

Housing For Everyone:
What Business Leaders Can Do

**White Paper Abstract
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Housing For Everyone: What Business Leaders Can Do

PREFACE

This white paper was commissioned in response to the New Hampshire Housing Finance Authority's request for proposal for outreach materials designed to encourage and reduce resistance to the growth of New Hampshire's affordable housing inventory. The Greater Portsmouth Chamber of Commerce sponsored this research to focus its members and the wider business community on the practical and critical importance of current housing issues to economic growth in the Seacoast area. The goal is to engage business leaders more actively in building solutions to the pressing need for affordable housing of all types, with a particular spotlight on the formidable gap in workforce related options.

The Seacoast area stretches from Kennebunk, Maine, south to Seabrook and as far west as Rochester in New Hampshire. The New Hampshire municipalities in The Greater Portsmouth Chamber of Commerce jurisdiction are located in Rockingham County and, where possible, we have drawn upon that county's statistical data. However, due to overlap and/or inconsistency in the presentation of data among state, regional and local communities, we have also utilized other sources or geographic units for supporting documentation. For example, Rockingham County is comprised of 37 cities and towns of which only 27 are in the Rockingham Planning Commission territory. Similarly, some sources use census 2000 data for their statistical base while others use data updated to 2003 or beyond. In some cases, specialized data or forecasts from other venues or independent sources seemed more relevant.

In addition to a reliance upon publicly available data and analysis, our methodology injected at its core an anecdotal quality to simplify dynamics and make the issues and opportunities easier to visualize. Accordingly, we conducted interviews with more than 50 individuals in the for-profit and not-for-profit sectors, government officials, housing advocates and other community leaders to capitalize on their opinions and experience. Their insight and suggestions have been incorporated throughout. However, we were not able to speak to everyone who might have contributed to this process. We also introduced a number of institutional and not-for-profit resources, highlighting certain incentives and benefits available to employers and/or their employees in connection with their housing needs. To illustrate the way employers and communities can help each other, we have described several promising outcomes emerging in and outside of Rockingham County. Finally, we have outlined options for action based on the results of our research.

Kravitz & Company Limited LLC wishes to thank Dick Ingram, President of the Greater Portsmouth Chamber of Commerce and Bill Ray, Director of Planning and Policy of the New Hampshire Housing Finance Authority, for their outstanding and steady support. And on behalf of our company and the community at large, we express deep appreciation to all those who responded very openly and generously during this white paper research.

This Abstract, prepared for distribution at the September 21, 2005 Greater Portsmouth Chamber of Commerce Breakfast Series Event sponsored by Bank of America, is subject to adjustment and the expanded information and full text of "Housing For Everyone, What Business Leaders Can Do", copies of which are available from Kravitz & Company Limited, LLC (603) 926 0420 or The Greater Portsmouth Chamber of Commerce (603) 436 3988.

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Housing For Everyone: What Business Leaders Can Do

Introduction

At the Policy Development Roundtable convened on July 19, 2005 by New Hampshire's Business and Industry Association (BIA) and the Greater Portsmouth Chamber of Commerce (Portsmouth Chamber), "affordable, workplace housing" was the top vote-getter for BIA action in 2005-6. The dialogue was spirited, passionate and informative. The consensus was loud and clear: the Seacoast's housing deficit, existing and projected, has reached crisis proportions. Yet the group of nearly 50 business, professional, government and agency leaders was not ready to address solutions.

This meeting marked the 6th of 14 similar regional sessions scheduled by the BIA, designated as the NH Statewide Chamber of Commerce, in an effort to rank its members' concerns to drive their most important legislative priorities. While affordable or workforce housing did not surface as a key priority in all regional sessions, BIA President Jim Roche says the issue is sure to be among the association's action priorities to be announced in October.

The current atmosphere is reminiscent of the Workforce Housing/Labor Shortage Summit, also held in Portsmouth, in March of 2001 when the community was summoned and mobilized for action. At that time much credence was given to the representative of the 190 member Silicon Valley, CA Manufacturing Group, who described its pro-active community role. A housing trust fund was created with the goal of raising \$20 million in two years to use for loans and other programs that could leverage investment by businesses, foundations and other private sources. The trust fund was intended to participate in the housing of approximately 5,000 workforce families, over time, by making housing affordable for renters and first time buyers as well as providing assistance to local shelters.[Portsmouth Herald, "[A Pep Talk on Housing](#)", March 29, 2001].

From 2001 until today, awareness of the housing deficit in the Seacoast has clearly heightened, primarily due to the many local and statewide housing advocacy groups, including the Workforce Housing Council of the Seacoast, that have convened and confirmed the immediacy of problem. During this time, however, insufficient concrete action has addressed the ever growing imbalance between the number of jobs created and the number of new housing units available and affordable to workers and their families. Moreover, between 1990 and 2000 employment in New Hampshire increased 2.2 percent while new housing inventory increased by only 0.9 percent and vacancy rates plummeted from 12 percent to 2 percent.

The Problem and the Threats It Represents

"Housing For Everyone" is New Hampshire's challenge for the 21st Century. The Portsmouth Chamber President, Dick Ingram, says it is becoming more and more difficult for companies to grow and attract workers to the Seacoast area when vacancy rates are near an all-time low and housing costs are near an all-time high. Ingram is determined to lead the Chamber's more than 1,000 members beyond the dialogue and frustration to help design and fulfill a pragmatic and effective community housing action agenda.

Many of those interviewed for this project, business leaders, housing professionals, government officials and developers alike, emphasized that achieving consensus on what to build and where will require forceful intervention from business leaders willing to share responsibility for finding

and implementing solutions. Successful examples of such initiatives already exist. Don Bealko, Vice President of Riverside Millwork Company Inc., and founder of the Public Policy Alliance for Housing, believes business leaders can be instrumental in establishing priorities and exercising powerful influence because business related tax revenue, including the business profits tax and real estate transfer tax, contributed "as much as 85 percent" of the state's budget surplus earlier this year. Additionally, ensuring that local officials and regional planners are advised about company growth and recruitment plans can be an important step, an action favored by Cliff Sinnott, Executive Director of the Rockingham Planning Commission. In order to be effective advocates, however, business leaders need to be persistent, persuasive, and very well informed about the scope of the problem and the threats it represents to economic growth.

Threat to Quality of Life

Over and over again, "quality of life" is identified as the major attraction for New Hampshire residents and a key factor in job recruitment and retention according to Ross Gittel, Associate Professor of Management at the University of New Hampshire; a statement confirmed for the Seacoast in the Rockingham Economic Development Commission's CEDS workshops earlier this year. Unfortunately, the benefits of access to our regions' many treasures are easy to forget when you are sitting in traffic on the Dover "Bottleneck Bridge", singled out as a severe problem in a May 2005 Survey and Interview Analysis of Pease International Tradeport Tenants.

