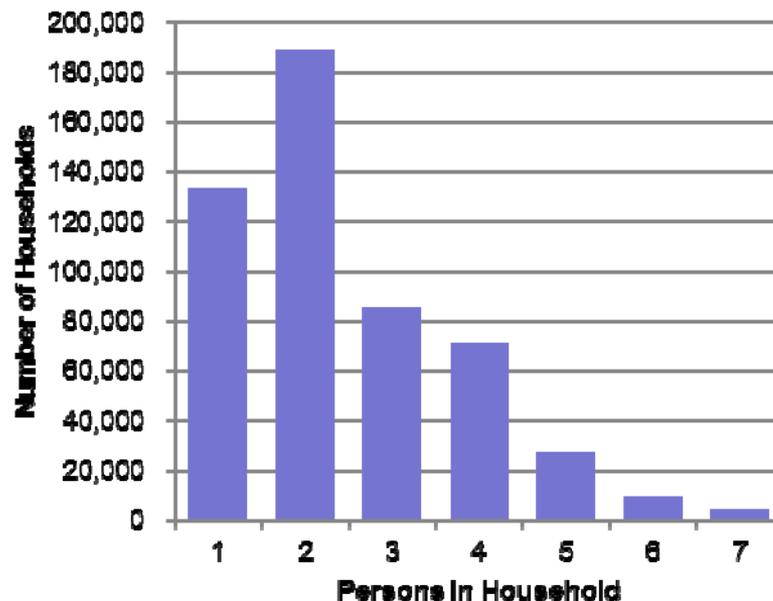


# Mismatch With the Inventory—Small Households, Large Units—Downsizing to What?

## Bedroom Count in Owner Occupied Units



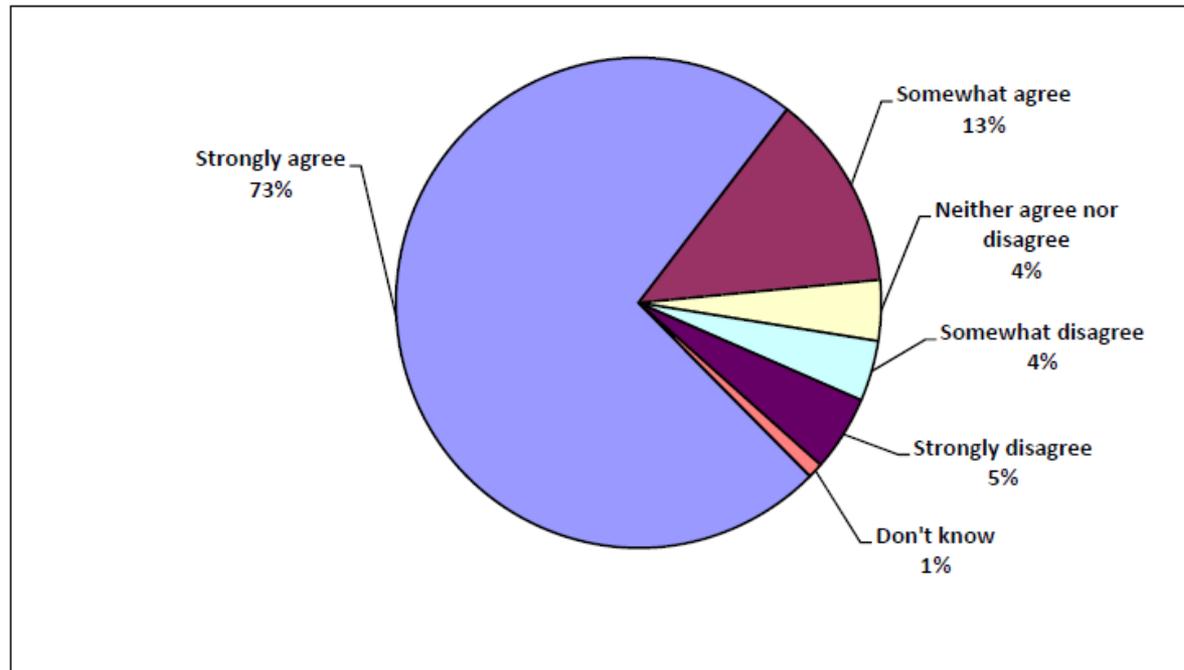
## NH Households by Household Size





# 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)

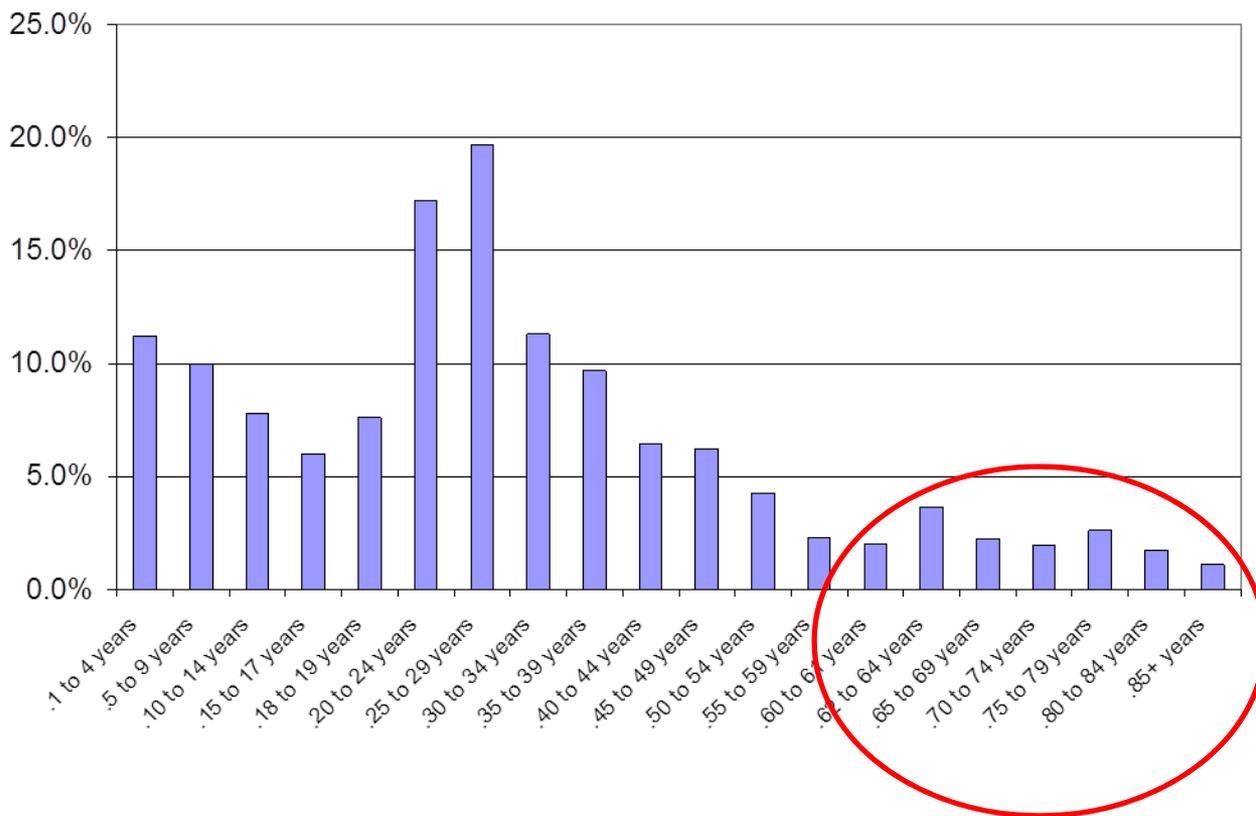


