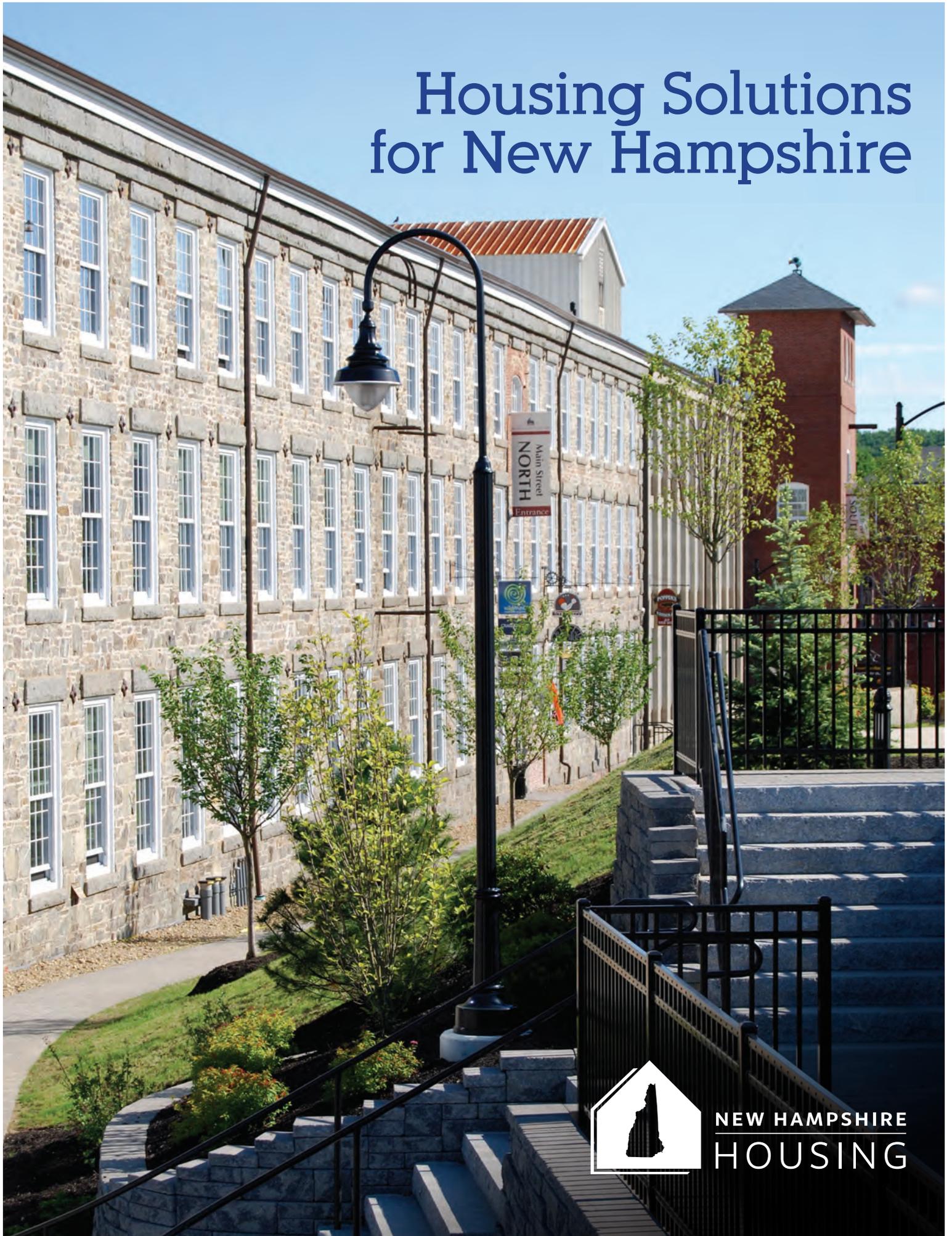


# Housing Solutions for New Hampshire



NEW HAMPSHIRE  
HOUSING

# Housing Solutions for New Hampshire

**Updated April 2019 and June 2014**

**HOUSING SOLUTIONS FOR NEW HAMPSHIRE WAS ORIGINALLY PUBLISHED IN 2004 BY  
NEW HAMPSHIRE HOUSING FINANCE AUTHORITY AND PREPARED BY JEFFREY H. TAYLOR & ASSOCIATES**

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*Financial assistance for the original guide was provided by  
Northern New England Housing Investment Fund and Fannie Mae.*

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## INTRODUCTION



Milford Mill, Milford

## Introduction

For many years, New Hampshire has faced a series of critical housing problems. Ten years ago, it was a matter of supply. There was a shortage of housing suitable for households of all incomes, but this shortage was particularly acute for families of low and moderate incomes, especially rental housing.

More recently, as the state's economy has recovered from the recession and demographic trends have shifted away from rapid growth, the housing market reflects a lack of supply of affordable single family homes in the \$300,000 range (considered to be "starter homes," as well as affordable rental housing. During the recession, the great number of families impacted by foreclosure added pressure to the already-stressed rental market. Now, changing demand and consumer preferences point toward longer term changes for New Hampshire's housing market. These changes are driven both by the needs and preferences of aging baby boomers, and by millennials who tend to prefer the lifestyle offered by renting and are therefore less inclined to value homeownership.

"Affordable housing" means different things, but generally it means housing that is available to a renter household earning up to 60% of the area median income, or an owner household earning up to 80% of the area median income, at a cost that is no more than 30% of their total household income.

These demographic and economic shifts point to a fundamental mismatch between the state's existing housing supply and what the future market demand for housing is likely to be. In turn, the misalignment between supply and demand strongly indicates there will be a need to "retool" our current single family housing stock to meet the needs of aging owners and younger renters, and to continue building more rental housing.



Workforce housing in Amherst

# New Hampshire's Housing Market

For many decades, New Hampshire's housing market was a major driver in the state's expanding economy. But with recent shifts in the state's demographic and economic trends, and a tight housing market, they lack of an adequate supply of housing could become a drag on future economic growth and stability.

... New Hampshire's current housing infrastructure could become a drag on future economic growth and stability.

The reasons are multiple: an aging population, shifts in housing preferences among younger generations, a misalignment between housing supply and future demand, and changes in traditional financing paths for homeownership. In the 1970s, 1980s and 1990s, housing demand was driven by baby boomers moving to New Hampshire. But as we have seen in many policy areas, much of New Hampshire's housing industry (builders, planners, public officials, etc.) have yet to fully transition away from the mindset of the past, in which

consistent rates of high population growth (especially among young families) was the norm. Instead, they must prepare for a housing model defined by less growth overall, more senior households, fewer young households, financially strained first-time buyers, and changing lending standards.

Working with the New Hampshire Center for Public Policy Studies and Applied Economic Research, New Hampshire Housing Finance Authority (NHHFA) published a report in 2014 on the state's future housing needs and preferences. Using updated population forecasts, the report projects New Hampshire's future housing needs, by age group and by type of housing. In addition, numerous focus groups representing a broad swath of the state's people and businesses were consulted; they included builders, lenders, realtors, young professionals, senior groups, regional planners, workforce housing groups and others. Finally, as a way of assessing the potential impact of New Hampshire's aging population on the housing market, national analyses of housing needs and preferences among senior populations were reviewed.

A link to the study is noted in the Appendix. Among the major findings from this work:

- ▶ **Overall homeownership demand in New Hampshire is declining.** The reasons for this include the weak economy, lower rates of in-migration, and difficulties in obtaining financing. Among older homeowners, low levels of liquidity continue to pose problems, while high levels of student debt and mediocre wage growth limit home-buying options for younger generations. In more rural parts of the state this decline in demand has been particularly apparent in communities that are more than two towns removed from major transportation networks. Real estate professionals, in particular, noted significant differences in demand geographically. Moreover, growth in low-wage service jobs and housing costs are creating a growing affordability problem, particularly north of Concord.
- ▶ **New Hampshire's current housing supply is poorly aligned with evolving preferences among different age groups.** This mismatch exists both for aging Baby Boomers and younger workers. Older residents are likely to seek to down-size to smaller living arrangements, yet housing units of three-plus bedrooms far outnumber one- and two-bedroom units in the state. Given the relatively small number of young households in New Hampshire, it's unclear whether the larger units built for Boomers during their child-rearing years will draw sufficient interest from buyers in future years.
- ▶ In addition, younger age groups are, in general, less likely to be homeowners compared to previous generations. In fact, each new group of young people is increasingly less likely to become homeowners. Moreover, financial pressures cause younger generations to gravitate toward more non-conventional housing solutions, including co-ownership and "doubling-up," and many prefer the flexibility of renting.

- ▶ **Affordability and the New Hampshire advantage.** These factors have an impact on the affordability of housing in New Hampshire, which may have been a big part of New Hampshire's attraction to migrants from higher-priced states over the past four decades. While the median price of homes is more affordable than just a few years ago, this is not necessarily true for first-time buyers, who have traditionally provided important liquidity to the housing market. First-time buyers enabled those who were selling their homes to move-up or down-size. But younger residents now face inferior job prospects and high levels of student debt, they are delaying marriage, and are unsure of the benefits of homeownership—including the ability to easily sell at a later date.
- ▶ Also, the state's rental market has grown less affordable in recent years. NHHFA's 2013 rental housing survey indicated that since 2006, the median monthly gross rent rose by four percent (in contrast to a 40 percent drop in the monthly mortgage cost) and vacancy rates decreased, meaning renters were paying more, with fewer options to choose from. This reflects a national pattern for a growing percentage of households in rental housing.
- ▶ **Seniors will occupy a growing proportion of the State's housing units.** New Hampshire's senior population is expected to nearly double between 2010 and 2015, from 178,000 to 323,000 people – a change that is unmatched by younger age groups. As a result, seniors will occupy a growing proportion of the state's housing units, filling one in three units by 2025. The number of senior households in the state, both owners and renters, will nearly double by 2025. While seniors generally want to age in place, this desire is complicated by several factors, including high rates of disability, lower median income and savings, a declining caregiver population and other factors. The median income of the state's senior homeowners is barely half that of the state's median, and their home equity has been significantly reduced by the state's housing downturn.

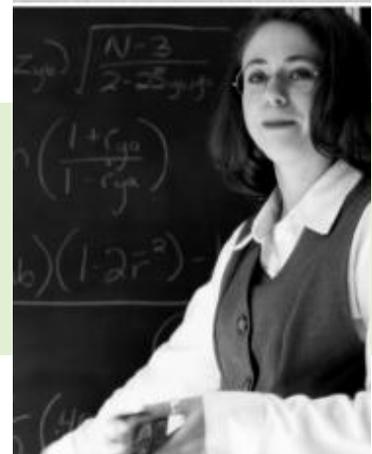
► **New construction will likely be limited in a projected era of slower population growth.** Rehabilitation of the existing housing stock may become more needed, yet much of New Hampshire's housing regulations, including local planning and zoning ordinances, are not currently geared toward this segment of the market.

The following chapters contain planning and development strategies that can help provide solutions to the challenges in New Hampshire's housing market. In general, it is important to encourage the development of a range of housing types and prices, encourage higher density housing to conserve open space and reduce

the land cost per unit, and provide affordable housing opportunities. This need for flexibility also extends to the existing housing stock, as we must be able to refit our homes to meet the needs of an aging population, as well as a younger generation that is less inclined to purchase homes, but who we need to be here to help our economy retain its vibrancy and growth potential.

Broad public awareness of these issues and their ramifications is vital to each municipality's future. An adequate and balanced supply of housing within a regional housing market must be seen as essential to every community's future and must be accounted-for in local decision-making. 🏠

They can save your life, teach your children, and be your heroes, but they can't afford to be your neighbor.





Mad River, Farmington

## Creating Housing Solutions

There are solutions to New Hampshire's housing challenges. Being actively engaged in meeting your community's housing needs is important, because a purely market-based response – that is, without public intervention through policy and funding – has the potential of risking economic stagnation due to the market's failure to respond to the needs of our entire population. Engaging with partners and looking at tools and techniques to supplement market forces can reveal strategies for reducing front-end costs and expanding housing opportunities, especially for mid- and lower-income families.

The solution to this problem will require commitment from local leaders and citizens who decide to act on behalf of their communities and allow housing to be developed on vacant land or in rehabilitated older properties, or change local zoning laws to promote a more diverse housing stock. There is not enough money available through government programs alone to create enough housing for every segment of the population. Therefore, New Hampshire communities should focus on creating a range of market rate units.

Affordability is related to the overall supply of housing, and a general increase in housing within a community will also help provide more affordable housing stock for those residents who need it.

Many of New Hampshire's successful local and regional housing initiatives possess the following:

- ▶ A vision
- ▶ A plan for implementing the vision
- ▶ Political will and support
- ▶ Effective community organizing and communication
- ▶ Regulatory and non-regulatory tools tailored to the situation
- ▶ Financial resources
- ▶ Capable development partner(s)

These attributes allow communities to work on expanding their supply and range of housing units while preserving their character and resources.