Every time a new job is created, no matter what the income level, it is essential to be able to point to desirable and affordable housing within a reasonable distance. Given today's average New Hampshire commute of more than 23 miles and gas prices that have nearly doubled within a year, it seems obvious that without adequate purchase or rental options workers may be forced to reject jobs in Seacoast communities. Results of a NHHFA informal Internet poll indicate that companies with more than 200 employees as well as smaller firms are feeling the pressure and that both for-profit and not-for-profit firms are concerned. Our ability to rely on "sprawl", when workers choose or are forced to live in outlying areas with lower housing costs, as a vehicle to ease market pressure is also in jeopardy. Worker retention, already a problem for many Seacoast employers, is likely to become an even greater statewide issue as housing costs continue to rise. For example, in Keene purchase prices have risen an estimated 40 percent in the last two years and are just about double that of a decade ago. Therefore, it is in employers' self-interest to find ways to increase the number of housing units not only within the Seacoast area but throughout the State.

Without affordable local housing options, some employers have already been forced to embrace potentially costly alternative strategies. Some have simply responded to pressures for wage increases. Others, recognizing the advantage, and for some industries necessity, of a workforce able to reside near the workplace, have included direct housing assistance as part of their recruitment package. For example, Jud Knox, President of York Hospital, says potential new personnel find Southern Maine very attractive until they learn about the cost of housing not only in York but in surrounding communities. Knox says that during the last year he has been turned down by at least five potential recruits with critical skills because they could not find housing within 20 minutes of the hospital at a cost they can afford. About 18 months ago, Knox instituted an Employer Assistance Program advancing up to \$10,000, forgivable over time, to help employees with down payment and closing costs for homes in the hospital's geographic area. To date, 12 employees have benefited from this program.

And some employers have chosen to become landlords. Northland Forest Products of Kingston, actually owns four apartment units it rents at affordable rates to fork lift drivers, kiln assistants and security workers, earning \$25-30,000 annually. Northland's cost to refurbish the property was about \$38,000. Importantly, both Knox and French value community diversity and are active

housing advocates. Knox serves as Chair of the York Housing Authority and French is Co-Chair of the Workforce Housing Coalition of the Seacoast. French says that employer support for mixed income and mixed use community housing development is a New England tradition. He finds it discouraging that there has been so little community progress to create affordable workforce housing and believes creative progressive leadership is essential to reach out to municipal officials, sympathetic land owners and developers for cooperative solutions.

Threat to Economic Vitality

Turning good intentions into housing units in the Seacoast area requires a courageous and realistic assessment of the current housing situation in light of the area's estimated job growth and population forecasts. To analyze housing trends and cost burdens and develop an approach to estimating future housing needs, in 2003 New Hampshire Housing Finance Authority (NHHFA) commissioned the New Hampshire Housing Needs Study. Known as the Mayberry Study, for its author Bruce Mayberry, it reports that an estimated 8,200 household units per year are required for the years 2000 through 2010. Of this number, 2,600 rental units would simply maintain owner/rental household ratios at the 2000 level. The figures could increase to meet demands of the New Hampshire Employment Security forecasted jobs growth of more than 113,000 from 2002 to 2012.

Earlier this year, in Housing New Hampshire's Workforce, a well-regarded study released by the New Hampshire Workforce Housing Council, Professor Lisa Shapiro, Chief Economist for Gallagher, Callahan & Gartrell, PA, examined the potential impact of the tight workforce housing market on the state's economy. According to Dr Shapiro's findings, up to 2,800 jobs annually could be lost unless the housing imbalance is corrected. This means that by the end of the decade, up to 14,000 workers needed to sustain New Hampshire's economic growth estimates may be missing, casualties of the housing deficit. Additionally, Shapiro shows, over the next 5 years the projected Gross State Product could be reduced by up to \$1 billion.

Annual Impact of Housing Deficit

1300-2800 fewer jobs
\$57-121 million less in personal income
\$123-253 million deduction in Gross State Product
\$21-33 million less in state and local revenues

Although housing production rates have increased in the aggregate so that levels more closely match employment and population growth, Dr Shapiro explains that the trend is toward housing for moderately high and higher end buyers, and for the elderly. Rental apartment production with moderate and lower rates has not yet made up for the dearth of this type of production in the 1990s. A similar gap in moderately priced owner-housing exists for people whose gross income is less than 120% of the median income in their Metropolitan Statistical Area. Generally this group comprises low to moderate income earners and those with whom we transact business and rely upon on a daily basis: store clerks, bank tellers, police, nurses, teachers and others.

According to the Rockingham County Comprehensive Economic Development Strategy 2004 Update, employment in the county (and the State) is estimated to grow at an annual rate of 1.6 percent annually. By 2010 total employment in Rockingham County is projected to rise to 151,848, up 22,288 from the year 2000. On a constant basis, the average new housing units needed annually is projected at 2,138 but, the actual annual new unit production during 1992 to 2002 has been 1,451 (adjusted to account for closing at Pease). At an annual deficit of 687 units, by the year 2010 the county's housing deficit could rise to 3,435.

Demographer Peter Francese, highlights another significant trend that, if not addressed within the Housing For Everyone- Abstract
21 September 2005 - 5

scope of master planning, may have serious negative consequences for the economy of our region and state. Francese, Senior Demographics Advisor to Ogilvy and Mather as well as to the New England Partnership, warns that individual towns' preferences for 55+ age restricted housing actually may depress workforce housing potential because communities believe they are enabling affordable housing (while avoiding more school costs). But, Francese, a resident of Exeter, points out that in ten years the 55+ population will double with many seniors spending six months in New Hampshire and the rest of the year in Florida or Arizona. Francese further cites a potentially massive economic impact from the loss of buying power as seniors tend to spend fewer dollars than families; he is also concerned that local communities will have to absorb increasing costs for medical services. Communities will be increasingly challenged to balance the senior population with revenue producing workforce individuals and families.

Labor market analyst for NHES, Annette Nilsen, believes the Seacoast is becoming a retirement community for those who can afford and want to be near the ocean. She attributes the dip in Portsmouth population to sprawl and the high cost of housing as residences are being replaced by commercial/retail and luxury condos. In addition, local housing prices are being driven by Massachusetts rates and she doesn't know how a first time home buyer can handle current housing costs. An increasing number of families have no choice but to rely on double wage earners to survive.

NIMBY and Other Barriers to Development

The "affordable housing" initiative was a mid-20th century Housing and Urban Development (HUD) enabled response to enable low income citizens to find rental housing adequate for their needs. After the 1980s housing boom, it didn't take long for resistance to "those people" and for the stigma of public housing to emerge. Communities developed tactics including restrictive zoning and permitting moratoriums as barriers to change and new development, challenging the economic viability of proposed projects and the patience of developers. This phenomenon was labeled NIMBY (not in my backyard).