Source: AARP, 2010



# Most Seniors Do Age In Place

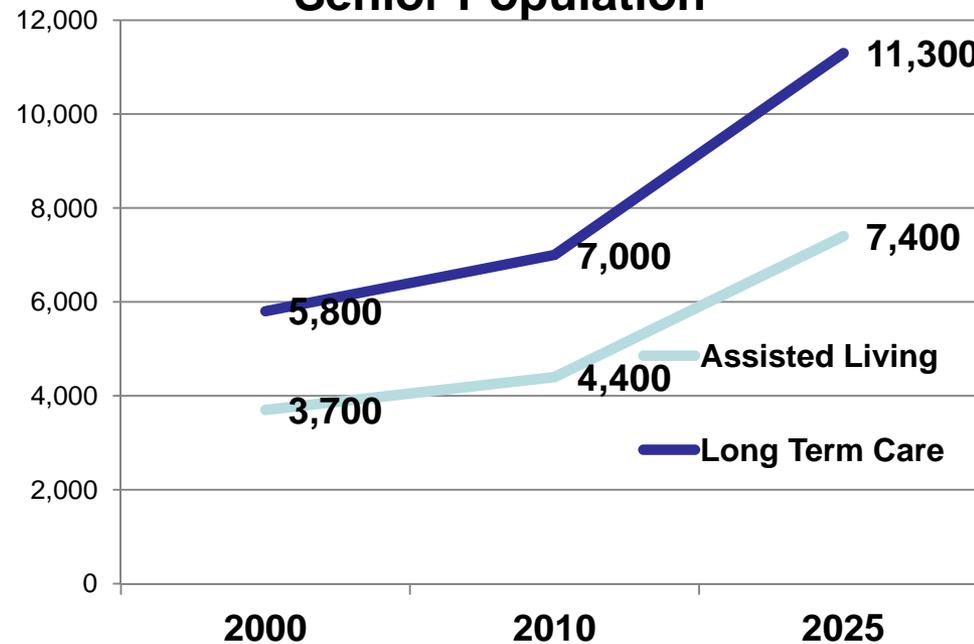
Northeast US Annual Mobility by Age, 2012 to 2013





# 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

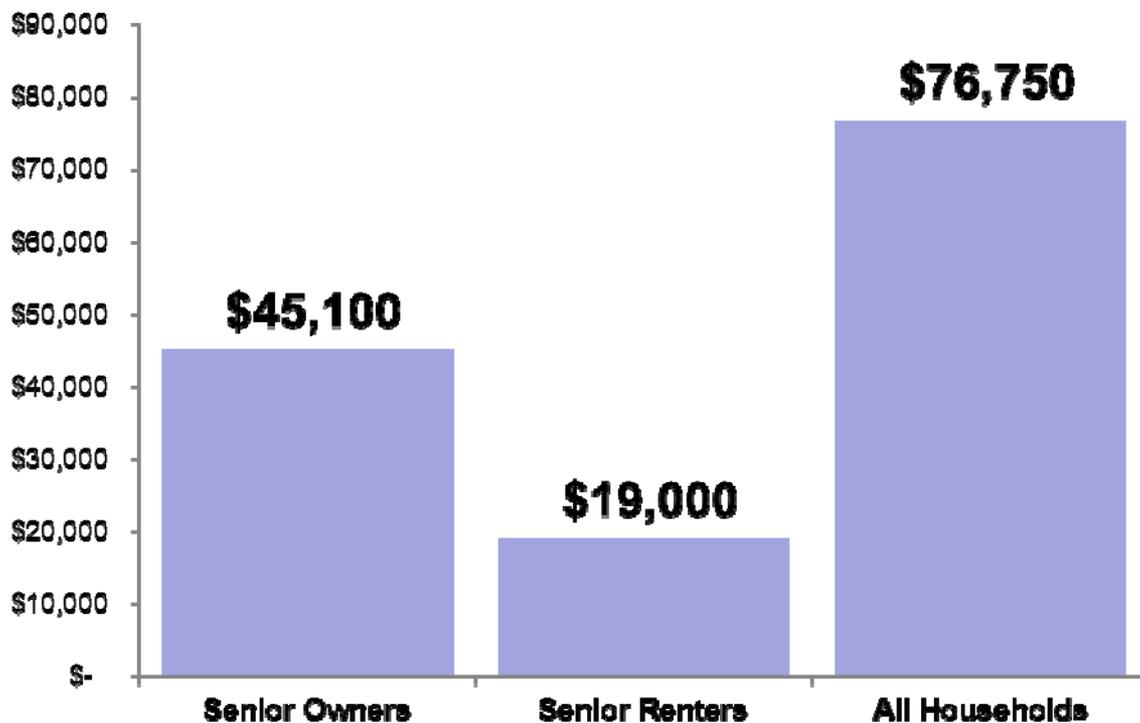


# Issue: Nearly Half of Seniors Have a Significant Disability

<b>Senior Households With At Least One Disability</b>		
	<b>Households</b>	<b>% of Senior Households</b>
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%
<b>With At Least One Disability</b>	<b>44,626</b>	<b>42.1%</b>
<b>Total Households Age 65+</b>	<b>106,000</b>	
<b>Source: ACS, 2011 Cited in AARP State Housing Profiles, 2011</b>		