## Developers

In New Hampshire private and non-profit developers have been, and will continue to be, the driving force in the creation of housing units. They have been responsible for creating a large percentage of the affordable units throughout the state. Allowing a greater range of housing types in our communities without requiring special permits or zoning variances will make the creation of new units possible. Incentives, such as density bonuses, will also generate greater interest in producing a variety of housing types in different price ranges. This will give the developers in the state more flexibility to meet the market demand for starter homes, rehabilitation or conversion of existing homes, and affordable apartments.

## Housing Organizations

One approach to keeping the issue of housing and affordability on the table is to partner with, or establish, a housing partnership. A housing partnership can effectively keep housing issues on the local agenda. Active housing organizations can be used to raise public awareness of housing issues, work to identify the range of needs and opportunities, and access financial and technical assistance from New Hampshire Housing Finance Authority.

Successful housing partnerships have the support of local officials, create a broad network of interest groups and organizations, and involve housing professionals. A list of regional housing groups working in New Hampshire is available in the Appendix.

## The Role of Planning

Sound planning provides the framework for building successful communities, but questions often arise regarding the types of planning done by cities and towns, the relationship of planning to development patterns and practices, and the amount of planning necessary before it's time to take action. There are several things to learn about planning in New Hampshire before getting started:

New Hampshire statutes require that communities develop a master plan before they adopt a zoning ordinance (see RSA 674:2). The law only requires that

the master plan contain a vision section and a land use section, but 15 other sections are recommended and often included, including a chapter on housing. The master plan housing section should assess local housing conditions and project future housing needs of residents of all income levels and age groups. This section should also include housing data identified in the regional housing needs assessment performed by the regional planning commission (RPC).

New Hampshire RSA 36:47 requires each of the state's nine regional planning commissions to prepare a regional housing needs assessment and a comprehensive regional plan. For the comprehensive regional plans, the regional planning commissions are encouraged to use the same layout as the state's comprehensive development plan (RSA 9-A:1, III), the structure of which is based on the local master plan elements. A housing chapter is a required element of this state-level policy document. Housing should be a focal point in each of these documents, providing an opportunity to compare and contrast the information presented at the local, regional and state levels.

Two other important elements to be included in all three of these plans are vision and implementation sections. Without a clear vision statement it is difficult to know where the town, region or state intends to go in the future. The implementation plan is used to achieve that vision through regulatory and non-regulatory means, but must be monitored to ensure that it is in keeping with the vision and the plan as a whole.

Housing should be specifically addressed in several other sections the plans as well: The relationship between housing and the economy, transportation, and the environment are all important to understand and will shape the vision of our communities and our state well into the future.

## Your Community's Legal Obligations

In 1991, the New Hampshire Supreme Court decided *Britton v. Town of Chester* (134 N.H. 434), which recognized that the state's zoning enabling statute contains an obligation for every municipality to provide a reasonable and realistic opportunity for the development of housing that is affordable to low- and



Franklin Light & Power Mill Apartments, Franklin

## CATCH Neighborhood Housing – Concord

Helping families become homeowners or find stable, affordable apartments means improving the families' quality of life and improving neighborhoods for the long term. Since 1989, CATCH Neighborhood Housing has done just that. CATCH accomplishes its mission by increasing the supply of affordable apartments, searching beyond city limits to expand housing choices, educating and empowering families to take control of their finances and to purchase their own homes, and nurturing neighborhoods through quality local management. From 1989 - 2019, CATCH's impact includes:

Community Investment to Date:  
\$66,555,421

Total Units Developed: 390

Total Units Currently in Portfolio: 349

Developed for Homeownership: 20

CATCH has received local and national recognition for its work. Its staff members take great pride in helping local families and individuals access safe, decent, affordable housing.

*Contact Information:*  
CATCH Neighborhood Housing  
[CatchHousing.org](http://CatchHousing.org)



Mennino Place, Concord

moderate-income families. The court also ruled that every municipality has an obligation to provide for its “fair share” of a region’s current and prospective need for affordable housing, but the court didn’t define what the term “fair share” meant, and it specifically refused to establish “arbitrary mathematical quotas.”

In the years following the *Britton* case, there were a number of efforts in the New Hampshire Legislature to study the state’s housing supply. In 2001, the Legislature created a commission (SB 21) to develop legislation addressing the lack of workforce housing. The commission concluded that although there were other factors, the regulatory barriers created by towns had a significant impact on housing costs and were also within the Legislature’s capacity to influence. After that, several efforts were made to pass legislation that recognized the relationship between local land use regulations and the cost of housing—and also to codify the Court’s rulings in *Britton*. These efforts culminated with the enactment of SB 342 in 2008 (Chapter 299), codified at RSA 674:58 - :61, which went into effect January 1, 2010.

Despite the variety of housing that exists in New Hampshire today, it does not satisfy the need for workforce housing in many areas of the state. The Workforce Housing Law was based on a decades-long problem that will take a sustained statewide effort to resolve.

### **Requirements of the Workforce Housing Law**

The workforce housing statute requires each community to provide a reasonable and realistic opportunity to develop workforce housing, while providing “maximum feasible flexibility” to meet the general legal obligation in a manner that is most appropriate to its circumstances. What will constitute a “reasonable and realistic opportunity” is determined by a few specific requirements: (1) the municipality’s land use ordinances and regulations cannot facially (openly) discriminate against housing for families in certain income ranges; (2) the collective impact of those ordinances and regulations must allow for the economic viability of a project to develop workforce housing; (3) workforce housing of some type must be allowed on a majority of the residentially-zoned land in the community; and (4)

multi-family housing with at least five units per structure must be allowed somewhere in this area.

“Workforce housing” and “affordability” both have been terms of art, but they now have specific statutory definitions. A home is considered “affordable” to a household if not more than 30 percent of the household’s income is spent on housing costs. “Workforce housing” is ownership housing that is affordable to a family of four earning up to 100 percent of the median income for the area, or rental housing that is affordable to a family of three earning up to 60 percent of the median income for the area. This definition of workforce housing is generally considered to include a broader range of incomes than traditional notions of affordable or “low-income” housing.

While municipalities cannot be expected to control many of the other costs associated with housing construction, they can control things such as lot sizes and densities, building setback and road frontage requirements, and road design standards, among others. For some communities, compliance with the workforce housing statute may be as simple as some technical adjustments to these standards. For other municipalities, however, compliance could also involve a more proactive approach that provides incentives for workforce housing development balanced against measures to preserve the landscape we all cherish. Innovative provisions such as dense village centers, conservation subdivision design, inclusionary zoning, and form-based codes can accomplish these dual goals. The steps that are necessary for any municipality to meet the requirements of the statute should not threaten the appearance or composition of the community, including rural landscapes, if the community engages in a thoughtful planning process.

Municipalities that do not provide opportunities for the development of workforce housing must demonstrate that they already have their regional “fair share” of affordable housing. Data from regional planning commissions may be useful in determining whether the “fair share” exists, but there is no standard methodology used to calculate it. Municipalities that determine they have satisfied the “fair share” requirement should carefully document that finding, as it is an assertion that would need to be defended if a developer took

legal action against the community under the workforce housing statute.

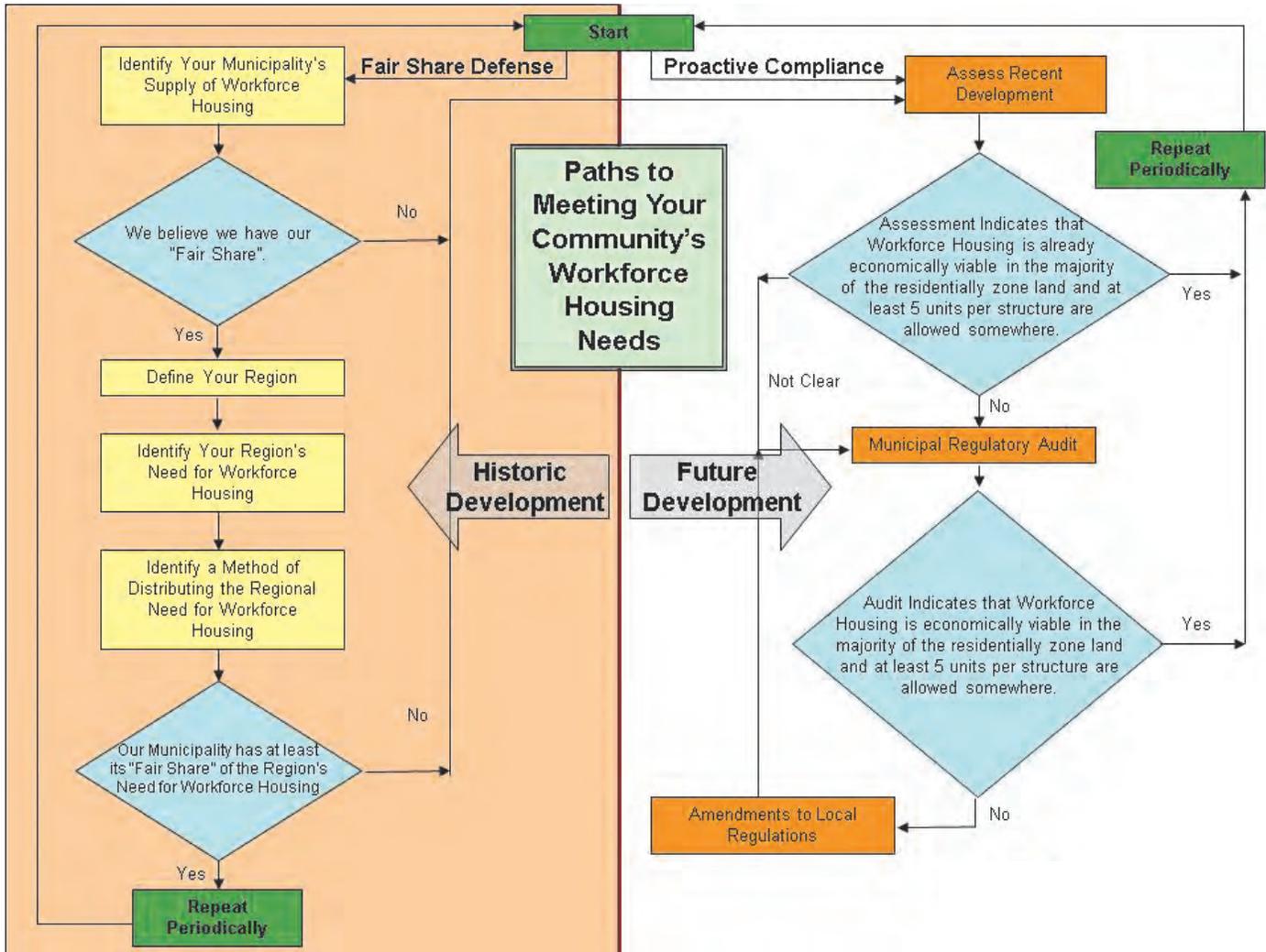
If a developer believes that the municipality's regulations do not provide the opportunity to develop workforce housing, he or she can challenge either the local board's denial of an application or the restrictions placed upon the application. Under the statute, the community can use as an affirmative defense that its housing stock contains its fair share of current and reasonably foreseeable regional need for workforce housing. If this defense fails or if the municipality

otherwise does not comply with the statute, the court can then order the "builder's remedy," in which the court allows a reasonable project to proceed without further review by local boards.

**Workforce Housing Guidebook**

Recognizing that many local planning boards would have some difficulty understanding what they need to do to meet the requirements of the Workforce Housing Law, New Hampshire Housing developed a guidebook for municipalities, *Meeting the Workforce Housing Challenge: A Guidebook for New Hampshire*

## Alternative Approaches to Compliance with the Workforce Housing Statute



*Municipalities.* Information on the guidebook can be found in the Appendix.

Under the workforce housing statute, developers' legal challenges to local land use regulations and to the decisions made under them will be viewed by a court in light of a municipality's efforts toward compliance with the law's requirements. An underlying purpose of the *Guidebook* is to serve as a standard to guide municipal actions, and against which a reviewing court may measure those actions. The steps outlined in the *Guidebook* will help local land use boards create records that demonstrates their understanding of the statute and their efforts in meeting the law's requirements.

The *Guidebook* is divided into major substantive sections: after an introduction of the statute and the history behind it, Chapter 2 discusses and explains the terms used in the workforce housing statute. Chapter 3 explains how local land use boards should approach the difficult question of "economic viability." This section reviews the complete costs of housing development, and provides land use board members with an overview of the complex array of cost factors faced by developers to help board members distinguish those factors that they can influence from those they cannot. A developer's "pro forma" is provided, along with illustrative examples.

In Chapter 4, the *Guidebook* outlines the steps to conduct an assessment of a municipality's housing stock. The purpose of the assessment is simply to gain an understanding of the nature of the local housing market and to determine if the municipality has, in the past, provided reasonable and realistic opportunities for both ownership and rental workforce housing. Gathered by the assessment, an inventory of affordable housing could also be compared to a municipality's "fair share" allocation of the region's need for affordable housing.