In the 1990s the term "workforce housing" was invented by Fannie Mae to combat residual fear and resistance by abutters and the negatives attached to "assisted and subsidized" public housing programs. Because of rising costs for land, homes and rent rates "workforce" housing programs have reclaimed many of these original negative program overtones. In response to this sentiment and the lack of affordable housing choices for middle income service workers, public employees including teachers, laborers, tradespeople, and even newly recruited high tech workers have formed workforce coalitions to provide information and advocate for socially responsible attitudes to bring about more economically viable multi-unit or "cluster housing" development.

State Senator Martha Fuller-Clark is convinced that communities have to face diversity and adopt mixed income and mixed use economic incentives to expand the residential base. The healthy goal for a community is to supply more of its own workforce who then have the time to participate in its social and economic life. Planners point out that housing close to the workplace lowers the number of miles driven, promotes energy efficiency and encourages more attention to public transportation.

Coming to grips with the housing shortage unfortunately also means dispelling certain myths and misconceptions accumulated over 5 decades. Of prime importance is the need to recognize and overcome any stereotypes and prejudices that may exist towards "affordable" and "workforce" housing residents as these serve to cloud the statistics and stifle housing production. No longer can the definition of affordable housing be restricted to poverty levels or low income wage

earners. Today affordability is measured by the amount of gross income an individual or family is able to allocate for housing purposes. The generally accepted qualifier, (whether for rental or home purchase), is an allocation of not more than approximately 30 percent of gross household income to housing costs. For example, a family with an aggregate income of \$20,000 would be able to allocate up to \$6,000 annually or \$500 per month toward housing costs and very likely significant financial assistance would be required. In fact, Rockingham County's 2005 median area income is \$80,250, the highest level in the State. At this income level, the recommended allocation for annual housing costs would be \$24,000 or \$2000 per month. Given the standard bank ratio of two and one-half times gross income, the mortgage limit would be \$200,000 for which \$2000 per month would appear adequate. However, with the statewide median purchase price for a single family home at \$280,000, even such a home buyer might require some assistance.

Another widely held belief is that at least 2 children will be added to local school enrollments for every new housing unit built. In Deconstructing the Myths: Housing Development Versus School Costs, an analysis published by the Federal Reserve Bank of Boston, NHHFA's Director of Planning and Policy, William Ray demonstrates that New Hampshire's school population is predicted to decrease slightly rather than increase. In addition, Ray refers to a NHHFA study of 2000 census data by Russell Thibeault of Applied Economic Research, that finds that the Average School Enrollment Per Unit by Housing Type is .5 and ranges from a low of .22 (5 or more unit building) to a high of .61 (single family detached). "Once the actual number of students generated by the average single family home, 0.7, is replaced for the mythical two students, the property tax revenues from new housing are enough to cancel out the costs of education", Ray concludes.

Still other barriers persist and serve to inhibit some communities from picking up their fair share of the housing deficit. The complex interaction of land use controls which were often put in place with the best of intentions to manage budgets, increased the cost of land and local development. Others say the obstacle is 234 municipalities with different sets of zoning ordinances and master plans. Developers also cite excessive regulatory restrictions and impact fees as impediments to building moderately priced homes even if they were inclined to do so. In addition, informal regulatory barriers, abutter opposition (NIMBY), exclusionary zoning, permit limitations and lengthy approval times, fear of change to a community's character, a finite supply of land, rising sewer and other infrastructure costs all serve to increase housing costs and impact industry profits. Other voices fault municipal planners and zoning boards for being unresponsive to innovative multi-family or mixed income housing proposals discouraging developers who find it difficult if not impossible to operate without concessions and more promising incentives.

Efforts by the New Hampshire legislature to encourage a "fair share" concept for communities' housing or accelerate the permit process are either not mandatory or have failed. It has been left to the courts to find that communities cannot enforce blatantly exclusionary zoning. Despite this formidable array of barriers, there are signs of progress including the emergence of public/private initiatives which have resulted in zoning changes thought to be impossible to achieve not long ago.

Inconsistent Master Planning

David Haney, Senior Vice President of Community Development Banking for Bank of America, argues that housing is as much a part of infrastructure as roads and telecommunication capacity. Housing choices across the spectrum, and sustaining the quality of life and sense of village are important to manufacturers, service, retail and wholesale businesses. Additionally, employers are affected by economic vitality and concerned about linkage to local projects, open space, building design, location and mixed-use and mixed-income possibilities. Haney, who also serves as Chair

of NHHFA, says all employers need to apply energy and civic leadership in the community and link up with the planning community

The regional planning commissions are developing assessments that address the housing needs for persons and families of all income levels to the year 2010. However, the extent to which the guidance is used, or whether local Master Plans, if any, include such assessments is up to individual communities. The Office of Energy and Planning (OEP) is expecting to deliver the State's Development Plan to the Governor in the fall for his review and determination of priorities. The section on housing is being reworked to present alternative approaches. Although cities and towns are expected to send reports to the OEP, each locality uses its own methodology and formatting, and decides what data to include. In addition, several expected submissions in 2005 have not yet been received. As a result, comparing data from town-to-town on an annual or even current basis can be at best, quite difficult. Ben Frost, Senior Planner with OEP, says vision and consistent land use policy as well as a mechanism for resolving disputes are needed statewide.

It also takes accurate and consistent data and communication to achieve a common understanding at the grassroots level necessary for informed decision-making. Sometimes the results are unexpected. For example, Tom Duffy, the OEP Senior Planner in charge of data management, points out that in 2000 the average household size of 2.6 occupants reflects trends of divorce, one person households, and the elderly who have the fiscal ability to stay in their own homes. Nationwide the number of 5 year olds rose 5% but decreased 4.2% in New Hampshire. Duffy says that with easier snow removal and trash pick-up multi-family housing is actually a better deal for communities than single homes which generate more school children and have greater infrastructure needs. Cliff Sinnott says any community with water and sewer capacity can deal with density easier than those without such infrastructure.

The Rockingham Planning Commission comprises 27 communities in the County. Its draft housing assessment uses a Mayberry model that ties future housing needs to employment projections based on a constant share of employment growth. Sinnott says there is a consistent imbalance between the number of jobs created and related housing needs which leads to a commuting workforce. For every new job created in Rockingham County, an increase of .7 households is needed. The Southern New Hampshire Planning Commission comprising 13 communities in Rockingham, Hillsborough and Merrimack counties has completed its draft 2005 Housing Assessment Survey using an adjusted Mayberry model. The Commission's Planner, Jennifer Czys, says there is a problem because of uneven levels of need and interest among communities. Local planning boards don't want to be the first to try innovation. After submitting its 2005 Master Plan, SNHPC will wait for response from local planning officials.

To encourage affordable, workplace housing Lisa Henderson, Senior Deputy Director of Fannie Mae's Northern New England Business Center, believes municipalities must "make the connection" among affordable housing, land use and economic vitality. This means moving away from uniformly large lots, a "wasteful" extravagance when land is about 1/3 of the cost of buying a home. The former Coordinator of the Workforce Housing Coalition of the Seacoast and Interim Director of The Housing Partnership, suggests the State could help create the right conditions by strengthening regional commissions with planning infrastructure for smaller towns and codifying zoning consistent with Master Plans.