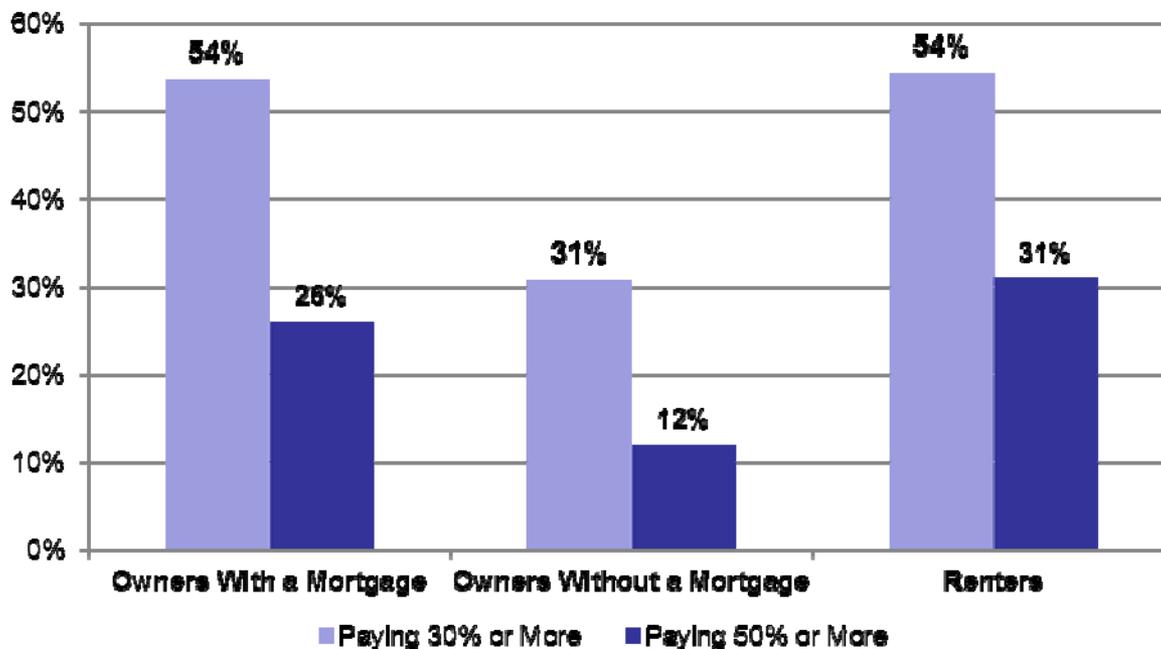
# Issue: Incomes are Low— 20% of Senior Renters Below Poverty