A fair share allocation may have been created by the regional planning commission as part of its regional housing needs assessment, but this allocation is not required by statute. It is important to understand that a fair share allocation is relevant only if a community's regulations do not provide reasonable and realistic opportunities for workforce housing development, and the regulations are challenged in court. In that sense,

the notion of fair share should be regarded as an "affirmative defense." The better alternative, and safer from a legal standpoint, is to ensure that reasonable workforce housing development opportunities are provided. Chapter 4 reviews changes that should be considered to zoning ordinances and land use regulations as a means of providing such opportunities. See the flowchart below for alternative conceptual approaches to the law.

Chapter 5 concludes the *Guidebook* with a discussion of how local boards should deal with applications for workforce housing. The statute contains a variety of procedural provisions that must be observed, but there are additional steps that may be particularly useful to land use boards as they seek to provide an impartial review of proposals in a manner that is consistent with the statutory requirements.

### **Local Housing Commissions**

Your community must continually work to ensure that it is responding appropriately to affordable housing needs. A local housing commission can advocate for the development of affordable and workforce housing and can serve as a resource to local land use boards on matters affecting housing resources. A commission can provide feedback on the progress of affordable housing efforts and recommend if changes should be made. The creation of local housing commissions is enabled by RSA 674:44-h, enacted by the Legislature in 2008.

Local housing commissions are advisory only, and have no regulatory or enforcement powers. Commission members work cooperatively with other municipal boards to ensure that affordable and workforce housing concerns and interests are better understood and considered in decision-making.

A housing commission may:

- ▶ Assist the planning board in the development and review of those sections of the master plan that address housing and local land use ordinances and regulations that have the potential to affect the cost or availability of housing.

- ▶ Advise local agencies and other local boards in their review of requests on matters affecting or potentially affecting housing resources.
- ▶ Hold meetings and hearings necessary to carry out its duties.
- ▶ Conduct a housing needs assessment, which as a starting point, may use the regional planning commission's housing needs assessment conducted under RSA 36:47, II.
- ▶ Publicize and report its activities.
- ▶ Hire consultants and contractors.
- ▶ Receive gifts of money and property, both real and personal, in the name of the city or town, to assist in carrying out the purpose of this section.
- ▶ Acquire and dispose of real property interests in the name of the town, subject to prior approval of the local governing body, for the purpose of maintaining or improving housing affordability.

When a municipality establishes a housing commission, an affordable housing fund is also created, to be administered by the commission. While there is no requirement for the community to appropriate money to it, the fund allows the housing commission to act as the municipality's agent to receive funds and make expenditures that support affordable housing. Fund monies can accumulate from year to year and do not lapse to the municipality's general fund. Unlike the conservation fund's use in permanently acquiring property, however, the housing fund typically will only serve the purpose of facilitating transactions relative to affordable housing. 🏠



Millview, Laconia



Ossipee Village Apartments, Ossipee

## Planning & Development Strategies

There is a direct relationship between the cost of housing and the local land use regulations that influence the density of housing development. To create a range of housing that is affordable for families and individuals at various income levels, communities should consider allowing housing development at greater densities in some areas.

An important first step is to identify the locations in your community where additional density would be most appropriate and the number of units per acre you will allow, either by right or as an incentive to promote affordability. In many communities the existing

downtown or village can accommodate higher densities using a range of unit types and designs. This approach can be used to reinforce the developed portions of the community while reducing the sprawl effect of development.

New Hampshire's zoning enabling statutes (RSA 674:16 and 21) give communities the opportunity to adopt the land use regulatory tools featured in this chapter. Each strategy is highlighted by at least one detailed example. Examples of regulatory language have been included in the Appendix as an additional resource for your community.

As you review these strategies, it is important to remember that clear, concise regulations make it much easier for your community to achieve the vision that your ordinances have been designed to implement. Allowing certain techniques and housing types by right, rather than requiring costly and time-consuming trips to several local boards for permission, will make potential developers more interested in delivering the types of housing your community desires.

Some New Hampshire municipalities have regulations that essentially prohibit the types of housing that the communities' own master plans indicate should be encouraged, or that place so many restrictions on development that it is impossible to create housing that is affordable for low income families, or even middle income families. Some examples include communities that require housing developments to be built in limited phases, which can substantially increase a developer's carrying costs, as they are required to maintain ownership and control over a development for an extended time period. Some older mill communities restrict revitalization efforts by only allowing residential units in 25% of the rehabilitated structures, even though there may be market demand for a much higher proportion of residential use.

Many communities require large lot sizes and other dimensional standards that typically require the development of more infrastructure than would otherwise be necessary, such as roads and utilities, and also push development into more rural areas. Other regulations require greater pavement widths on roads in new developments than are needed based on existing and expected traffic volumes, unnecessarily driving up the cost of development. Still others require closed drainage systems in rural locations, rather than using open stormwater designs that mimic natural drainage regimes and help to restore groundwater levels, while costing less to develop.

All of these regulations have costs associated with them. Their combined effect can have the unintended consequence of making it impossible to develop housing that meets the needs of our changing

population. Communities should evaluate whether such standards are necessary, or if they can be changed to make development easier and less costly, without compromising the communities' values, public safety, and environmental protection.

By contrast, communities may also use the following regulatory tools to help facilitate development that will be responsive to our citizens' housing needs and preferences:

### **Inclusionary and Incentive Zoning**

*Description:* New development must include affordable housing units as part of the mix of uses in order to receive the incentives or bonuses identified in the ordinance.

*Advantages:* An inclusionary zoning ordinance provides an incentive to the property owner/applicant to include affordable housing in the project. Many such projects can be accomplished without traditional public subsidies.

*Cautions:* Inclusionary and incentive-based zoning ordinances are designed to operate through internal subsidies, where some costs are shifted from affordable units to market rate units. Therefore, it requires density bonuses and other incentives to achieve the desired affordability while ensuring a profitable return for the developer.

In New Hampshire, inclusionary ordinances are incentive-based. Some other states allow municipalities to adopt inclusionary zoning that does not provide an incentive, or direct benefit to the developer. State law in New Hampshire does not allow communities to require the inclusion of affordable housing in a proposed development without providing the developer with an offsetting benefit. Density is often the incentive of choice.

If a community decides to adopt an inclusionary or incentive zoning ordinance, some of the decisions they need to make are:

- ▶ What should the percentage of affordable units be?

- ▶ Must the affordable units be comparable in size and amenities to the market rate units?
- ▶ Will the community accept payments-in-lieu of affordable units to be used elsewhere in the community for creating housing?
- ▶ Will phasing be allowed?

The issue of integrating market and affordable units has become more complex as the types of development have become more diverse (age-restricted, service-enhanced, etc.), and more expensive. Carefully consider whether a payment-in-lieu-of units, or the provision of units off-site might better serve your community’s identified needs. The first priority should be to increase the number of affordable housing units in the community. Communities can work to protect the affordability of these units into the future, or allow them to float with the market. The design of the units, and the amenities offered, can help regulate how much their value will increase in relation to other nearby properties. This is one technique for limiting the equity without extensive control mechanisms.

The New Hampshire communities of Amherst and Exeter provide two examples of inclusionary zoning and both ordinances have been included in the Appendix. Exeter’s ordinance was revised in 2008, and now has provisions for density bonuses on affordable rental units and rent-to-own units. The new ordinance also defines the affordability of a unit as the cost of the mortgage payment or rent plus other annual expenses (i.e. taxes, insurance, association fees and utility expenses). Amherst’s ordinance provides flexibility in the design and development of affordable housing units, and provides density bonuses. Allowing a greater density on the site makes the creation of affordable units possible. Another key provision is that the developer does not need to comply with the standard dimensional requirements for the parcels.

For more information, see the Appendix for link to the Inclusionary Zoning chapter in the “Innovative Land Use Planning Techniques Handbook,” published by the NH Department of Environmental Services.



Watson Woods, Exeter

## Watson Woods — Exeter

The Town of Exeter has adopted an ordinance that provides a density bonus for the inclusion of affordable housing in a development. A major subdivision on Watson Road incorporates affordable housing and open space to create a mixed income neighborhood.

With a total of 90 units on 112 acres, this development includes an additional 153 acres of permanently protected open space that links to other protected parcels in the area and preserves an existing trail network. Twenty affordable housing units are included in multi-family structures along with some market rate multi-family units, duplex units and single family residences. The development uses a community well and relies on a mix of individual and community septic fields.

### Contact Information:

Town of Exeter, Planning Department  
[www.exeternh.org](http://www.exeternh.org)



Peacock Brook, Amherst



Bellevue Drive, Amherst

## Inclusionary Housing in Amherst

The Town of Amherst understands the importance of encouraging suitable opportunities for the development of new affordable housing units in the community. Their “Innovative Land Use Control for Affordable Housing” regulations provide flexibility in the design of the development, and provide density bonuses. Allowing a greater density on the site makes the provision of affordable units possible. The developer does not need to comply with the standard dimensional requirements. This creates an opportunity for the planning board to work with the developer to create a density that will support the creation of affordable units, or to make use of a nonconforming lot.

A range of unit types have now been created by developers under this ordinance. Some of the units mix affordable units with market rate units. Amherst has been pleased with the diversity of housing units that have been encouraged by this incentive-based ordinance.

For many years, Amherst ensured long-term affordability of housing approved under this ordinance simply by restricting unit size to a maximum of 1,300 square feet. Although the town has now replaced that requirement with a more complex ordinance, other communities might benefit from considering such a simple approach as it has a low administrative burden.

### *Contact Information:*

Town of Amherst, Planning Department  
AmherstNH.gov

## Maintaining Long-Term Affordability

New Hampshire Housing has developed a model zoning ordinance for New Hampshire communities interested in implementing innovative techniques for maintaining affordability of owner-occupied housing designated as “affordable” as part of developments approved under inclusionary zoning ordinances.

Recognizing that the municipality is providing the developer something of value, such as a density bonus, in exchange for creating affordable housing, this model allows the municipality to protect its interest in the development by ensuring the long-term affordability of the restricted, affordable units. This is accomplished by attaching a lien and restrictive covenant to these properties. In the first sale of the unit from the developer to the home buyer, the price is limited to what is considered affordable to a family making up to 80% of area median income. Thereafter, the sale price changes with the market but is limited based on the value of the municipality’s lien, and this reduced price is used to determine the appropriate maximum income of qualified buyers, recognizing that owners typically shouldn’t pay more than 30% of their incomes on housing costs.

Of the various methods available to municipalities to ensure long-term affordability of a home, this method:

- ▶ requires the least amount of interaction with, and oversight of, buyers/owners;
- ▶ is designed to work easily with the existing real estate, financial, and legal systems;
- ▶ allows the buyer/owner access to any appreciation or risk of depreciation (making it like regular ownership);
- ▶ requires the least amount of administrative effort;
- ▶ allows for easy conversion to other forms of affordability retention if desired; and
- ▶ provides for increasing the subsidy or cashing-out if the home becomes unaffordable to the target clientele.

Municipalities can contract-out the administration of this method, the cost of which can be funded by each transaction, meaning that there should be no cost to the municipality. New Hampshire Housing can administer these transactions as a service to municipalities that adopt the recommended model. Other entities are also qualified to administer programs based on this model, or the municipality may choose to administer the program in-house. The complete ordinance is included in the Appendix.

## Higher Density Housing

*Description:* Allowing higher density to increase unit affordability by increasing the number of units per fixed land cost.

*Advantages:* Allowing a greater number of units to be constructed reduces the cost per unit for the developer and makes the creation of affordable units possible. This provides a win-win for the developer and the community.

*Cautions:* On-site septic requirements may not permit this technique in all areas, but community septic systems allow for much higher densities than individual systems.

Increasing the variety of housing options and reducing production costs by allowing higher density housing forms is one of the most fundamental ways to increase affordability, and communities have ample opportunity to do so within their regulatory powers.

Higher housing densities can be achieved as a matter of right, or by special permit and/or incentives. Techniques include:

- ▶ Allow a mix of residential and commercial uses in new development by allowing new residential and mixed-use developments with alternative site patterns (e.g. flexible development or clustering) and/or a variety of housing types (detached single-family, townhouse, duplex, garden apartment, etc.).
- ▶ Provide density bonuses, or other incentives.
- ▶ Allow alternative housing forms (duplex, triplex, etc.) in all residential areas.
- ▶ Establish multi-family zones.



Palisades, Stowe, Vermont

## Palisades — Stowe, Vermont

Palisades is a wonderful design example of a dense neighborhood composed of a variety of unit types at varying levels of affordability. This 5.7 acre site is adjacent to Stowe Village and contains 24 residential units and 6 commercial units. The 13 single family homes are on lots averaging .13 acres. These homes have three bedrooms and shared garages. One building contains nine two-bedroom condominium units, and there is one (residential) duplex and two structures for commercial units.