Promising Approaches, Opportunities and Resources

Rewarding Voluntary Responsibility

George Bald, Executive Director of the Pease Development Authority, states, "If we want

communities to take on more affordable housing we have to reward them significantly.” Providing a greater portion of state aid to communities that take on the responsibility to provide housing might be one way. Some communities want to stay the way they are and it is hard to convince citizens that there will be no impact on the tax rate. Why not reward communities that can better afford to meet the greater demands on services if meeting housing needs is made easier. Bald also believes a regional approach is needed - just like with health care. Selectmen in two or three towns could get together and craft a solution.

Employer Assistance Programs

There are many ways employers can provide housing related assistance to employees once executive management adopts this as a priority. The first step is for human resource staff to become well-versed and proactive with information about housing choices and assistance, particularly for renters and first time home buyers. The more innovative prospect is an Employer Assistance Program which can be cost effective as a recruitment and retention tool. Such tools may include one-time grants, secondary mortgages which may or may not be forgiven over time, matched savings plans and downpayment assistance. Employers achieve savings in reduction of turnover and training costs, greater worker productivity and response times for employees living closer to work, as well as heightened good will. Fannie Mae estimates that a reduction in turnover rate of 1% for a company of 5,000 can save the cost of hiring and training 50 new employees and the cost is treated as an expense for tax purposes. Through April 2003, Fannie Mae provided such assistance to more than 2,350 of its own workers. Henderson is speaking on Employer Assisted Housing at a meeting of the Tenants at Pease taking place at Southern New Hampshire University in the Tradeport on October 18, 2005.

As referenced above, some employers have taken direct and innovative steps. by providing housing for some of their workers. Northland also matches 5 percent of its employee 401K contributions and adds profit-sharing awards from time-to-time. After 6 years employees can borrow against this account to buy a first home, generally enabling up to \$15,000. French believes loans against 401K's for housing assistance are very viable for many private companies.

Another firm has also crafted a multi-faceted approach. In the process of moving its corporate headquarters from Brattleboro, VT to a 57,000 square foot facility in Keene, C & S Wholesale Grocers became concerned that housing was in short supply. The national wholesale food distributor operating in 30 US communities purchased a number of homes in the area for use by incoming personnel. According to Gina Goff, Director of Corporate Giving, Community Involvement and Donations, housing is an important priority and the company is a regular supporter of “Heading For Home”, an area coalition dedicated to improving the housing situation for all income levels. In keeping with its industry sector, C & S also works with food banks and participates in related community services. For example, it provides food for workers on Habitat For Humanity projects. To encourage its workforce to participate in the community the company contributes \$1.00 for each hour an employee volunteers at a community agency. Additionally, a Senior Vice President is a member of the board of directors of the Monadnock Economic Development Corporation.

Institutional, Economic Development and Community Resources

A number of institutional financing entities are regularly involved, directly or indirectly, in housing development. Their programs and activity range from direct lending, to subsidy mechanisms for rental or home buying assistance, to construction financing and economic development participation. For example, a number are regularly involved in Community Development Block Grants targeted for downtown renewal. Typically, several entities combine resources. One important distinction is that not all of the entities deal directly with consumers. Whether they do or not, participation is often tied to a qualifier such as a percentage of median family income in a given area or mortgage caps or ratios or designation as rehab areas. Here is a brief overview of some of the key players:

Federal Home Loan Bank of Boston (FHLB)

Senior Vice President for Housing and Community Investment John Eller says FHLB is a wholesale bank for housing finance in the six New England States. The Bank is owned and capitalized by its member financial institutions. It invests only through its member financial institutions which, in turn, invest directly in housing or economic development projects. Since 1990, the Bank's targeted programs have helped nearly 500 member financial institutions across New England fund more than \$6 Billion in housing and community development activities including 110,000 affordable housing units that today are homes for close to 225,000 New Englanders. Among its initiatives in 2004, the Bank's Affordable Housing Program approved more than \$9 million in grants and subsidies for advances to support 29 initiatives that will create or preserve 697 units of affordable housing in New England. Additionally, it approved \$499.1 million in Community Development Advances to finance 4,946 units of housing and 74 economic-development or mixed-use initiatives. FHLB also has provided funds for a \$310,000 grant in connection with Portsmouth's Cottage Housing facility. The Bank uses the following tiers when evaluating a financing opportunity for a specific geographic area:

very low income = less than 50% of median family income
low income = 51% to 80% of median family income
moderate income = 80% to 115% of median family income

New Hampshire Housing Finance Agency (NH Housing or NHHFA)

NHHFA was established as an Independent Self-sustaining Authority to help create housing affordable to low and moderate income persons through home ownership, multi-family housing and rental assistance programs. NHHFA receives all of the federal low income tax credits allocated to New Hampshire well as 50 percent of the tax exempt bonding authority. It allocates low income tax credits to enable financing for new or rehab housing construction projects created by for-profit or non-profit developers to house individuals or families earning up to 50 percent of the median family income in their area. Periodically NHHFA issues tax exempt housing revenue bonds for which the principal is used to purchase single family and some multi-family home mortgages from banks and other lenders.

NHHFA also provides direct home mortgage programs at below market interest rates and provides services that range from rental assistance for very low income households to home ownership programs for those with low to moderate level incomes. The standard qualifier, whether for rental or purchase programs is that up to 30 percent of an individual or family's income may be applied to housing costs. Income limits are tied to a percentage of the median family income in the area as determined by HUD and for rentals range from 30 percent up to 80 percent and as high as 120 percent for home purchase, depending on household size and varying from program to program. For example, for a three-person family the upper income limits in Rockingham County range from \$78,200 to \$97,400. Purchase price limits for new single family construction for a one to two person family range from \$273,500 to 340,500.

Highlights of NHHFA's 2004 activity included the following:

In the single family core mortgage program the Authority purchases mortgages originated by approved lenders and underwritten in accordance with NHHFA models. Interest rates for these loans are below the market rate and are written for a term of 30 years. In 2004, more than 1600 households received first mortgage financing in the aggregate amounting to approximately \$223 million. In the 30 year history of this program nearly 32,000 borrowers have received more than \$2.2 billion. NHHFA also offers a (70%) cash assisted loan in connection with down-payment and closing costs.

apply directly to NHHFA for assistance with rental payments. If and when approved, the renter may select a dwelling and pay a portion of the rent and utilities cost. NHHFA pays the balance directly to the landlord. Area rent limits apply. For example, in the Portsmouth-Rochester area, rent limits range from \$782 to \$1,252 for a two bedroom unit. Each year, private property owners of more than 3,200 low and very low income households have received at least \$22,000,000 through the voucher program. Vouchers may also be used by qualified first-time home buyers for the Housing Choice Homeownership Option. Last year, 35 participants were assisted to become home owners through this option. In total, NHHFA has helped 55 persons in this way. Additionally more than 150 voucher households received case management, employment, training and technical support through the Family Self-Sufficiency Goal Program.