# Issue: Overpayment Is Significant

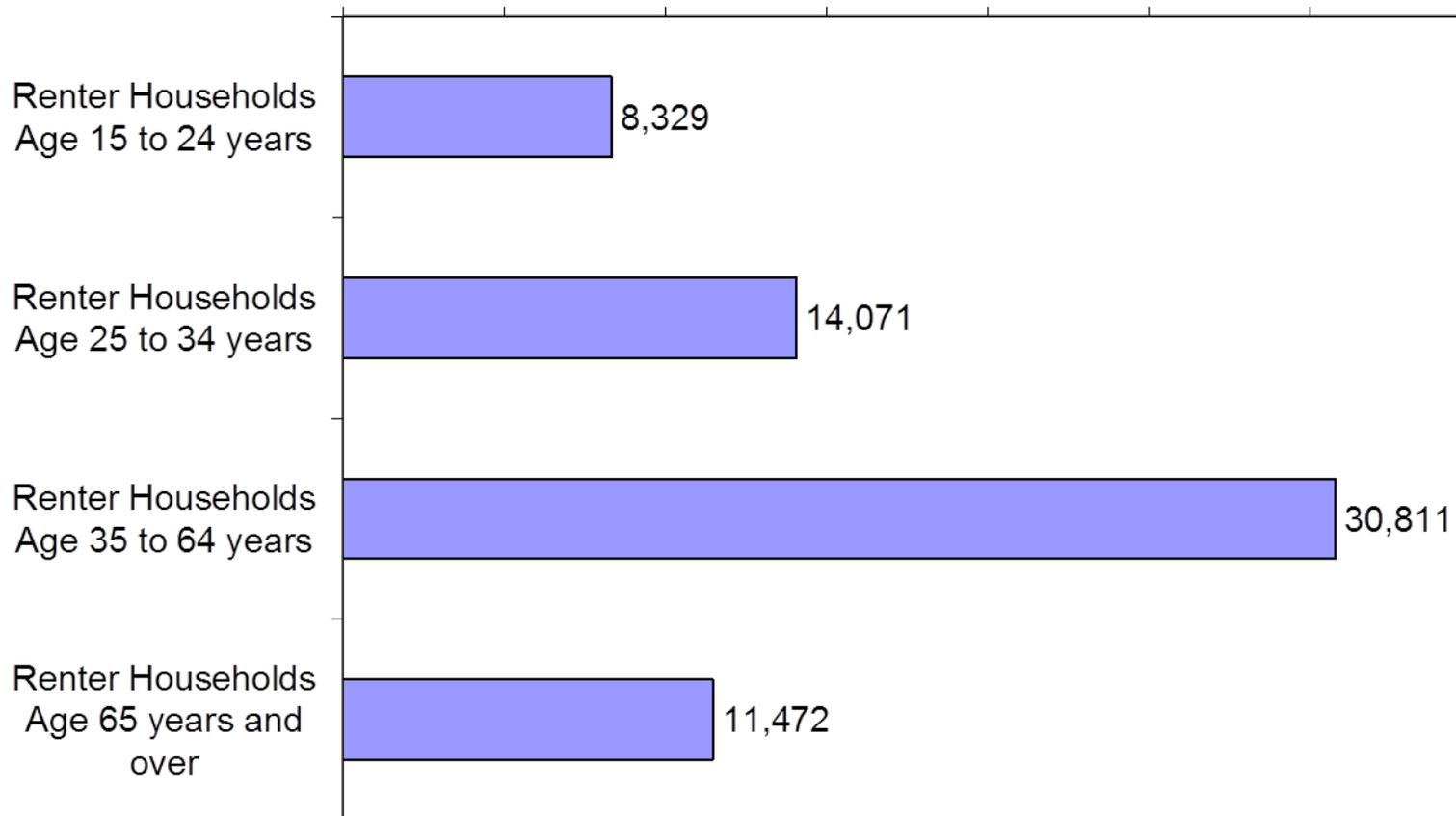
## NH Seniors Overpaying For Housing, 2009





# Now 1 Out of 5 Overpaying Renters are Seniors

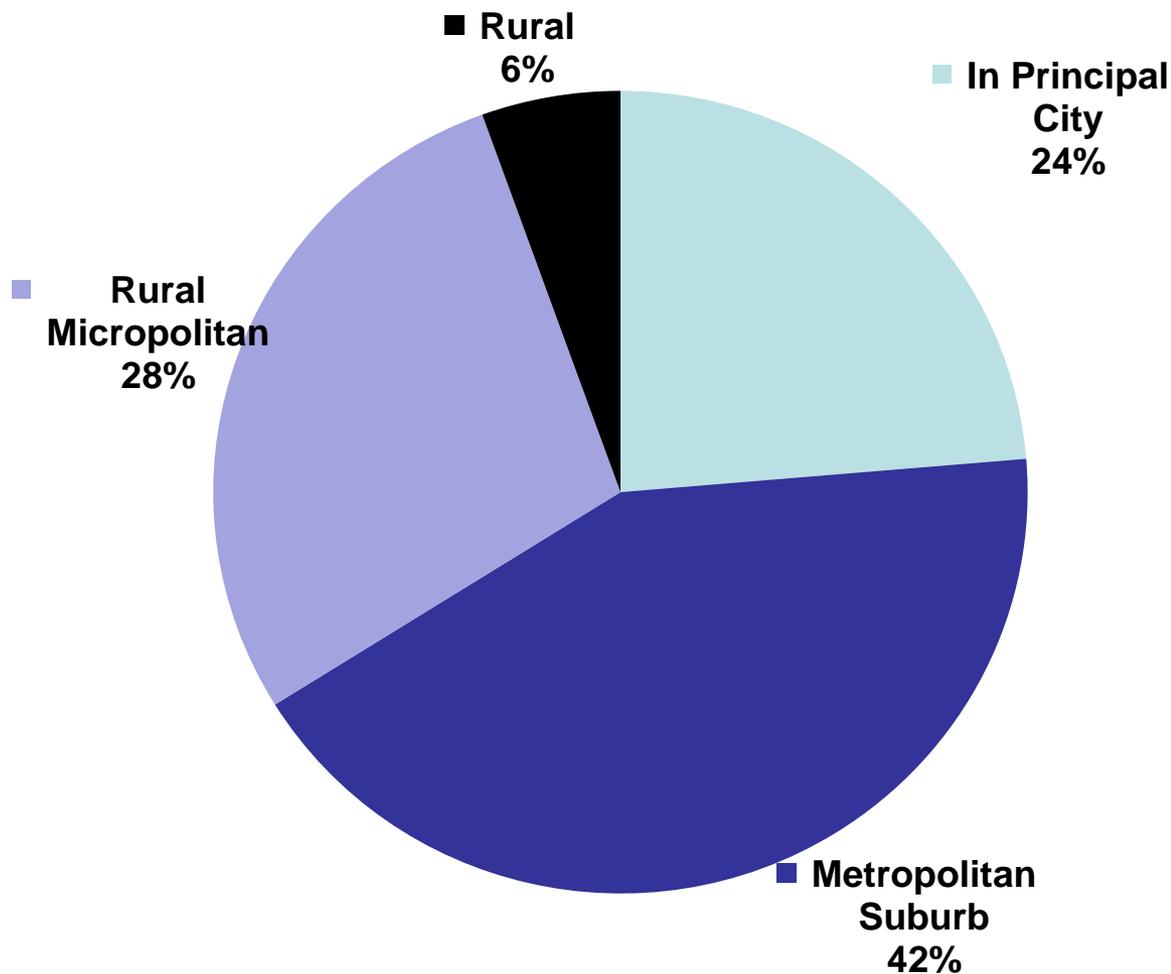
**NH Renters Paying 30% or more of Income on Housing by Age Group**