### *Contact Information:*

Town of Stowe, Planning Department  
TownofStoweVT.org

While these techniques can result in reduced construction costs, more efficient land use and a greater number of housing options, they may not produce additional affordable units without an inclusionary incentive with a corresponding affordability requirement. Often a development site can absorb higher density housing than is allowed by right, or provided for by special permit. There is often a market for such units, which may be smaller and require less maintenance than the existing inventory. Demand may come from older residents who want to stay in the community, but downsize, or from those employed in the area and are more concerned with location than lot/home size. Provisions in zoning and subdivision regulations for accommodating smaller, or clustered, units can enhance housing affordability, accommodate a greater diversity of needs, and improve the efficiency of land use and development of municipal services.

### **Housing Overlay Districts**

*Description:* Within an overlay district, higher density, or mixed use development, is usually encouraged.

*Advantages:* Provisions for higher density, mixed use, reduced parking requirements, and other techniques make the creation of housing units in a designated zone, such as a village or downtown, feasible.

*Cautions:* Some areas that have been targeted with overlay districts, such as riverfront districts, have resulted in the creation of units at the high end of the market. If a community intends to encourage a variety of unit types, inclusionary incentives with corresponding affordability requirements may be necessary.

Overlay districts are separate zoning districts superimposed over the existing districts that create a new level of requirements and opportunities. Overlay districts are often used to protect sensitive environmental features, such as aquifers or wetlands, or to promote the adaptive reuse of historic properties, such as mills, or to allow flexibility in the siting of housing for seniors. The technique can also be effective in promoting affordable housing by encouraging higher density, or mixed-use development in targeted applications within an existing low density, or single use area. Housing overlay districts can be especially effective for infusing new life into non-residential areas by encouraging the adaptive reuse of functionally-obsolete properties.

## Mixed Use Zoning Districts

*Description:* A mix of residential and commercial uses are encouraged for efficient use of the infrastructure (waste, water, transportation, etc.), and to create an economically vibrant and walkable built environment.

*Advantages:* Planning new mixed use districts, or allowing housing in existing non-residential zones, can encourage more efficient use of infrastructure, add vitality to an area, and promote better access to employment opportunities and services.

*Cautions:* The uses within the zone should be compatible, and performance standards may be used to reduce the potential for conflict between adjacent uses. This technique may consume the limited non-residential land in the zone.

Local governments can allow a mix of residential and commercial uses in new development through any of several methods including re-zoning, overlay districts, or planned unit development. Many new mixed use developments have been targeted to the high end of the market, making inclusionary incentives with corresponding affordability requirements necessary to ensure the creation of a range of housing with affordability at different income levels.

Traditionally located in New Hampshire's downtown and village areas, providing housing—especially affordable housing—near job opportunities, services, and existing infrastructure can be a smart growth strategy for many communities. It may be particularly appropriate in areas where market conditions have changed, and existing or planned commercial uses are economically less viable than they once were. This may also be a useful tool for identified future development nodes.

## Development on Non-Conforming Lots

*Description:* Lots that do not meet minimum dimensional requirements may be considered “buildable” for affordable housing.

*Advantages:* Reduces the overall cost of creating new affordable units in the community by providing an opportunity to develop sites which have very little value for other uses, or by allowing higher densities of development.



Allan Rogers Mill, Laconia

## Downtown Riverfront Overlay & Parking Overlay — Laconia

Laconia's downtown riverfront overlay district, and the reduced parking requirements of the parking overlay district, allowed Chinburg Builders to redevelop the vacant and dilapidated Allan Rogers Mill complex. The redeveloped site includes 46 market rate two-bedroom apartments and 16 two-bedroom condominiums in the old mill structure, 12 new townhouses, 20,000 square feet of retail space, and a 6,500 square-foot restaurant.

A similar application of this regulatory approach in other communities should promote development and redevelopment efforts in the areas that are already served by infrastructure (water, sewer, etc.) and are most suitable for accommodating growth.

### Contact Information:

City of Laconia, Planning Department  
LaconiaNH.gov



Avery Hill, Laconia



Batchelder School, Laconia

## Housing Redevelopment Overlay District – Laconia

The Lakes Region Community Developers (formerly the Laconia Area Community Land Trust) has worked extensively within this overlay district to buy properties that are typically substandard and require extensive rehabilitation. It brings the properties up to safe, good quality standards, and preserves them as permanently- affordable.

The housing overlay was established for this very reason – to promote the development of affordable housing units, to encourage investment in multi-unit housing stock, and to increase the quality of living conditions for renters living near the central

business district. A density of 12 units per acre is allowed in this district.

Their projects within this district include the redevelopment of a 1.5 acre site on Avery Hill with five new buildings containing 18 affordable housing units. LRCD has also rehabilitated several existing structures which offer five-bedroom units. The Batchelder Street School was redeveloped into six one- and two-bedroom apartments.

### Contact Information:

Lakes Region Community Developers  
[LRCommunityDevelopers.org](http://LRCommunityDevelopers.org)

*Cautions:* Lots sizes were selected for a reason, so a community using this tool may want to consider only allowing smaller units on these lots.

In communities across the state, land exists that could accommodate affordable housing, but does not because of insufficient lot size, dimensional requirements, access issues, etc. Often these sites languish in tax title, and are eventually taken by the municipality without any consideration of alternative uses. Such properties may be suitable for development, and could

add affordable units to the town’s housing supply, but require more flexible development standards than local regulations may provide.

Lots having less than the prescribed basic minimum area, minimum frontage, width, yard, or depth requirements may be appropriate for development of affordable housing if the resulting use is not substantially different in character or detrimental in its effect on the neighborhood.

## Mixed Uses in the Squamscott Block — Exeter

There are many benefits to having residential units in a downtown, and the Town of Exeter changed its zoning to encourage this mix of uses in its downtown area. By allowing residential units as a principal use in these zones, a mix of residential units was returned to the upper floors of downtown structures that were largely underutilized. Residential units are not allowed on the street level; street-level units are reserved for retail, commercial, or office uses.

Located in the heart of downtown Exeter, the Squamscott Block is an infill development that includes a mix of uses. The project has 30 mixed-income apartments, 2,600 square feet of street-level retail space, and a two-story parking garage. The apartments range in size from 650 square feet for a one-bedroom unit to 900 square feet for a two-bedroom unit. The building also offers indoor bicycle storage and a laundry center. The building site was previously a large surface parking lot on Water Street, Exeter's main retail and commercial area, where mixed-use buildings once stood. While providing affordable rental units in the center of town, this building compliments downtown Exeter's architecture, including the adjacent Town Hall, listed on the National Register of Historic Places. The Squamscott Block building opened in September 2007.



Squamscott Block, Exeter

Allowing a mix of uses, including residential, makes good use of areas with infrastructure and buildings that are already in place. This strategy promotes community “walkability” because a range of uses are close together. Mixed use downtowns also benefit from the safety of “eyes on the street” day and night.

### *Contact Information:*

Town of Exeter, Planning Department  
ExeterNH.gov

### **Limited Development - A Partnership of Conservation and Development**

*Description:* Preserving open space by allowing development on a small portion of the site.

*Advantages:* Reduces the cost of housing by shifting or splitting the land costs with a conservation organization. Promotes the creation of housing units and the preservation of open space. Easements for wells within conservation areas could help reduce lot sizes.

*Cautions:* Septic systems will need to be incorporated into the developed portion of the site in most cases, and on-site wells may also be necessary. Long term controls should be placed on the open space portion of the property to ensure their continued protection, and the long-term cost of conservation stewardship should be accounted for as a development cost. Identification of a willing and qualified stewardship entity is also important. .

Limited development is a strategy for preserving open land by developing only a small portion of a larger site. The



Farrell Farm, Norwich, Vermont

## Farrell Farm — Norwich, Vermont

A partnership of conservation and housing interests came together in 1989 to save the Farrell Farm in Norwich, Vermont. The Farrell Farm project involved permanently protecting 110 acres of active farmland, which is still in operation today, and creating a new affordable housing subdivision. The 14 modest homes are clustered on a small portion of a 15-acre parcel located north of the farm operation. This project was implemented by the Twin Pines Housing Trust. Funding for this conservation and development project included funds from the Vermont Housing and Conservation Board as well as extensive local fundraising to undertake the initial protection of the farmland. In the end, new affordable units were created and significant farmland was protected.

*Contact Information:*  
Twin Pines Housing  
TPHTrust.org

structures are clustered in one area at a higher density than may normally be allowed by right in that zone, and the remaining acreage is permanently protected. As a conservation strategy, limited development is typically used to subsidize the preservation of open space. In the context of affordable housing, the goal is to minimize the cost of the housing by shifting or splitting the land cost with a conservation organization.

A third party facilitator is sometimes involved in securing the property targeted for preservation and holds it for disposition to another entity (often the local Conservation Commission or land trust). This is typically a time-consuming process, allowing the community time to evaluate the possibility of limited residential development, with or without additional conservation easements or site controls. Affordable housing advocates are often conservationists and vice versa, and increasingly the two are forging alliances to achieve the goals of both interest groups.

### **Accessory Dwelling Units (ADUs)**

*Description:* Allowing additional independent housing units within or attached to existing single-family homes, or on the same lot.

*Advantages:* Creates additional units and increases the affordability for the owner by providing a new income source. This is an easy way to increase the number of affordable units in the community with little or no land use impact.

*Cautions:* Allowing ADUs in separate accessory structures should be done in a way that limits negative impact to the neighborhood.

The New Hampshire Accessory Dwelling Units statute (RSA 674:71-73) became law in 2017. It requires all cities and towns to allow attached ADUs in any single-family zoning district; municipalities can still choose whether to allow detached ADUs. ADUs can be constructed as apartments within existing single family dwellings, as additions to the homes, or through the conversion of garages, barns or other outbuildings. They can also be built as freestanding cottages and, in some communities, they are being included as parts of new home construction.

Many communities view accessory apartments as an invisible means of growing and diversifying their housing

## Hearthstone — Wilton

Originally conceived in the 1970s, Hearthstone is now home to 14 families in 12 single-family homes and one duplex. The homes sit on 9.5 acres of a 95 acre site, the remainder of which has been permanently protected. The Monadnock Community Land Trust was formed as part of this project. The purpose of this development was to protect open space and provide affordable housing. The homes were built by a post-and-beam contractor for the original owners and are part of a limited equity arrangement to control resale prices.

The houses are on land owned by the land trust through a land lease arrangement. The land trust leases the 9.5 acres to the Hearthstone Homeowners Association and the Association leases individual areas to homeowners. There are no formal property lines. Only “responsibility areas” around each residence and a great deal of common land, including two community gardens located in the development’s two cul-de-sacs. The infrastructure, which includes the roadway, septic systems and community well, is maintained by the Association. In most cases this includes volunteer labor from the homeowners themselves.

It took two years for Hearthstone to move through the regulatory process, and many families had difficulty securing financing during the early years of the project. The project’s open space is taxed under Current Use and is a managed tree farm.

*Contact Information:*  
Monadnock Community Land Trust



Hearthstone Community, Wilton



Plymouth

## Accessory Dwelling Unit Regulations

For decades, many New Hampshire communities allowed accessory dwelling units (ADUs), but others prohibited them. Recognizing the need for greater flexibility with ADUs, the legislature passed the New Hampshire Accessory Dwelling Units statute (RSA 674:71-73), which became law in 2017. It requires cities and towns to allow attached ADUs, subject to some level of local regulation.

Communities have responded in a variety of ways. Some allow ADUs by right – meaning that no local approval is required other than a building permit. Others require either planning board or zoning board approval. Under the ADU law, municipalities may impose reasonable standards, such as requiring owner occupancy of one of the property’s units and requiring that the property maintain its general appearance as a single-family home.

Some examples of how different communities have addressed ADUs are included in a guidebook for municipalities produced by New Hampshire Housing. A link to that is provided in the Appendix.

The example on the left above is from Plymouth, and is a renovated carriage house that now



Warner

accommodates two housing units. This was approved before the enactment of the ADU law, and so it had some restrictions imposed on its use that are no longer legal for municipalities to require. These include limiting ADU occupancy to relatives of the owner and prohibiting rental of the unit. Other restrictions are still valid, though, such as allowing only one accessory dwelling unit on the property and requiring the structure owner to occupy either the primary or accessory unit.

The second example is from Warner, where an accessory apartment was added over the existing attached garage in a single family home. The building’s outward appearance in this rural setting is unchanged from its original purpose.

The best approach to encouraging expanded housing opportunities through the use of ADUs is to provide as much flexibility as possible while maintaining aesthetics and residential uses compatible with homes in the neighborhood. This can be accommodated through simple regulations and a speedy permitting process. In most instances, neighbors will be unaware of the existence of an ADU, a clear demonstration of its low impact and compatibility of use.

stock, and they have used a variety of techniques for regulating them. They can be allowed by right, subject to design guidelines, or allowed by special permit regulating unit design, ownership, parking requirements, etc., to ensure compatibility with local planning objectives.