NHHFA also provided financing in excess of \$70 million for more than 700 units in 17 new multi-family housing and rehab projects. Over time Authority financing programs have created nearly 13,000 rental units statewide. NHHFA also supplies ongoing compliance and contract management services for nearly 400 affordable housing properties statewide involving almost 17,000 housing units.

Fannie Mae

Fannie Mae, a private non-bank financial services company has operated since 1994 under federal charter. Primarily serving low and moderate income housing, it purchases single family home mortgages working with banks and other lenders that structure a range of mortgage products in line with Fannie Mae models. As a result, lenders are able to replenish funds, increasing their ability to offer housing mortgage products. There are loan limits ranging from \$359,650 for a single family household to \$691,600 for four-family buildings although, mortgages are not offered directly to consumers. In addition, Fannie Mae purchases multi-family housing low income tax credits through syndicators or directly from developers and may participate in financing for community projects related to housing. In 2004-2005 Fannie Mae's significant New Hampshire investments were in excess of \$51 million. The Northern New England Community Business Center is an "on the ground" presence in New Hampshire, Maine and Vermont, providing would be homeowners with descriptions of mortgage products, home buyer education, listings of approved area lenders and directing inquiries for the popular first time homeowners programs.

Bank of America

BofA's urban core value strategy is to enhance available subsidies for multi-family housing. In Maine and New Hampshire the bank is the largest participant by approximately 50 percent in low income tax credits and is also a buyer of historic and new-market tax credits. The BofA also offers an array of aggressively priced products for consumer mortgages including interest only adjustable vehicles and reduces closing costs for customers by \$500. Its builder division finances mixed income and condominium housing sub-divisions. Senior Vice President David Haney says, the Community Development Bank can create custom products including end-to-end taxable bonds for multi-family housing. For example, the Bank is participating in Manchester's revitalization strategy by financing mixed-use, non-professional condo space in the north end area behind the Verizon Center. It is also working on an innovative financing with the Community Loan Fund to stabilize approximately 4,000 mobile home units and allow them to stabilize and appreciate in 76 New Hampshire mobile home cooperatives.

Citizens Bank

Citizens has reserved \$200 million for its Housing Bank Community Development Loan Program to provide qualified not-for-profit housing developers with below market construction financing at a fixed rate of 3 percent APR for the first three years. At least 51 percent of the project must be reserved for affordable housing units. Citizen's Job Bank provides 3.5 percent loan rates to expanding companies, provided that, one full-time job must be created within three years for every \$40,000 borrowed. The use of proceeds is for machinery and equipment or building

acquisition or remodeling. Lending amounts range from \$250,000 to \$10,000,000 and \$100 million has been reserved for this initiative. The Bank also purchases low income tax credits.

Citizens' employees with one year of consecutive service, who are in good standing and earn less than \$100,000 annually, are eligible for the bank's Home Buyer Assistance Program. Eligible employees purchasing their principal residence can receive a five year forgivable loan of \$5,000 (or up to \$8,000 if they buy in an "emerging community") for down payment or closing costs, buy-down of an interest rate, or for other expenses associated with the mortgage. In 2004, a total of \$289,000 was received by 56 employees and in 2005, the total amount to date is \$221,000 for 43 employees.

TD Banknorth

TD Banknorth has several home mortgage programs for qualified buyers that might not meet standard requirements, including products with the Federal Housing Administration, Veterans Administration, and NHHFA. It offers its own "Simply Home" affordable mortgage program in cooperation with Self Help Ventures Fund and Fannie Mae as a fixed rate mortgage for low-to-moderate-income buyers with minimum down payment options as low as 3%, flexible down payment sources with no more than \$500 required from the buyer's own funds for a single family residence. Qualified applicants must meet eligibility requirements of between 80 percent and 115 percent of median area income and be purchasing a one to four unit residence in an eligible area. Other restrictions may apply. The Bank's employees receive rate discounts or fee waivers and take part in homebuyer seminars and volunteer their time to various housing organizations including The Housing Partnership. TD Banknorth has invested \$16,860,000 in low income tax credits with Northern New England Housing Investment Fund.

City of Portsmouth First Time Home Buyer Program

The City of Portsmouth, whose current housing stock is 50 percent rental, has adopted an innovative first-time home buyer program for qualified residents. The qualifier ranges up to 120 percent of the median family income in the area (about \$55,000 for a two person household). The program helps with closing costs and down payment assistance often coupled with NHHFA low interest loans or the Home Bank program at Citizens Bank. Through Portsmouth Housing Endowment Funds it can add up to \$15,000 in a second position loan with a 25 year amortization, and interest only payments for 10 years, after which the loan may be forgiven. Potential homeowners must attend seminars for first-time home buyers. David Moore, Community Development Program Manager, says 54 loans were written between 1988-1994 and since 1999 up to now 11 loans have been closed. Moore described several persons who were helped in this manner.

- a single mother from Portsmouth Housing Authority purchasing a condo
- teachers in a single family situation and another in a condo
- a single mother with a disabled child in the Portsmouth Schools, and
- a family of three who were immigrants

Housing and Land Trusts

Concord Area Trust For Community Housing (CATCH)

CATCH sees itself as a "local steward of properties", a not-for-profit community resource that has developed 160 homes for sale or rent in the Concord area and helped more than 130 families purchase first homes with a real estate value of approximately \$17million. The CATCH technique is to purchase and rehab good quality buildings with 2 to 4 apartments. Eligibility for potential homebuyers is up to 80 percent of the median income for the area. This means that currently the qualified income level ranges from \$36,600 for a one person household to \$69,050 for a family of 8 persons. There are resale restrictions which keep the pricing at an affordable level and potential purchasers must work with staff at the CATCH HomeBuyer Education Center. The Center is

serving approximately 400 families of whom 130 have purchased homes. If a qualified individual or family completes the CATCH Home Buyer Education program they are eligible for an Individual Development Account (IDA). The prospective homeowner meets one-on-one with a counselor and agrees on a monthly amount it will save in the IDA toward down payment and closing costs over a 2 year period. CATCH, with the cooperation of the NH Community Loan Fund, then matches 3 times that amount. For example, if \$2000 is saved in the IDA, \$6,000 is added for a total grant of \$8,000 to be applied to the home purchase. During the last year [6 -10] have closed or are in the process of closing on their new home.

CATCH raises approximately 60 percent of its funding from the community. It doesn't differentiate between "affordable" and "workforce". Lee Ann Lewis, Director of Resource Development and Outreach says one stumbling block is a perception on the part of some businesses that funding affordable housing is a "government thing". This year CATCH received Citizens Bank's \$50,000 Housing Hero's Award given to a not-for-profit entity for creating affordable housing.

