

## Notes from...

# Workforce Housing Forum

## *Possible Municipal Responses to RSA 674:58-61*

Presented by:

Rockingham Planning Commission and Workforce Housing Coalition of the Greater Seacoast

November 30, 2009 7-9pm RiverWoods at Exeter

Lisa Henderson, Executive Director of the Workforce Housing Coalition served as moderator.

### **Community Housing Audits**

Brian Groth and Glenn Greenwood of the RPC outlined an audit process that helps to determine if a community provides adequate opportunity for workforce housing or if additional steps need to be taken in order to insure compliance with the law. (See PowerPoint presentation)

#### **Audience Questions:**

#### **1. What happens if the town votes down a proposed ordinance? Does the state step in?**

Response: [Lisa] The State would not intervene. Rather, a developer who proposes a workforce housing development that is denied or has conditions that have a substantial adverse effect on the project's viability, he/she may appeal to the superior court. Then, the court may issue a "builders remedy", allowing the development to proceed.

#### **2. Housing is not static. As houses are improved and increase in value, won't they be removed from the affordable housing stock?**

Response: [Lisa] Resale/rent restrictions will be critical to maintaining affordability. These controls are not mandated in the law, but highly recommended. The town does not have to income-certify people; NH Housing and private property management firms are willing to do so.

#### **3. Can the RPC develop something stating what the ramifications are if municipalities don't comply? This could help with public education.**

Response: [Glenn] Yes, the RPC could issue something.

#### **4. Did NH legislators analyze the affordable housing law in Massachusetts (40B) when drafting this law?**

Response: [Lisa and Ben Frost, NH Housing] NH tried hard not to mimic 40B, which is highly prescriptive. NH legislators opted for legislation that affirmed that towns need to provide “reasonable and realistic opportunities for workforce housing” but leaves it up to individual communities as to how to do so.

**5. The law says that towns need to provide opportunities for workforce housing, but it doesn’t mandate who can purchase the housing. Will it be available to anyone?**

Response: [Lisa and Ben] The law states that municipalities need to provide “reasonable and realistic opportunities” for the creation of workforce housing -- rental and ownership -- that would be affordable (30% of gross income toward housing costs) to certain target populations:

- Renter family of 3 making 60% of Area Median Income.
- Owner family of 4 making 100% of Area Median Income.

The law does not stipulate that towns have a process to income-certify prospective buyer/renters of workforce housing. However, it is highly recommended that ordinances address income guidelines and institute resale/rent restrictions to ensure long-term affordability.

**NOTE:**

NH Housing has hired a consultant team to produce a guidebook for municipalities, addressing:

- How planning boards can conduct a regulatory audits
- How planning board can address the question of economic viability of a proposed workforce housing development

This should be available early in 2010.

## **Panel Discussion**

**Rye** (Kim Reed – Planning Administrator)

(See PowerPoint)

- Rye saw it not meet its fair share for workforce housing
- In 2008, average home sales price was \$400K
- No provision for multi-family housing
  - No newly-built condos or apartments
  - Planning Board needs further education on definition of workforce housing
- Two Tier Approach
  - Revise master plan
  - Zoning Ordinance
- Strategies
  - Added workforce housing chapter 4A

- Zoning amendments
  - Extend business district 400 feet to Greenland line
    - Propose multi-family housing on Lafayette Road
  - Convert spot districts to business (DISCARDED)
- Second Public Hearing Scheduled for 12/1/09
  - Two amendments (See DRAFTS provided)
    - Multi-family/Overlay
    - Cluster style

**North Hampton** (Phil Wilson – Planning Board Chair)

(See PowerPoint)

- Passed resolution in 2003 stating the town had an obligation to provide affordable housing
- Prioritized need to protect town’s environment (including social, character, aesthetics)
- At first, unable to obtain good data; utilized data dump from appraisal firm to determine deficit
- Decided to pursue inclusionary zoning
- History: Town discussed and opposed other attempted workforce housing legislation, including SB95 in 2003 because prior bills didn’t adequately address
  - fair share concept
  - workforce housing data
    - Evidence focused on impressions, rather than hard data
  - manufactured housing - wouldn’t have qualified as workforce housing
  - protection for towns with unusual environmental characteristics (wetlands, conservation land, aquifer)
  - provisions to achieve and sustain affordability
- Strategies
  - Develop an ordinance to achieve and sustain town’s fair share
  - Establish zoning districts in which workforce housing development could occur
    - Cannot develop wetlands or conservation land
    - Adequate infrastructure must exist (roads, public water, sewer)
    - At least 50% of all land zoned for residential use
  - Determine nature and extent of needed “relief” from zoning restrictions to achieve affordability
  - Establish mechanism to maintain affordability
- Outcome
  - Proposed inclusionary zoning ordinance adopted at town meeting
  - Proposed redefinition of zoning to define wetlands and conservation districts adopted