Accessory dwelling units can serve a wide range of housing needs, but the increased interest in them is fueled by four forces: shrinking household size, an aging population that wants to downsize and age in place, a

younger population with a greater interest in renting, and the difficulty of siting new development. A commonly used, related technique involves allowing large single-family homes to be converted to two or more units and sold as condominiums, or two- and three-family homes.

New Hampshire Housing has an ADU guide for municipalities and one for homeowners who are considering building an ADU. PDFs of each guide are available at [NHHFA.org/ADU](http://NHHFA.org/ADU) and via links in the Appendix.

## Adaptive Reuse

*Description:* Reuse of abandoned, underutilized, or functionally obsolete properties for housing.

*Advantages:* The reuse of abandoned or underutilized properties as housing is a strategy that enables the community to accommodate growth in established locations instead of on undeveloped land, while preserving or restoring the architectural fabric of the community.

*Cautions:* Many adaptive reuse projects include contaminated sites, and the liability and clean-up issues must be resolved in such situations.

A number of municipalities have modified their zoning regulations to encourage new uses, including affordable housing, for vacant or underutilized buildings. Downtown overlay districts, allowing residential uses on upper floors in commercial districts, and live/work space are all examples of strategies communities use to bring new life to old buildings.

Adaptive reuse often brings a unique set of challenges. The proximity of mills and other industrial properties to rivers may mean waivers to flood plain and set-back requirements will be required. Often, industrial contaminants must be removed, and the sites remediated. The reuse of historic properties can enhance the special sense of place that distinguishes one New Hampshire community from another and is fundamental to preserving the character of the state.

### Home Occupations and Live/Work Space

*Description:* Allow residents to engage in various levels of commercial activities from their homes.

*Advantages:* Recognizes the importance of “cottage industry” to our State’s economy; provides homeowners and renters with space to run a business without incurring extra cost; efficiently uses built resources; recognizes and echoes historic patterns of commerce.

*Cautions:* Avoids negative impacts on surrounding properties and the community by adopting standards that will control the outward appearance of commercial activity in residential areas, including signage, customer visits, and impacts associated with manufacturing activity.



Page Belting Building, Concord

## Page Belting — Concord

Page Belting used its Concord mill facility to create leather belts that were at one time used to drive machinery in water- and steam-powered mills. When the old mill structure no longer met the company’s manufacturing needs, the facility became available for redevelopment. The City of Concord created an Opportunity Corridor zoning district encompassing the mill facility and adjacent available acreage along Interstate 93.

After extensive renovation, the final product is a mixed use facility which includes 77 units of elderly housing. The other uses in the facility include non-profit office space, for profit space currently housing a dance academy and a doctor’s office, and a community meeting room. The project used a combination of development equity raised through the Low Income Housing Tax Credit Program and Community Development Block Grant funds.

### Contact Information:

City of Concord  
ConcordNH.gov

## Richmond Village Housing Partnership — Richmond, Vermont

Located near Interstate 89 in Richmond, Vermont, this development project created 16 new rental housing units within the village area. The duplex structures are managed by Lake Champlain Housing Ventures of Burlington, Vermont. The development is served by public utilities, including town water and sewer. Similar to downtown redevelopment efforts in other communities, this development is primarily residential with a commercial twist.

Five of the units are live/work units, and include home office space. The home office space is composed of a room attached to the structure with a separate entrance. The financing package for this project included funding from the Town of Richmond, the Vermont Community Development Block Grant Program, and the Vermont Housing and Conservation Board.

The Richmond Village Housing Partnership was developed under older regulations that allowed residential units in the commercial zoning districts. The current regulations now allow live/



Richmond Village Housing, Richmond, VT

work via the home occupation or cottage industry in most districts in which single family units are allowed.

### *Contact Information:*

Town of Richmond  
RichmondVT.com

Encouraging home occupations, the combination of residential and limited commercial uses is another revitalization strategy that makes sense economically, politically, and environmentally. This is the way we used to do business, with people living over their places of business. Local governments may allow home occupations by right, by special permit, or in specific zoning districts. Live/work arrangements require additional integration into zoning and building regulations because they may involve both mixed use and mixed occupancy units.

### **Demolition Delays & Home Recycling**

*Description:* Require a waiting period before demolition can take place in order to encourage building recycling.

*Advantages:* Demolition delays create an incentive for relocation and reuse of existing units, and help avoid a net loss of units in the community.

*Cautions:* This tool does not necessarily add more housing units. The structures may be used for other uses.

Demolition delay ordinances or by-laws impose a waiting period before a permit can be granted to demolish a residential structure. The waiting period creates an incentive for reuse and gives interested parties an opportunity to acquire the reusable residential structure(s) slated for demolition.

Communities have used this technique for years to save historic buildings from the wrecking ball, but it can be equally useful for preserving viable, but at-risk housing. Some communities have preserved properties by appealing informally to individuals or businesses that have targeted properties for teardown. To mandate such a delay, a community must amend that portion of its regulation that governs the issuance of demolition permits.

The demolition delay itself won't preserve housing. It must be used in combination with programs or tools that allow the surplus structure to be relocated, rehabilitated, sold or managed. Anywhere that modest, existing homes lie in the path of development plans, demolition delays and home relocation strategies can be effectively used to preserve the number of housing units in the community.

Communities that use this tool solely for the preservation of housing units may want to consider allowing an exception if the demolition is intended to make way for new affordable housing units. Otherwise, the additional time delay and regulatory processes may reduce the viability of the proposed housing development.

### **Homesharing**

*Description:* Allowing living arrangements in which two or more unrelated people, or households, share common areas (kitchens, living areas, etc.) while having private, separate bedrooms. While it may require only limited renovation, or none at all, to the existing housing stock, it may require modifications to zoning definitions that prohibit unrelated people living together. People homeshare for different reasons.

*Advantages:* This type of housing provides a favorable affordable housing option for those who cannot afford a complete unit on their own.

*Cautions:* This form of housing may not work well in every market and, depending on the location, it may target different segments of the population (elderly, college students, single parent households, professional people in the process of relocating, etc.).

Homesharing is a living arrangement in which two or more unrelated people, or households, share housing accommodations. Each has private living space (bedroom), but share common areas such as kitchens, baths, and living rooms. Residents may also share activities of daily living with each other.

An elderly homeowner renting out a room; a couple of singles, or single parent families, sharing a house; and congregate living facilities specifically designed for seniors or people with special needs, are all types of shared living arrangements. Shifting demographics,



Keene Housing Authority, Keene

### **Historic Buildings — Keene**

Located on West Street in Keene, these two historic buildings were slated for demolition to make room for a new CVS retail store. After a public outcry over the loss of these structures, they were moved from their West Street location to their new site on land owned by the Keene Housing Authority. This move took place in June of 2001, and was partially funded by the New Hampshire Land and Community Heritage Investment Program, and a Community Development Block Grant. The structures now provide office space and a common area for the Housing Authority.

The energy surrounding this project resulted in the creation of a demolition delay ordinance in Keene. Now the City of Keene and its citizens have an opportunity to evaluate structures that are slated for demolition if they are greater than 500 square feet in size and at least 50 years old. This provides a process that may now be used to preserve Keene's historic structures that are slated for demolition, and make the units they contain available for housing. This is another opportunity to avoid a net loss of housing units as new uses are developed in the city and older structures are threatened.

#### *Contact Information:*

City of Keene, Planning Department  
ci.keene.nh.us



Emerson Place, Lebanon

## Emerson Place — Lebanon

Located in downtown Lebanon, Emerson Place Apartments provide an opportunity for unrelated individuals to share a housing unit. The development contains 160 housing units. Each individual, or family, can rent a private bedroom(s) and bath area, and share a common area which includes a living room, dining room and kitchen. While the size and scale of this project may not be appropriate for many communities in New Hampshire, homesharing is a living arrangement that happen almost anywhere.

Emerson Place is within walking distance of the downtown center which includes City Hall, the post office, senior center, retail and employment opportunities and public transportation. This is another solution to the issue of affordability for individuals who could not afford an entire unit on their own. This is also a convenient solution for individuals that can't, or choose not to, own and maintain an automobile.

*Contact Information:*  
EmersonPlaceApts.com

including more elderly residents, more entry level jobs, and insufficient affordable housing in many communities, has created interest in this alternative on the parts of both older and younger residents. Other homesharing constituencies include people with disabilities who need support services to live independently, low- or moderate-income households seeking to reduce housing costs, and single parent households requiring assistance with childcare.

### **Infill Development**

*Description:* Infill development is either new development or the redevelopment of sites within existing developed areas of the community.

*Advantages:* Utilizes land in the developed portions of the community that are already served by infrastructure, and can often accommodate higher densities of development than former uses of the property.

*Cautions:* The new structures must be designed to provide fire and life/safety protection to the new inhabitants and the residents in the existing adjacent structures.

Instead of developing a relatively pristine area, the infill developer attempts to create new and often higher density uses for land within existing developed areas. While traditional “conversion and renovation” developers take an existing structure, such as an apartment building, and turn it into a condominium complex or office space rental, the infill developer will take an underutilized lot located within an existing development area and maximize the use of that lot, usually for a new type of development.

As more municipalities regulate development growth to preserve natural resources and avoid suburban sprawl, developers are often faced with two options: buying land farther out from town centers for projects or infilling their development within existing neighborhoods in the community. As a general rule, the communities that regulate new suburban growth the most encourage infill development. These municipalities have concluded that the way to manage future population growth is to increase density around existing transportation and other infrastructures instead of spreading the growth to the outer edges of their community, requiring new investments and expanded municipal services.



Perley Place, Concord

### Perley Place – Downtown Concord

CATCH Neighborhood Housing redeveloped this site located on Perley Street in downtown Concord in 1998 to provide affordable housing units for city residents. Three of the pre-existing structures were beyond repair and needed to be removed. The fourth structure was renovated and three new structures were constructed on the property. The development comprises 11 units.

CATCH then rehabilitated and converted several other neighborhood structures adding 13 additional affordable units to the city's housing stock. A playground was also constructed by volunteers and staff as part of the first CATCH Community Day in September 2000.

*Contact Information:*  
CatchHousing.org



Union Street, Manchester

### Transitional Living Program in Green Housing – Manchester

This infill development is located on an urban lot on Union Street in Manchester. The site provides all of the residents h access to public transportation and many other services. It was the first Leadership in Energy and Environmental Design (LEED) Platinum-certified affordable housing project in New Hampshire. The project exceeded several Energy Star® requirements, recycled the majority of the construction waste, and incorporated rain gardens to reduce storm water runoff from the site. All of the residents are transitioning from foster care to adult independence. The structure houses 12 individuals in four apartments. Each apartment features individual bedrooms and common kitchen and living areas.

*Contact Information:*  
CFSNH.org

## Newmarket Mills — Newmarket

When builder Eric Chinburg was considering acquiring abandoned historic textile and shoe manufacturing mills in Newmarket, the numbers did not add up. But then the town adopted the Community Revitalization Tax Relief Incentive and the Board of Selectmen granted his development temporary relief from the increase in property taxes that would result from the rehabilitation of the stately granite mill buildings. This helped create positive cash flow for the project, and as a result, the mill buildings were converted into 112 market-rate apartments ranging from studios to 3-bedroom units, and over 50,000 square feet of commercial space that can be tailored to occupants' needs.

### Community Revitalization Tax Relief Incentive

The Community Revitalization Tax Relief Incentive (RSA 79-E) is enabling legislation that authorizes municipalities to waive increased property taxes for a limited time that are attributable to the “substantial rehabilitation” of structures in downtown areas. This is defined as 15% of the pre-rehab assessed value of the structure or \$75,000, whichever is less. The tax relief may be granted by the local governing body and is for a term of up to five years. Relief may be granted for a longer time period if historic structures or new affordable housing is included in the project.

The purpose of this statute is to encourage the rehabilitation and active use of under-utilized buildings in New Hampshire’s downtown areas. This activity promotes strong local economies, and smart and sustainable growth options for the future. Unlike a tax increment finance district, the benefit of this statute is applied to individual properties within a defined area as opposed to providing a broader benefit. As a consequence, it helps specific property owners to finance improvements to their properties. 🏠



Newmarket Mills, Newmarket



Sugar River Mill, Claremont

## Reuse of Property

Many communities have property available for redevelopment and identifying the sites with residential reuse potential should be a priority for every local housing effort. Potentially suitable properties may be acquired by a municipality through purchase at fair market value, donation, brownfields remediation, negotiation, distress sale, foreclosure auction and through non-payment of taxes.

But even as communities may engage in thoughtful planning and allocation of resources, it is important to remember that most site redevelopment work will be done by the private market. This work may require zoning changes or special permits and calls for municipalities to be in communication with – and to be prepared to collaborate with – local developers.

### **Brownfield Sites**

The New Hampshire Brownfields Program (RSA 147-F) is administered by the Department of Environmental Services (DES). The program was established in

1996 to encourage the voluntary cleanup and redevelopment of contaminated properties commonly called “brownfields.” Brownfields are typically properties that have been abandoned or underutilized due to environmental contamination. Historically, prospective new purchasers, financial institutions, and municipalities have avoided involvement with these properties because of the actual or potential liability for existing environmental contamination typically caused by former site owners or operators.