Laconia Area Community Land Trust

Linda Harvey, Executive Director of the Laconia Area Community Land Trust (LACLT) describes Laconia as a tourist oriented, blue collar service town. 70 percent of its residents earn less than \$14/hour (\$560/month on a 40 hour week). The land trust was founded in the late 1980s when a few working people wanted to create permanently affordable housing with resident participation. The priorities were to acquire and rehab stock in three declined neighborhoods with family sized units. They found favorable money rates and could rent at under market rates. The inventive, scattered site model allowed rehabbing 10-12 duplex units at a time, in some cases rebuilding on an existing footprint. This encouraged other neighbors to rehab their property. Eligibility is for those earning low and moderate incomes of up to 80% of the median income in the area. With a previous planner, LACLT wrote new zoning ordinances and received council approvals in the lakefront area and for overlay districts in the south end and pine hill. Harvey says city councilors were their champions.

According to Harvey, the Trust, with a \$12,000,000 asset base, has "incredible support" in part because it is a not-for-profit entity paying its full fair share of taxes and takes a big chunk of equity. The annual tax bill is approximately \$150,000; the aggregate total about \$700,000. The Trust has concentrated in Laconia where 90 units in 50 buildings have been put in service since 1994. However, with a change in the by-laws the coverage area is now the Greater Lakes Region. The trust is building eight more units in Laconia, 32 in Belmont and 80 additional units in 2 other towns. These units will be duplex or according to town needs. The Trust owns properties through a limited partnership or limited liability company and serves as property asset manager. In May Business NH Magazine gave the Trust its highest honor as Business of the Year in the construction and engineering category rather than in the non-profit category.

Housing Trust Fund

The Housing Trust is a major funder of affordable housing options in the Santa Clara County/Silicon Valley area. Its goal of a \$20 Million endowment was met in just under two years through contributions from private citizens, employers, employer foundations, county government and through the county's 15 cities and towns. The Trust has invested \$6.1 million in 17 loans creating 1,262 units of multifamily rental housing, the total value of which is \$284 million. It also has provided up to \$6,500 in interest free closing cost loans to 1,290 first-time home buying families and funds certain homeless and special needs housing. In total, 4,845 housing opportunities have been created.

Tax Credits

Allocation of low income housing tax credits is a major source of housing development financing. NHHFA annually allocates \$2.4 million in federal tax credits for affordable housing developments, equating to approximately \$20.6 million project equity. In the last six years, the Seacoast has

received approximately \$2.9 million in federal tax credits, equating to approximately \$24 million in project equity. This program has, or will, result in a total of 260 units, which remain affordable for at least forty years. The Housing Partnership is an active developer using tax credits. The primary buyers are syndication firms that buy the credits at a discounted rate and raise the equity capital in Limited Partnerships or Limited Liability Companies involving large banks, insurance companies or institutional investors such as Fannie Mae. The owner receives a 10 year stream of tax credits to be applied over a 10 year period to federal tax liability.

New Hampshire tax credits are also awarded through the Community Development Finance Authority and through the Federal New Market Tax Credit Program.

Northern New England Housing Investment Fund (NNEHIF)

NHHEIF is a private non-profit corporation providing equity capital and technical assistance to affordable housing developers receiving low income housing tax credits in New Hampshire and Maine. It currently manages eight capital funds whose investors are banks and other financial institutions. At the end of FY 2004 NHHEIF's syndicated investments in New Hampshire totaled \$102,650,466 in 1,321 housing units. Director of New Hampshire Operations, Jack Pedduzi, anticipates making investments in New Hampshire of approximately \$15million during 2005. Vice President and Director of Asset Management, Jan McCormick, says creditworthy businesses with long-term tax liability could be considered as participants.

CEI Capital Management LLC,

CEI, a subsidiary of Coastal Enterprises, Inc., has been allocated 39% New Markets Tax Credits (NMTC) in the amount of \$129,000,000 issued by the Treasury Department CDFI Fund. These credits may be accessed for development or rehab in targeted distressed downtown, old urban or rural poverty areas. Qualified areas are determined by census tracts in which either the median income is less than 80 percent of the statewide average or where the poverty rate is above 30 percent. Generally the loans are real estate backed and the projects are large scale, mixed use, commercial, retail or office properties in which job creation is a factor, however, according to Steve Weems, Managing Director, projects in which the income stream from rental housing is at least 80% of the total could qualify. The NMTC program began in 2003. About half the awards have gone to large national banks, with about 40 percent going to mission-driven non-bank investors and about 10 percent to municipalities.

Community Development Finance Authority (CDFA)

CDFA is authorized under NH RSA-162L and approved to accept cash contributions for eligible projects on which tax credits can be applied at the rate of 75 percent on the dollar amount, up to an annual limit of \$5,000,000 in any New Hampshire state fiscal year. Business entities with tax liability for New Hampshire business profits tax or enterprise tax, or tax liability for insurance premiums can apply a CDFA tax credit on the amount it owes and roll it forward for up to 5 years. CDFA Vice Chair Dan Gray explains a company nets approximately 89 percent on the dollar amount after applying the tax credit toward its New Hampshire tax liability, and deducting the full amount as a contribution for federal tax purposes.

The applicant must be a known non-profit or sponsored by an eligible non-profit entity or municipality. Examples of eligible projects for tax credit designation are economic development proposals, housing, job training, medical facilities and day care facilities. When CDFA announces a round for an estimated amount of tax credits, applicants submit projects to be analyzed, rated and presented to CDFA's Board which approves both the project and the dollar amount eligible for tax credit designation. Once the award is made, the project developer or sponsor is responsible for raising the capital which is contributed directly to CDFA and may be in cash, liquid

securities or real estate. CDFA holds the contribution for timely use and receives a 20 percent fee which is deducted from the total award, of which a portion may be used to support other initiatives.

CDFA has approved developer Nathan Szanton's application for tax credit participation in the proposed Water Street apartment project being submitted for downtown Exeter. It is also involved in a non-profit health facility in Plymouth, and the non-profit Red River Movie Theater in the middle of Concord and a home ownership project in Keene. Funds have also been supplied to assist CATCH to transfer property on appraised value and renovate it, for which CDFA has been repaid. Gray says, this is a powerful way to raise money from \$500 to \$500,000 as it gives a company the opportunity to designate how the tax it owes in any case is used. Gray says participation from qualified Seacoast businesses would be welcome.

Tax Increment Financing (TIFs)

Tax Increment Financing is used in specially designated districts to fund infrastructure (power, water, roads, sewer capacity) or other critical community needs such as parking prior to moving ahead with development projects. New Hampshire TIF districts are authorized under RSA Chapter 162-K which must be adopted by a municipality beforehand. The advantage of TIFs is that the municipality can prepare a geographic area, often blighted or environmentally challenged, for commercial development, including housing, and control the property, authorizing the sale of parcels for specified projects. The improvements increase the value of the parcels which might otherwise remain undeveloped. The widely-held belief that TIFs require general revenues is misunderstood. The improvements are enabled through bond financing, the cost for which, including the bond carry, are recovered through the additional tax increment derived from the new assessed value created. Project finance is structured to yield sufficient annual tax increment to cover the costs of the improvements. The municipality retains any surplus revenue until the bond is paid after which all of the tax increment becomes general revenues or may be applied to future projects. Eleven New Hampshire Communities have authorized the use of TIFs.