**Deerfield** – (Fred McGarry – Planning Board Chair)

- Deerfield is the largest town in Rockingham County
- Median income \$80K

- Income is skewed upward due to HMFA (HUD defined region) of Western Rockingham County that includes Londonderry – skews the income and purchase prices numbers.
- Median home price \$309K (up 106% from 2000)
- Current housing breakdown
  - 80% single family homes
  - 15% multi-family homes
  - 5% mobile homes
- Motivation
  - State statute
  - Builders remedy
  - Concern about affordable housing for public employees (i.e. teachers) and future generations
- Minimalist approach taken to meet statute and pass vote
  - Three amendments proposed (ALL DEFEATED)
    - Convert existing structures to multi-family units (4 unit max)
    - Open space development ordinance
      - For every workforce housing unit density requirement reduced to one acre
    - Accessory dwelling units
- Possible reasons why warrant articles voted down
  - Taxpayers association encouraged voters told to vote “No” on everything
  - Residents belief that the state cannot tell them what to do
  - Residents felt they didn’t need workforce housing; needed senior housing
  - Fear that town would have to take over units if tenants failed to pay rent
  - Felt there was plenty of affordable housing in town; average home price in 2008 was \$240K due to recent decline in real estate market
- Workforce housing originally open to entire town
  - Reduced to 51% of town
  - 2.5 miles around center of town for open space development
  - 0.5 miles around center of town for multi-family development
  - Public hearing scheduled for 12/17/09

### **Audience Questions:**

#### **1. How will towns account for rising property taxes? Could make workforce housing unaffordable over time. (Andy Kohlhofer– Fremont Budget Committee)**

Response: [Lisa] A resale restriction to preserve affordability would factor in property taxes. The future sales price would need to be affordable to the target population (Principle + Interest + TAXES + insurance)

[Phil] There is nothing planning boards or municipalities can do about that. Affordability is driven by income levels. Important to structure ordinance to meet the requirements of the state statute (income targeting).

**2. Will the law allow for reduction in property taxes for workforce housing? (Bob Felder - developer)**

Response: [Lisa] This law does not speak to whether a developer of workforce housing apartments or the buyer of workforce housing is eligible for reduced property taxes. There is little precedent in NH on this matter. If, as an example, a for-sale home is subject to resale restrictions, one could argue that it is not fair or equitable to charge that same as someone in an identical market-rate property. But, realizing this is a highly sensitive issue for towns, NH Housing developed a long-term affordability model that reflects full property taxes on resale-restricted properties.

There is a separate law that addresses the equitable property tax assessment of Low Income Housing Tax Credit rental housing properties.

**NOTE:**

The Workforce Housing Coalition plans to hold a forum entirely devoted to the subject of long-term affordability in the spring of 2010.

**3. Whitney Sadler (developer) feels that the statute is more conducive to modifying existing structures. He cannot build a new construction for less than \$150/sq. ft. That figure does not include permits, infrastructure, etc. This prices developers out of new construction of workforce housing.**

Response: [Phil] New construction might not be economically feasible in some communities. Those communities might consider manufactured housing in lieu of stick built.

**4. Ina Castagna (development consultant) recommended that towns reexamine the approval process to help developers reduce the risk and thereby incent them to do workforce housing by offering density bonuses and considering reduced fees.**

**5. Lisa asked those from the development community what incentives made a difference in their ability to develop more affordable housing.**

Responses: Bob Felder (developer) shared the following thoughts:

- Individual housing doesn't work; need to build 12-15 units per acre to be feasible vs. 3/acre as some of the ordinances outlined state
- Limited land available; need incentive for developers to build low income housing
- Units must stay affordable

Cimbria Badenhausen (MW Valley Housing Coalition) brought up long-term affordability through green construction

- Are developers using green materials or recycling?

- Green development would appeal to younger families

Fred indicated that Deerfield added an Energy Star rating provision to their ordinances.

Barbara Kravitz (RPC Commissioner – alternate; Town of Seabrook PB assistant) shared the following:

- Workforce housing has a lot to do with building code, not just planning board decisions
- Planning board can offer credits/incentives
- Municipalities shouldn't focus exclusively on new development; must consider what the town already has in their community
- Reuse existing structures
  
- Kim Reed shared that Rye converted a building in Rye Center (Parsonage) to workforce housing
  
- Another attendee indicated that mixed used development (portion of property at market rate) made building more attractive to developer