The Brownfields Program is designed to provide incentives in the form of liability protections for the investigation, cleanup, and redevelopment of contaminated properties by persons who did not cause or contribute to the contamination. This is accomplished under a process by which an eligible person can obtain a “Covenant Not to Sue” from the NH Department of Justice (DOJ) and a “Certificate of Completion” from the NH Department of Environmental Services when site investigations and remedial actions are performed



Brownfield Redevelopment, Newmarket

## Brownfield Redevelopment — Newmarket

The Essex Mills were built more than 150 years ago on the Lamprey River in downtown Newmarket. Some of the Mill property was contaminated with hazardous materials over time and the town wanted to encourage cleanup and reuse of the structures.

After the environmental cleanup was complete, the property underwent redevelopment. The development includes 36 one- and two-bedroom condominiums. A grove of birch trees, riverview patios and a boat launch are located over formerly contaminated soil. A river walk along the Lamprey and full public access to the river is part of the project, and a bridge across the river connects residential units to downtown.

*Contact Information:*  
Chinburg Properties  
Chinburg.com

in accordance with DES cleanup requirements. For most sites, this may involve complex issues that will require the assistance of legal counsel with expertise in environmental law and an environmental consultant.

Once the environmental and legal issues are addressed, the property will be available for redevelopment. In many cases the property can be obtained at little or no cost, and funding may be available to assist with the cleanup. New Hampshire's brownfield sites are often in very desirable locations such as our downtowns and adjacent to rivers, which can be attractive locations for additional housing.

### **Donated Land**

The donation of land and buildings for affordable housing development, or their sale at below-market value, helps reduce the development cost and is one of the most valuable contributions a municipality or private property owner can make to help ensure the availability of affordable housing in the community. Land contributions for the development of affordable housing are valuable assets, especially in high cost areas. In communities across New Hampshire, residents, businesses, institutions, and others have donated sites for the construction of affordable housing. In some cases only a house is donated, with the stipulation that it be moved to another site. Many donated sites are only suitable for single units, but can occasionally accommodate more ambitious developments

Most communities have resources that could be made available for affordable housing, and when a municipality or private owner provides a site, the municipality has greater control over what is built, where (on the site), and by whom. A list of publicly-owned properties is available from your local tax assessor's office. If the municipality owns the property, it can make it available at no cost, or low cost, for low- or moderate-income housing units. If another government entity, such as the State of New Hampshire, owns suitable property in the community, local officials should spearhead efforts to acquire the property at a favorable price. Some churches and non-profit organizations are also interested in donating property and/or developing affordable housing for their constituents, or the general public.

Sometimes a donor will step forward in response to local media coverage about the lack of affordable housing in the community, or the efforts of a group working to address the issue. Some offers of land have come following a request from the regional vocational school seeking sites for a student-constructed home. Opportunities exist everywhere, but you need to plant the idea. The housing sponsors that have been most successful at obtaining donated sites are those that have mastered the art of outreach and communication. Donations also create an opportunity for federal tax deductions for the donors, and it is important to share this information with the community. Occasionally, surplus land can represent a major development opportunity for a community, as in the case of properties that had been held by the community for future municipal buildings or schools, but are no longer needed for that purpose. In such cases affordable housing will probably be just one of many, sometimes competing, reuse options. More often, though, available sites are much smaller, and residential reuse is the obvious choice. Many communities have contributed in this piecemeal fashion to create new housing units.

### **Tax Delinquent Parcels**

Tax title properties are land and/or buildings that have been taken by the local government because the owners failed to pay their property taxes (tax default).

In many areas, tax delinquent properties are often vacant, substandard, or non-conforming lots. In New Hampshire's villages and downtowns they are much more likely to also involve abandoned and deteriorating structures. Frequently, properties taken-over for nonpayment of taxes are functionally obsolete or contaminated. Your community's strategy toward tax title properties will depend on the current inventory, as well as the history of tax delinquencies. Affordable housing proponents should be vigilant and knowledgeable about their local markets, and track properties that are in tax title and may be viable options for future housing projects.



Alder Meadow, Dover

## The Alder Meadow Project — Dover

When Liberty Mutual Insurance decided to construct a new facility in Dover in 1996, the company needed to consolidate a number of existing lots into an appropriate site. Many of these lots were occupied by existing homes, so it was suggested that the homes be relocated to another parcel in town.

The City of Dover provided the necessary land, and placed the nine relocated homes on individual lots on Alder Lane, which the city was holding as a potential site for a new municipal facility. Instead, the city subdivided the parcel and created a lottery to by which residents seeking affordable housing could have a chance to purchase one of the homes. More than 40 families applied, and nine families were selected.

### *Contact Information:*

City of Dover, Planning Department  
[www.dover.nh.gov](http://www.dover.nh.gov)



TIF District, Keene

## Downtown TIF District — Keene

Created primarily as a downtown economic development tool, the Keene TIF district has helped retain businesses and create residential units in the downtown area. The TIF district was also the catalyst for construction of a new downtown parking structure.

The new parking structure, located on Wells Street, and the existing structure behind City Hall provide long term and metered parking. Both structures accommodate parking for residential units in the downtown area as part of their allocation of long term spaces. Without these facilities, many housing units located in the downtown area would not be able to provide necessary parking for residents.

### *Contact Information:*

City of Keene, Planning Department  
[www.ci.keene.nh.us](http://www.ci.keene.nh.us)

## Tax Increment Financing (TIF)

Tax Increment Financing (TIF) can be a powerful tool for funding necessary infrastructure improvements. Until recently TIF districts were generally used by larger communities, but it is an equally, if not more, valuable technique for New Hampshire's smaller communities under the right circumstances.

A municipality creates a TIF district covering a specific geographic area and makes public improvements to help make the area more attractive for new or re-development projects. Improvements may include streetscapes, roadway projects, utility projects, parking structures, and more. As development occurs, the resulting increase in property tax revenues (the "tax increment") is used to directly pay for the cost of the improvements. Communities with abandoned mills, industrial properties, vacant upper stories and vacant school properties may find TIF useful for creating additional housing units.

More information on TIF districts is in the Appendix.





Opera Block, Woodsville

## Preserving Existing Affordable Units

Municipalities should consider opportunities to maintain and preserve existing housing units, as well as building new housing. Sometimes this involves public intervention in the private market; in such situations, the course of action will be based on the type of units that are most at risk, and the potential the units to be protected for future residential use. Communities may be able to increase their affordable housing inventory by working with developers interested in purchasing and renovating existing units, and obtaining grants and/or subsidies to reduce the rent or sale prices to affordable levels.

### Expiring Use Rental Properties

Expiring use properties are rental units that were built with federal and/or state subsidies (such as low cost mortgages, rent subsidies, and loan guarantees) to serve low- and moderate-income tenants, for which the affordability restrictions that accompanied the subsidies are due to expire.

Preserving expiring use properties as affordable housing usually requires coordinating residents, the community, public and private investors, and may also



Eastern Apartments, Concord

## Preserving Affordability of Rental Housing

While the development of new affordable rental housing is an ongoing process statewide, New Hampshire's housing affordability problems will not be solved without also maintaining the condition and affordability of our existing housing stock.

The expiration of affordability restrictions often coincides with a need to undertake significant renovations to a property to keep it in good operating condition and to ensure that the tenants have safe and decent places to live. Utilizing funds awarded through the Greenhouse Gas Emission Reduction Fund from the Public Utilities Commission, New Hampshire Housing worked with the owners of 27 different properties to dramatically improve the properties' energy efficiency, in exchange for extending the terms of housing affordability. The building owners saw improved cash flow as fuel and utility costs declined, and the tenants benefited from better living conditions.

The Eastern Apartment complex was built in Concord in 1945 to provide homes for returning soldiers and their families after World War II. The property was in significant need of renovation, but the buildings were also ideally situated to accommodate the installation of solar photovoltaic panels, which provide energy to pre-heat the domestic hot water supply. In exchange for these renovations and improvements, the development will remain affordable to low-income tenants for an additional 20 years.

require technical assistance throughout the process. Many factors should be considered as you assess what strategy is appropriate, including the building's physical and financial characteristics; current ownership and management; the existing tenants; and the surrounding neighborhood.

Community leaders are often important partners in expiring use projects, and depending on funding sources, state legislators and the Congressional delegation may also play roles – political representatives' involvement has often contributed to the success of housing preservation. The community can play a key role putting together projects that will preserve these at-risk properties, or a percentage of their units. Depending on funding sources, the municipality itself may apply for funding. It is important to know whether and where expiring use properties exist in your community and to monitor their status so the preservation process can begin early.

### Preserving Moderately Priced Units

Acquiring properties from owners who have kept rents low and who may have deferred maintenance can enable a community or community-based group to preserve moderately priced units for existing tenants, or new low- and moderate-income residents.

If the municipality has an appropriate development entity such as a housing authority, it may be able to preserve these important housing resources by purchasing the units. Once the units have been purchased, any necessary repairs and upgrades must be made and the rent or sale price must be kept low enough to be affordable to existing and future residents.

In many New Hampshire communities, the long time property owners provide the greatest percentage of moderately-priced rental housing. It is important to monitor the local housing market, and to know who owns such properties and whether they might be thinking about selling. 🏠



Amherst Historic District

## Expanding Ownership Opportunities

Although the proportion of families who own homes has declined a little in recent years because of the impact of the Great Recession of 2009 and the resulting foreclosure crisis, achieving home ownership is still considered “The American Dream” by many New Hampshire residents. Low interest rates and a strong inventory of homes on the market make the possibility of home ownership viable for many households – but many households need help to qualify for a mortgage and to afford the cost of ownership. Many of the programs available to potential, or first-time, homebuyers are designed to give them the extra edge they need to become homeowners.

### **Homebuyer Counseling and Education**

Homebuyer counseling and education opportunities are important elements to provide potential buyers with information that will help them become successful homeowners.

If a community is planning a first-time home ownership initiative, it should consider partnering with an organization that provides homebuyer counseling. Such organizations can provide a range of information about the purchasing process, such as how to budget; how to repair damaged credit; and an overview of the many types of mortgage products and down payment



A home in NeighborWorks® Southern New Hampshire's West Granite Project – before and after

## NeighborWorks® Southern New Hampshire – Manchester and Nashua

NeighborWorks® Southern New Hampshire is a nonprofit organization dedicated to providing affordable housing opportunities for low- and moderate-income individuals and families living in Southern New Hampshire, including Hillsborough, a portion of Rockingham, and Merrimack Counties (for homeownership services) NeighborWorks® Southern New Hampshire's mission is to provide access to quality housing services through affordable rental development, home ownership education, and neighborhood enhancement services. The primary beneficiaries of their services are individuals and families who are at a disadvantage for achieving economic stability, such as single mothers, immigrants, and the working poor, but the entire economic and social well-being of the region is affected by the availability of quality, affordable housing and stable neighborhoods.

NeighborWorks® Southern New Hampshire has established a record of success through their major areas of activity: neighborhood development (real estate development and resident services) and home ownership education:

- ▶ **Real Estate Development:** Developing affordable housing for sale or rent for low- and moderate-income families and individuals;
- ▶ **HOMETeam:** A full service home ownership collaborative program whose purpose is to help individuals and families understand critical components of home ownership. Group seminars and/or individual counseling are provided in the following areas: first-time home purchase, foreclosure prevention and intervention, landlord training, financial capabilities, and HECM counseling.
- ▶ **Resident Services:** Involving our tenants and neighborhood residents in the civic life of their neighborhoods and the communities. NeighborWorks® Southern New Hampshire also provides a variety of enrichment programs for tenants of their properties.

### *Contact Information:*

NeighborWorks® Southern New Hampshire  
NWSNH.org

assistance programs available. Many also sponsor, or participate in, homebuyer fairs. Homebuyer education and counseling efforts are especially effective in reaching potential homebuyers who traditionally have had little contact with conventional financial service providers.