Concord

The City of Concord has pioneered in creating Tax Increment Financing Districts. The impetus for the city's first TIF was the need for a conference center. The city council also had a clean-up priority for the 500 acre Opportunity Corridor comprised largely of railroad property and unmaintained, abandoned warehouses. Ken Lurvey, Business Development Coordinator, thought a TIF would have the greatest impact in a 40 acre downtown tract in the North End section of the opportunity corridor. He emphasizes that this area could not have attracted private developers because of the huge up-front costs to address contamination and environmental issues, the railroad tracks, and the cost of necessary infrastructure. After 7 years of planning plus 3 years to achieve city council approval, Concord bought an old 20 acre lumber yard, which relocated to the Airport area, for a hotel, conference center and 55,000 square feet in office buildings. To entice private developers, the property was TIF zoned and identified as Horseshoe Pond (for the area pond). Financing was structured in the form of a \$5.5 million tax incentive bond to purchase the land, install water, sewer and other public infrastructure, and construct a new road system including an underpass and access road to Route 93 to increase the traffic capacity. The TIF together with a CDBG designation for the environmental clean-up of the property, served as the catalyst for flood plain zoning, site planning, parking facilities and underground power lines. The most visible aspect of the Horseshoe Pond activity is the conversion of blighted property as a part of downtown revitalization initiative. An unexpected addition was the purchase and restoration of the Page Belting historic mill complex for 77 units of housing for the elderly by a private developer. The developer partnered with NH Community Action Program to qualify for NHHFA low income tax credits as well as CDBG funding. The complex also provides meeting rooms, social services, meals and VNA services.

Before the TIF development, the area's base assessment was \$3 million. Within 5 years several TIF areas have added assessed value of \$42 million for a total of \$45 Million. An additional \$12 million is permitted for development in the spring of 2006. Several of Concord's TIF projects have produced sufficient revenue to retire the bonds in less than the 15 year term.

Monadnock Economic Development Corporation

Jack Dugan, President of Monadnock Economic Development Corporation (MEDC), speaks of creating several TIF structures in downtown Keene as well as Black Brook Corporate Park. Up to now, commercial development has been the focus although some housing units have been produced as part of the downtown revitalization. However Dugan is now turning his attention to purchasing the Thomas Land, a 400 acre tract with 60-80 housing units designed into a corporate campus cluster with large open space, trails, and a village green. The plan is for 3 bedroom starter homes to sell in the \$150,000 - \$160,000 range. While not in place, the financing package is anticipated to include CDFA tax credits as well as Community Development Block Grant and NHHFA assistance. Dugan wants to buy the land in phases to recapture profit for new development.

Dugan's strategy is to pre-sell the investment in the community to a company. For example, \$3 million was needed for infrastructure to make the 380 acre Black Brook Corporate Park off Route 12 in North Keene. Dugan says Syms agreed to build a 200,000 square foot facility creating \$12 million in assessed value which was sufficient to carry the bond. Then, C & S Wholesale Grocers, FedEx, Interpak and others were recruited to the Park. Dugan estimates that approximately \$35 million in new assessed value yields about \$700,000 annually to the general fund.

Dugan says the community defines the need such as renovating deteriorating downtown stores, a parking deck or garage. For example, the Beaver Mill was turned into offices and senior assisted living quarters in cooperation with Southwestern Community Services a 40 year old private, non-profit community action agency also intends to participate in the Thomas and project.

MEDC is also working to acquire a large tract of railroad land off Main Street from the city to develop a mixed use village complex in the spring 2006-2007. The phased TIF financing is to include a restaurant, 4 housing units, a hotel and spa, an indoor sports and recreation center, parking facilities and large open space.

Coastal Economic Development Corporation (Coastal)

Coastal Economic Development Corporation, concentrates on job creation. Its Managing Director, Dan Gray (also Vice Chair of CDFA), was very disappointed when the Hampton Beach TIF proposal including housing, parking, and infrastructure was "crushed at the beach" when voters turned down the warrant article enabling TIFs in the town, even through the selectmen voted 4-1 in favor. He attributes this to a lack of communication, planning and timing considerations, as well as a coordinated campaign educating the voters about how TIFs work and the economic and social assets that can result. Gray says the mention of "tax" makes people nervous so the first one will be the hardest and will require 2-3 key leaders to gain local support. The measure is expected to be reintroduced.

So What Should Business Leaders Do????? Become Participants, Not Spectators

Anne Duncan Cooley, Director of the Upper Valley Housing Coalition is concerned that many business leaders are not convinced they can have an impact. Cooley disagrees, and highlights the weight of business leaders who, in addition to financial support, apply influence as project

advocates at town hearings and in letters to the editor. Cooley sees housing as a financial and consumer market issue rather than just a matter of social justice and points to the work of Rob Bryant, of Twin Pines Housing Trust to show what private/public cooperation can achieve. Twin Pines has developed 112 scattered-site affordable rental properties in the Upper Valley region. It is currently putting together the financing package for a 120 unit mixed-income development of which at least half the units will qualify for low income tax credits, together with resale restricted affordable duplex homes intermixed with a similar number of homes at or near market rate purchase price. The land is to be donated by the town of Hanover. Twin Pines is also proposing to develop up to 40 perpetually affordable duplex units in Woodstock, VT.

Smart business leaders can help housing developers plan and work with communities for example by telling the planners and selectman what their future growth and hiring plans are in a timely way. Based on the findings presented in this white paper, a recommended Call to Action follows..

FOR THE BUSINESS COMMUNITY

I. Convene a Business COE Task Force:

Evaluate the viability of and push forward a priority action plan for one or more of the following:

- (i) Trust Fund**
- (ii) Tax Credit Participation**
- (ii) Tax Incentive Financing Districts**
- (iv) Land Trusts**
- (v) Housing Trust**

II. Examine the benefits of and how to implement Employer Assistance Plans as an aid to recruitment and retention;

III. How best to apply your influence on the local level to get housing built where it's needed;

IV. Be ready to back legislation or community action on the state and/or local level to better implement consistent master planning and accountability as well as a better coordinated data system;

V. Promote educational exchange between the High School, Technical colleges and UNH and make clear that we need to keep NH students.