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

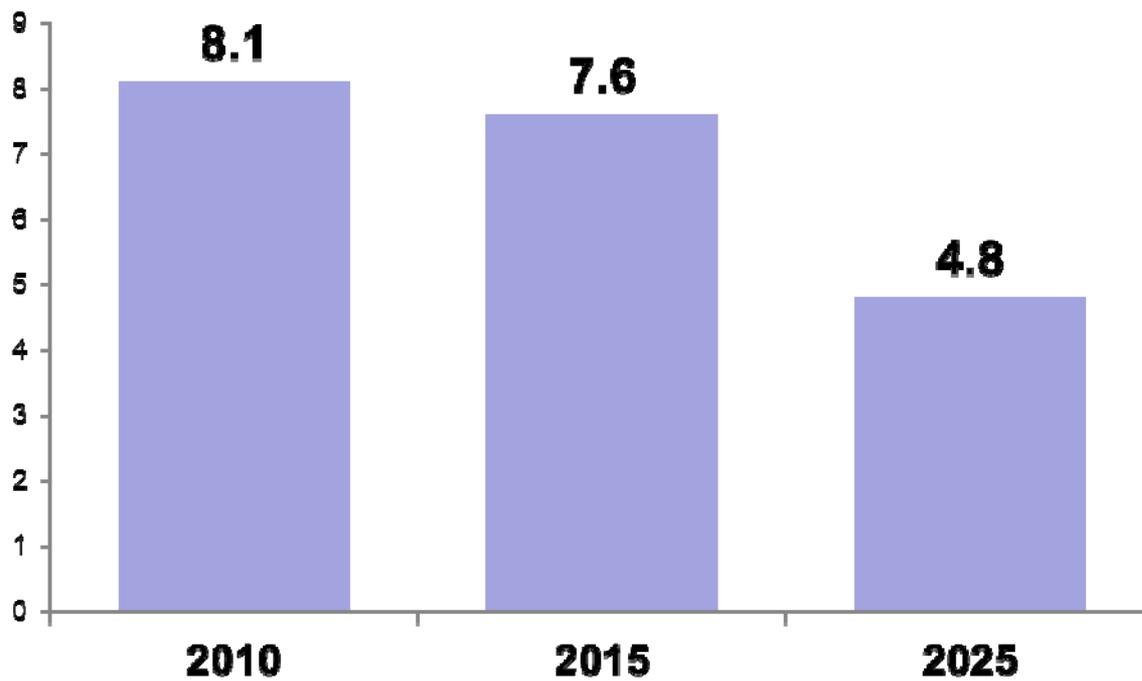
Geographic Distribution of NH Senior Population





# 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

- 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

## Consequences

- 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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