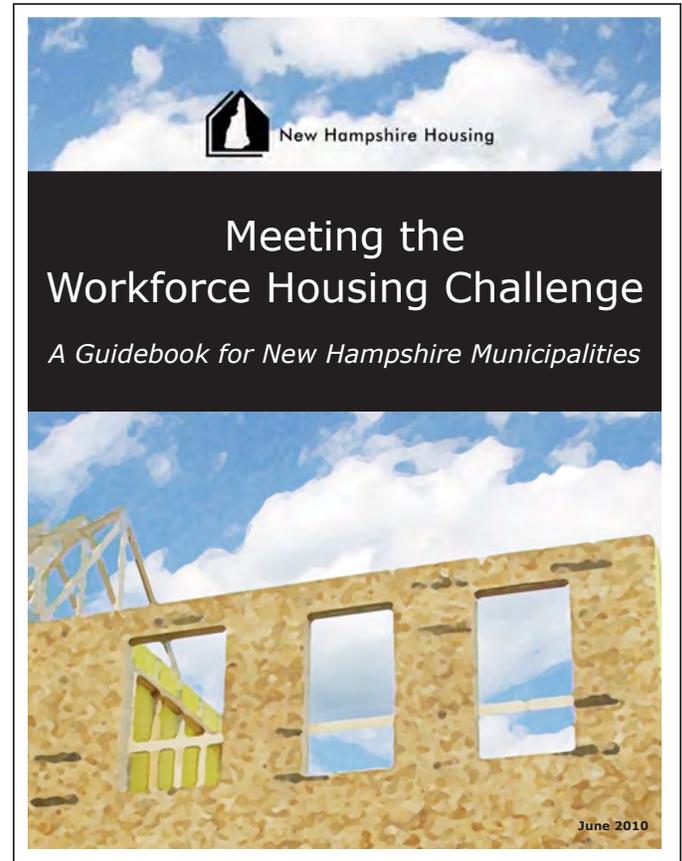
### **Downpayment Assistance and Mortgages**

Many programs are designed to make ownership more affordable for first-time homebuyers. Using a variety of tools, including subsidized interest rates, downpayment and closing cost assistance, and flexible underwriting criteria, low- and moderate-income individuals can become homeowners in New Hampshire. Efforts to expand homeownership often involve collaboration between local governments, lenders and nonprofit organizations.

Some programs are government funded, either directly or through the issuance of tax-exempt bonds. Many private lenders offer special programs for first-time homebuyers, municipal workers, and public safety personnel. Homebuyer counseling programs throughout the state can help determine which of these programs are appropriate for your community, and can help guide you through the process of accessing funding sources.

### **Purchase of Units for Resale with Restrictions**

Another technique for increasing the housing inventory and homeownership opportunities for low- and moderate-income households is to combine home resale price restrictions with buyer income qualification.. For instance, a non-profit organization may purchase the least expensive home on the market in a community, renovate it, and sell it at a price below fair market value. This type of sale typically includes deed restrictions that limit the resale price and prevent windfall profits.. In some cases, the property seller can be convinced to choose this course by the positive implications of helping to maintain the supply of affordable housing units for local families and seniors, and the added tax benefit of selling to a non-profit organization.. Ensuring the long-term affordability of housing created, or acquired, with public resources is a crucial component of this technique.



Since enactment of the New Hampshire Workforce Housing Law, a number of communities have explored variations of long-term affordability restrictions in new housing, but it can be an administrative challenge for smaller municipalities, however, resources are available to assist communities with this work, including Meeting the Workforce Housing Challenge, a municipal guidebook created by New Hampshire Housing in 2010. This guidebook contains several models of long-term affordability restrictions, including one developed by New Hampshire Housing that seeks to balance the interests of developers, homeowners, lenders and communities. See Appendix for additional information.





Conway Pines, Conway

## Funding Sources for Housing Development

Although funding is not the only solution to housing issues in New Hampshire, it is part of the answer. The production of new affordable housing in New Hampshire usually involves a combination of grants, loans, tax credits, and public contributions. This enables a potential developer to assemble project financing that meets the specific needs of the project. The good news is that one does not need to be an expert on all the various funding sources, but at least one development partner should be well-versed in this area.

In many cases, the resources available at the beginning of a project may not still be available when ground is broken. An experienced development partner can keep a sound project viable, but due to timing, it may not be with the funding sources originally projected. Starting a project requires money: The market must be assessed, a project site must be secured, and preliminary architectural and engineering work must be done to determine if the site is suitable for development. The New Hampshire communities that have had the greatest success in implementing their housing agendas are those that have access to predictable, ongoing funding sources. This section presents several available funding sources for the creation, or support of new housing units.

### **Community Development Block Program (CDBG)**

The primary purpose of the Community Development Block Grant (CDBG) program is to develop viable communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for persons of low and moderate income. It is funded through the U.S. Department of Housing and Urban Development (HUD) and administered in New Hampshire by the NH Community Development Finance Authority (CDFA), with the exception of five communities that receive CDBG funding directly from HUD (Manchester, Nashua, Portsmouth, Rochester, and Dover). Only municipalities may apply for CDBG funding, so developers and the communities in which they are working must collaborate. Affordable housing and housing rehabilitation grants provide municipalities with the funds to purchase, rehabilitate, expand, and improve the condition and supply of housing for low- and moderate-income homeowners and tenants. CDBG funds are often sub-granted to non-profit affordable housing developers for these purposes. Feasibility study grants are also available to determine whether or not a proposed CDBG project is feasible and/or to recommend specific action that must be taken.

Eligible activities include income surveys; architectural and engineering design; cost estimates; and market analyses.

CDBG is the state's largest funding source for community development. To take advantage of CDBG funding, a community with limited staff may need to hire a consultant or enlist the services of an experienced housing agency. CDBG staff at the CDFA office can assist you with application requirements and help get your community started.

*Contact Information:*

NH Community Development Finance Authority  
NHCDFA.org

**The HOME Program**

The HOME Investment Partnership Program (HOME) is funded through the U.S. Department of Housing and Urban Development, and is the largest federal block grant designed exclusively to create affordable housing for low income households. The HOME program helps expand the supply of decent, affordable housing for low and very low income families by providing grants to state and local governments called participating jurisdictions, or "PJs." PJs then use their HOME grants to fund housing programs to meet local needs and priorities. PJs have a great deal of flexibility in designing their local HOME programs within the guidelines established by HUD. PJs may use HOME funds to help developers, renters, new homebuyers, or existing homeowners. In New Hampshire, both Manchester and Nashua receive HOME funding directly from HUD, as does New Hampshire Housing.

HOME provides formula grants to states and some municipalities that communities use—often in partnership with local nonprofit groups—to fund a wide range of activities to build, buy, and/or rehabilitate affordable housing for rent or home ownership, or provide direct rental assistance to persons of low income.

*Contact New Hampshire Housing Finance Authority  
NHHFA.org*



Harriman Hill, Wolfeboro

**Harriman Hill – Wolfeboro**

Harriman Hill is a workforce housing neighborhood located on 35 acres of back land in Wolfeboro. The first two of its three phases are complete and include 48 units of affordable apartments for families. The development is within walking distance to downtown Wolfeboro and other employment areas in town and uses municipal water and sewer services.

The project was begun in the mid-2000s by the Eastern Lakes Region Housing Coalition, which partnered with the Laconia Area Community Land Trust (now Lakes Region Community Developers), which used its development expertise to secure a variety of funding sources. Phase II included funding from CDBG, LIHTC, HOME, the New Hampshire Community Development Investment Program (CDIP) and other subsidy sources, as well as conventional financing from a local bank.

*Contact Information:*

Lakes Region Community Developers  
LRCD.org

### **Low Income Housing Tax Credit Program (LIHTC)**

The Low Income Housing Tax Credit (LIHTC) program is currently the single largest source of federal capital subsidy to create and preserve affordable rental housing. The program was added to Section 42 of the Internal Revenue Code (“IRC 42”) in 1986. Under IRC 42, the Internal Revenue Service (IRS) allocates LIHTCs to states on a per capita basis. States in turn designate an agency to allocate LIHTCs using competitive criteria established in accordance with IRC 42. The state of New Hampshire designated the New Hampshire Housing as the agency to allocate LIHTCs. New Hampshire Housing has developed a Qualified Allocation Plan (QAP) to establish the criteria and process for allocating LIHTCs in New Hampshire.

LIHTC provides a strong incentive for private investment in new, affordable rental housing. Eligible projects receive federal income tax credits over a 10-year period, commensurate with the percentage of the units set aside for eligible households. In order to be eligible, a minimum of 20% of the project must be targeted to households earning 50% or less of median area income, or 40% of the project must be targeted to households earning 60% or less of median area income. Project owners must commit to maintaining these affordability levels for 99 years.

*Contact New Hampshire Housing Finance Authority*

### **Federal New Markets Tax Credit Program**

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investment in businesses and real estate projects operating in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39% of the original investment amount and is claimed over a period of seven years (5% for each of the first three years, and 6% for each of the remaining four years). The investment in the CDE cannot be redeemed before the end of the seven-year period.

These investments are expected to result in the creation of jobs and material improvement in the lives of residents of low-income communities. Examples of expected projects include financing small businesses, improving community facilities such as daycare centers, and increasing opportunities for homeownership .

*Contact Information:*

Community Development Financial Institutions Fund  
U.S. Department of the Treasury  
[cdfifund.gov/programs-training/Programs/new-markets-tax-credit](http://cdfifund.gov/programs-training/Programs/new-markets-tax-credit)

### **Historic Preservation Tax Credits**

Federal law provides a federal income tax credit equal to 20% of the cost of rehabilitating a historic building for commercial use. To qualify for the credit, the property must be a certified historic structure – that is, on the National Register of Historic Places or contributing to a registered historic district. Non-historic buildings built before 1936 qualify for a 10% tax credit. A substantial rehabilitation is necessary, and the work must meet the Secretary of the Interior’s Standards for Rehabilitation. Applications for the credit are available through the state historic preservation office, and the final decisions are made by the National Park Service.

Since the program’s inception in 1976, these tax incentives have spurred the rehabilitation of historic structures of every period, size, style, and type. The incentives have been instrumental in preserving the historic places that give our cities, towns, and rural areas their special character and have attracted new private investment to the main streets and historic cores of our cities and towns.

*Contact Information:*

New Hampshire State Historic Preservation Office  
New Hampshire Division of Historical Resources  
[NH.gov/nhdhr](http://NH.gov/nhdhr)

## State Tax Credits

The New Hampshire Community Development Investment Program (CDIP) gives a 75% state tax credit against a donation made to any approved housing project. The tax credit may be applied against the New Hampshire business profits tax, business enterprise tax, and/or the insurance premium tax. The donation also may be eligible for treatment as a state and federal charitable contribution. In most cases, businesses only pay about 11 cents on-the-dollar for their contribution.

State tax credits are awarded on a competitive basis to qualified organizations for specific projects or programs. The most successful projects demonstrate a high degree of community support, build partnerships, and leverage other funds.

### *Contact Information:*

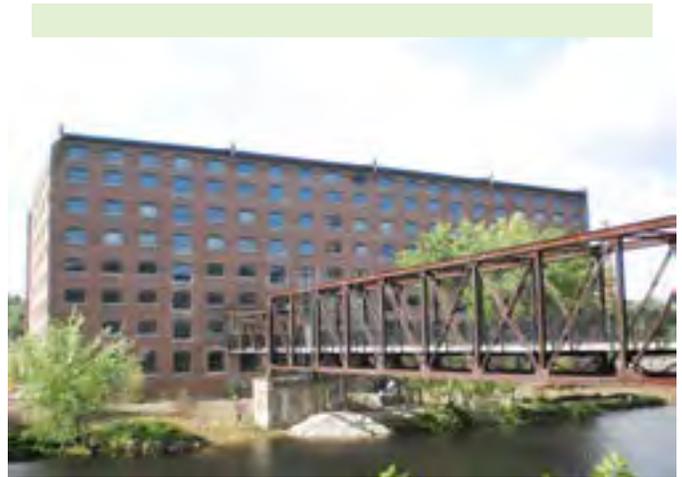
New Hampshire Community Development  
Finance Authority (CDFA) - CDBG Program  
NHCDFA.org

## Local Tax Policy

New Hampshire statutes allow municipalities to create innovative financing structures for new development that modify the application and use of local property taxes. See Chapter 4 for discussion of Tax Increment Finance Districts (RSA 162-K) and Chapter 3 for information about the Community Revitalization Tax Relief Incentive (RSA 79-E).

## Donations and Fundraising Efforts

Contributions from local businesses, local financial institutions, and citizens can be earmarked to support affordable housing initiatives. This may include monetary and property donations, or some combination thereof. If your community or organization is committed to fundraising, you must be creative and persistent. In addition to the financial benefits, a well-orchestrated fundraising effort can raise awareness of the various housing needs within the community and build support for future housing initiatives. You must be vigilant that your fundraising efforts do not detract from your housing production efforts, but provide the necessary support.



Cotton Mill, Nashua

## Cotton Mill – Nashua

After other developers turned away from this building because of its complex issues, including a floodplain designation, the Stabile Companies found an unusual path to rehabilitating this industrial property built in 1850 – Stabile worked with the City of Nashua to modify the downstream dam on the Nashua River to remove the building from the floodplain. They also assembled an array of funding sources to complete the project, including Historic Preservation Tax Credits, LIHTC, CDIP, and HOME.

The Cotton Mill is a mixed-income project that includes 55 affordable apartments and 54 market-rate apartments. The apartments range from studios to two-bedroom units and feature ENERGY STAR efficiency certification from the U.S. Environmental Protection Agency (EPA). The property is located on Nashua's Riverwalk and is within a short walk to the city's downtown. The Cotton Mill rehabilitation project has sparked the transformation of the surrounding neighborhood.