VI. Support your local Housing Advocacy Group and hold it accountable.

FOR THE HOUSING ADVOCACY COMMUNITY

Steps for Workforce Housing Coalitions and other advocacy groups to fulfill their outreach and advocacy role and be the catalyst for change:

(a) Create and implement a strategic plan that includes a fund raising project(s) clearly identifying how the money will be used and describing the benefits to the donor as well as the community;

- (b) Develop an inventory of housing developments within a given area;**
- (c) Research the local zoning ordinances in the above given area;**
- (d) Identify 10 towns within the area with good potential to accept responsibility for increasing affordable, workforce housing and assist the community with coordination, information, advocacy and outreach techniques. [Have coalition members from a particular community in the lead.];**
- (e) Commission a video to help local communities recognize the scope of workforce housing issues by interviewing local business executives, housing advocates, planners and officials that can be shown at meetings to promote a dialogue among developers, town planners and other officials and local leaders;**
- (f) Create an outreach campaign to achieve membership goals that articulates the coalition program and includes outcome measurement.**

ACTION IN EXETER

In a 2001 Municipal Association meeting Exeter Town Planner Sylvia von Aulock was impressed by the concept of a unit density “bonus incentive” for developers willing allocate and price 20 percent of their units for affordable housing. Von Aulock viewed this as an innovative alternative to cluster housing generally priced in the \$400,000 range. She worked together with Cliff Sinnott, of the Rockingham Planning Commission, to craft language for a 15 percent unit density bonus. Approvals were gained in planning board hearings and the warrant article passed in 2002. Von Aulock believes you have to “have a carrot” for developers to build affordable housing which a developer must do to obtain the density bonus.

Subsequently, builder Eric Chinburg expressed interest in the ordinance but found it not economically viable as written. After two revisions of the ordinance (including the obligation to maintain affordability for a 30 year period), and ultimate voter approval in 2003, Chinburg Builders moved forward. Watson Woods is comprised of 86 single family homes, 20 of which are workforce housing two bedroom condominiums affordably priced beginning at \$180,000. Another 8 condominium units are priced to the market at the low \$300,000 level. The remaining 58 single family homes are priced at \$400,000 and up. According to Chinburg, 18 of the mixed income units are already sold or under contract. The qualifying income range is \$58,880 - \$88,320, depending on family size. Chinburg and The Gove Group, the selling agent are applying a portion of their fees to cover certain closing costs. Chinburg says he'll lose money on the 20 workforce units which he estimates are selling at approximately \$60,000 under market. However, when all of the homes are sold he should be close to breaking even and “that's good enough for me”.

Chinburg, who also serves as Chair of The Housing Partnership, is concerned about the impact of excessive code enforcement and local regulatory requirements for site work. For example, the cost of his engineering and site work has risen from about \$2,000 to \$15,000 per unit. When added to the cost of land purchase prices are being driven even higher. He commends Exeter for understanding the value of a density bonus, as well as incentives for open space and would build again under the same model. Chinburg says he is also building townhouses in Manchester along the river and has permits in Laconia for 48 market rate apartments in a mill conversion on 6 acres with another 28 higher end condos. There are no incentives here but Chinburg points out that in an existing mill building the cost is less than building new condos.

A second Exeter development with workforce housing is the new urban design for a mixed-income 1.5 acre downtown site with 50 percent affordable units and 50 percent at market rate. The Water Street proposal was introduced in February 2005 to the Planning Board and Historic District Commission by Nathan Szanton, of New England Workforce Housing. It took close to seven months of arduous negotiation during which Szanton familiarized neighbors with the project and went before the Zoning Board of Adjustments for waivers on parking, setbacks and density. Szanton says he can revise the design and is aiming to resubmit it probably in November. Ironically, according to Szanton, the zoning across the street from the site, now streetfront commercial and luxury housing above, would have suited the project better.

Town Planner, von Aulock says Szanton, whose previous developments have been in Maine, is a well known developer and is closer to his goal. Szanton expects to start construction in the spring of 2006. As part of the \$5.2 million financing package, Szanton expects to apply to NHHFA for

low income tax credits and has already been given approval for CDFA tax credits subject to permit approval. Szanton says the tax credits would be sold to a business buyer who doesn't mind the depreciation over a 25.5 year period. His firm receives a developers fee of \$360,000, paid in stages plus soft cost reimbursement. With full rent-up, cash flow of about \$30,000-\$35,000 is expected.

Szanton described the intended financing package, not yet in place, as expected to be comprised as follows:

\$1,800,000	loan from private lender
1,500,000	equity through tax credits
300,000	seller financing
800,000	NHHFA Subsidy (payment deferred until refinanced or sold)
300,000	CDFA
500,000	CDBG through town of Exeter

ARTICLE 7.7 OPEN SPACE DEVELOPMENT TOWN OF EXETER, NH 03833-2792

Subsection 7.7.1.(B)

B. Density-Bonus (Affordable Housing): Density bonus of 15% above that indicated by the yield plan will be allowed for developments that will guarantee:

1. 20% of the total number of units proposed within the development (including all units allowed by density bonuses) shall be affordable as defined below, see sections (2) and (3);
2. 15% or more of the units constructed will be sold at initial sale for a price that can be afforded by a household with an income not more than 120% of the median family income for the New Hampshire portion of the Portsmouth-Rochester NH-ME PMSA, as published by US Department of Housing and Urban Development;
3. 5% or more of the units constructed will be sold at initial sale for a price that can be afforded by a household with an income not more than 80% of the median family income for the New Hampshire portion of the Portsmouth-Rochester NH-ME PMSA, as published by US Department of Housing and Urban Development;
4. Units will be sold with deed restrictions and a recorded housing agreement that limit, for a period of 30 years renewable upon sale or transfer, the resale value of the unit to not more than the purchase price plus two times the accumulated consumer price index.
5. The unit shall be on-site.

Affordability shall be defined as housing that can be purchased under a conventional mortgage whereby the combined annual expenses for principal, interest and property taxes will not exceed 30% of household income.

Housing For Everyone: What Business Leaders Can Do

Researcher

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Barbara K. Kravitz is President of Kravitz & Company Limited LLC, a consultancy providing services in organization and finance strategies, corporate governance, Sarbanes-Oxley issues and diligence projects. She is a member of the Business Development Committee of the Chamber. Ms Kravitz previously served on the Board of Newton Community Development Foundation, a for-profit developer of more than \$30,000,000 in family and mixed income housing in Newton, MA. She also was Editor-in-Chief of The Newton Times newspaper. Ms Kravitz regularly participates in the Securities & Exchange Commission Government-Business Forum on Small Business Capital Formation. A Fellow of Brandeis University, she is an at-large member of its National Alumni Association Board of Directors.

Sponsor of White Paper and Fiscal Agent and Event Organizer

The Greater Portsmouth Chamber of Commerce

Dick Ingram, President of the Chamber, assumed leadership of the organization in September 2004 overseeing a staff of 9. He brings more than 20 years of senior executive and financial experience including key roles at Arthur Andersen & Co, The Boston Company, Mellon Bank, First Data Corporation, Funds Distributor, Inc., Big Brother Big Sisters of the Greater Seacoast, the Episcopal Diocese of New Hampshire and Christ Episcopal Church in Exeter. Currently, Mr. Ingram is co-chair of the Workforce Housing Coalition of the Seacoast and a member of the Board of Directors of The Housing Partnership. He has recently been named by Governor John Lynch to serve on his Save the Shipyard Advisory Team.