### Contact information:

The Stabile Companies  
Stabilecompanies.com



Gile Hill, Hanover

## Gile Hill – Hanover

As one of the most expensive communities in New Hampshire, Hanover struggled with housing affordability problems for years. The town formed a local housing commission, which recommended the use of town-owned property for affordable housing development. The voters of the town agreed to sell the property for one dollar to the Twin Pines Housing Trust, which assembled a development team and necessary financing to build Gile Hill, a mixed-income rental and ownership project, the first phase of which includes 61 rental units and 44 ownership units.

Gile Hill is situated near Hanover's downtown and Dartmouth College and is a short walk from Dartmouth Hitchcock Medical Center, the area's largest employer.

*Contact Information:*  
Twin Pines Housing  
TPHTrust.org

## For More Information

There are a number of state and quasi-public agencies that provide funding and professional expertise for planning, technical assistance, and pre-development activities. These resources can assist communities and their development partners in the early stages of a project, helping to move it from planning into implementation.

New Hampshire Housing Finance Authority is a good place to learn what resources might be available, whether you are responding to a proposal that has been brought to you, or initiating one of your own. [🏠](#)

### *Contact Information:*

New Hampshire Housing Finance Authority  
NHHFA.org



Nubanusit Neighborhood and Farm Co-housing, Peterborough

## Alternative Development and Ownership Techniques

There are a variety of alternative development and ownership models that communities can use to promote affordable housing, including strategies to lower initial development costs, and protect existing units from market pressures so they can remain affordable.

### Local Housing Authorities

Municipalities may establish housing authorities, pursuant to New Hampshire RSA 203, to provide housing for low-income families and senior citizens. New Hampshire's 19 local housing authorities are an important force in the effort to increase the diversity and number of units available in New Hampshire.

Because of their limited power and the lack of funding for public housing production in recent years, some local housing authorities have created non-profit subsidiaries to take advantage of other funding sources, operate with fewer restrictions, and engage in a wider variety of development, including home ownership, mixed-income or mixed-use projects. Keene, Portsmouth, Manchester, and Laconia housing authorities have all chosen this route.

### Regional Non-Profits and Community Development Corporations

New Hampshire has a network of non-profit housing providers including Community Development Corporations.



Willow Crossing, Concord

## Willow Crossing – Concord

Developed by CATCH Neighborhood Housing, this 20-unit multi-family housing development is located in the northern portion of Concord, adjacent to an elementary school. Willow Crossing holds the distinction of being the first fully ENERGY STAR-certified affordable housing development in New Hampshire. The effort put forth to create units that require less energy to operate will benefit residents long into the future with lower annual operating costs.

The housing units are a combination of two- and three-bedroom apartments. Four units meet Americans with Disabilities Act (ADA) standards for accessibility. The development also includes a public transportation (Concord Area Transit) stop equipped with a shelter.

### *Contact Information:*

CATCH Neighborhood Housing  
CATCHhousing.org

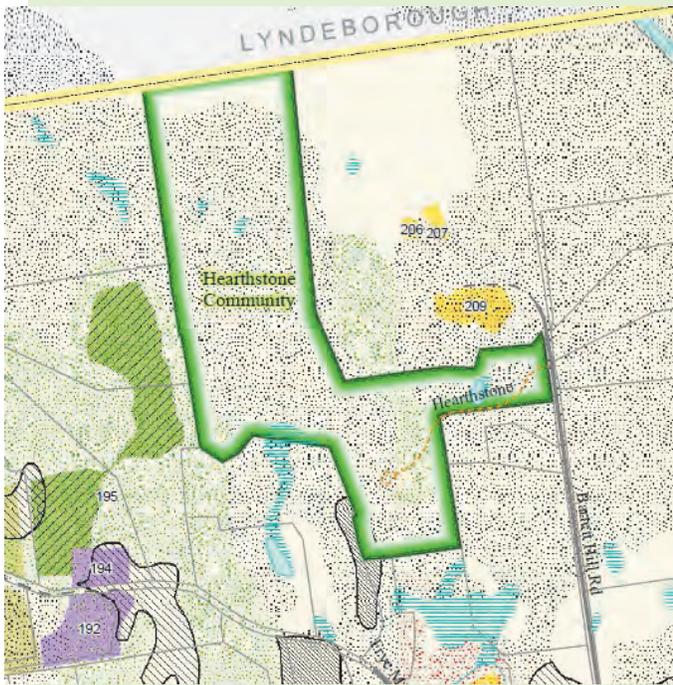
ations (CDCs) and regional non-profits (see Appendix for a complete list). CDCs are non-profit, community-based organizations focused on revitalizing the areas in which they are located, typically low-income, underserved areas. While CDCs are most commonly known for developing affordable housing, they may also be involved in a range of initiatives critical to community health such as economic development, sanitation, streetscaping, and neighborhood planning projects, and may even provide education and social services to neighborhood residents.

New Hampshire's non-profit developers bring valuable assets to the table, including a commitment to permanent affordability; access to dedicated funding sources not available to for-profit developers or communities on their own; and experience in administering a range of housing programs and development activities. These regional nonprofits administer rental assistance programs; develop affordable housing; run housing rehabilitation, weatherization and first-time homebuyer programs; operate homeless shelters; and provide technical assistance.

### **Housing Trusts**

Housing trusts are non-profit corporations often established by cities or towns to undertake affordable housing projects that reflect the goals of the respective communities. The term housing trust is commonly applied to any local non-profit housing entity established to undertake community-initiated projects, including some of those that were established as offshoots of their local housing authorities. Housing trusts should not be confused with affordable housing trust funds, although many are set up to receive funds as well as acquire and develop housing.

Housing trusts reflect a desire on the part of communities to control their own housing agenda, and their awareness that, in order to do so requires development capacity. Trusts and other local non-profits offer ways in which communities can develop solutions to meet their own goals and priorities. Establishing a local development entity does not automatically bestow development expertise on the organization – it is often advisable to partner with an experienced developer.



Hearthstone Community, Wilton

## Monadnock Community Land Trust – Wilton

The Monadnock Community Land Trust (MCLT) was organized in October 1978 by a diverse group of people who dedicated themselves first to protecting farm and forestland from speculative development, and then to creating affordable housing. MCLT is a non-profit organization that identifies its purpose as protecting conserving the resources of the land and protecting the environment of the local communities, and to promote the health and vitality of local communities by undertaking programs to create affordable housing for low and moderate income, elderly, handicapped or otherwise disadvantaged people.

It has worked toward these goals by purchasing about 100 acres and developing Wilton's first cluster development, which includes 12 single-family homes. The homeowners have title to the houses but not to the underlying land, which is owned by MCLT. The undeveloped land around the group of homes is permanently protected as conserved land. The Hearthstone Community development stands as a lasting achievement by a dedicated group of individuals.

*Contact Information:*  
Monadnock Community Land Trust

Housing trusts can also be established as regional entities, which maybe an appropriate strategy in a region where there is insufficient activity to justify creating non-profits in each community. Because they can be structured with a broad range of powers, housing trusts can be effective even in areas where there is adequate capacity among local non-profit developers, by targeting specific unmet needs.

There are a number of ways for communities to ensure that units produced with public support and subsidies remain affordable for future homebuyers. Deed restrictions, mortgage restrictions, or other agreements made at the time of the initial sale can limit the amount of equity, or value, the homebuyer can expect to receive at resale. The formula for determining the allowable equity must be carefully structured so as to balance the goals of the program with the needs of the original and subsequent homebuyers.

### **Community Land Trusts**

Non-profit organizations created to acquire and hold land, often called community land trusts, may lease land to community residents. This model reduces the cost of ownership by removing all or some of the land costs from the creation of housing units.

Sometimes community land trusts buy undeveloped land and arrange to have new homes built on it, or they may buy land and buildings together. In either case, the community land trust retains ownership of the land and sells (or rents) the housing units. The ground leases are typically longterm (99 years) and renewable. In situations where the homes are owned, homeowners may sell their homes but not the land. Usually the land lease agreement gives the trust the right to buy the home back for an amount determined by a resale formula. Community land trusts can be used in conjunction with other tools and strategies, and the housing created may be of any form or tenure (rental, cooperative, condominium or fee simple ownership).

Community land trusts are often formed as grassroots responses to specific local needs, and as a result,

play varying roles, including land preservation and commercial development. Many focus on increasing homeownership. In areas where housing prices are increasing sharply, the community land trust model can make homeownership possible for the local workforce who might not otherwise be able to afford it. In communities suffering from disinvestment, this can result in reinvestment and owner occupancy without displacing long-time residents.

### **Limited Equity Homeownership**

Limited equity homeownership limits the appreciation, or value, a homebuyer can expect to receive at resale or refinancing to an amount agreed upon at the time of purchase. This limitation on equity is an increasingly common technique for ensuring the continued affordability of housing built with public resources, or that utilizes an inclusionary zoning incentive, such as density bonuses. Limited equity techniques are good, but they are not free – some entity must be responsible for monitoring these units over time.

There are a number of ways for communities to ensure that housing developed with public support and subsidies remain affordable for future homebuyers. Deed restrictions, mortgage restrictions, or other agreements made at the time of the initial sale all limit the amount of equity, or value, the homebuyer can expect to receive at resale. The formula for determining the allowable equity must carefully balance the goals of the program with the needs of the original and subsequent homebuyers.

In the case of the Hearthstone development in Wilton, the homes have transferred ownership using a limited equity model. The value of the home is calculated to include the cost of the structure when purchased or constructed, an increase for inflation, and documented improvements made to the property. This has controlled the price of homes in the development, and the Town of Wilton assesses these properties at a lower rate than similar structures elsewhere in the community.

Another way to limit the equity of a unit is through design. In developments that have a mix of unit types and prices, units can be designed with fewer amenities than other market rate units in the development. Smaller unit sizes with fewer “extras” will naturally restrict the selling price to a lower level while still providing quality living spaces. This can be accomplished by incorporating smaller room sizes, fewer windows, positioning of the unit on the site, and/or by restricting future expansion.

### Co-housing

Co-housing is a type of “intentional community” in which residents actively participate in the design and operation of their neighborhoods. A co-housing development typically features buildings located close together and connected by pedestrian ways, while automobiles are kept somewhat separate from the community. These attributes encourage both individual space and social interaction. Private homes include all the features of conventional single-family homes, but residents also have access to extensive common facilities such as open space, courtyards, playgrounds, and community buildings, such as a common house.

The common house is the social center of a co-housing community. Most common houses include a large dining room and kitchen, lounge, recreational facilities, children’s spaces, and frequently, a guest room, workshop, and laundry room. The common house is a great place for dining, celebrations and entertainment. Communities may also serve optional group meals in the common house several times a week. Regardless of the size of the community, there are many opportunities for casual meetings between neighbors, as well as for deliberate gatherings such as traditions, clubs, and business meetings. 🏠



Nubanusit Neighborhood and Farm, Peterborough

### Nubanusit Neighborhood and Farm — Peterborough

Co-housing began in Denmark in the late 1960s and spread to North America in the late 1980s. There are now more than 100 co-housing communities completed or in development across the United States and Canada.

Nubanusit Neighborhood and Farm features 29 highly energy efficient homes on 113 acres, most of which is set aside as active agricultural land that supports a community-supported agriculture enterprise.

The common house and green form the heart of the community for twice-weekly optional meals, meetings, planned events, and spontaneous happenings. The Governor’s House, a historic farmstead with professional office and studio space, is used by several residents for photography, pottery, engineering consulting, health services and weaving.

#### Contact Information:

Nubanusit Neighborhood & Farm  
[PeterboroughCohousing.org](http://PeterboroughCohousing.org)



Bellamy Mill, Dover

## Strategic Alliances

Each community must find its own “housing solution” because circumstances vary from one place to another. But one thing is common to all communities - the need to find strategic partners. Partners might include a private developer, a church, a business, a local hospital, a school, or an environmental organization. Throughout New Hampshire, communities have found that creating effective strategies to address their needs, including the need for affordable housing, requires the engagement and resources of many individuals and interest groups. In some cases these allies may even come from neighboring communities.

### Developers

The majority of housing created in New Hampshire is designed and constructed by private developers, both for-profit and non-profit. Involving developers in regulatory discussions can help your community understand what tools it will need to create the range of housing that your citizens need. Identifying areas that can accommodate higher densities, the range of housing that can be allowed by right, and understanding what unnecessary regulatory barriers can be removed will help encourage a healthy range of housing. New

housing will meet market demand and remove some of the price pressures on existing housing, especially rental units.

### Employer-Assisted Housing

Employer-assisted housing programs provide financial and technical assistance to help employees locate or afford suitable housing. Such programs may take the form of a forgivable, deferred, or repayable second loan; a grant; a matched savings plan; or homebuyer education. An employer may also provide financial assistance to renters by providing or guaranteeing the payment of security deposits and last months’ rents where required.

These programs are growing in popularity in many parts of the country where housing is scarce and prices are high. Communities that wish to use this approach to help address affordable housing needs should promote the benefits of this approach to employers in the community, and invite new employers in the area to collaborate with the community to address workforce housing needs. Beyond assisting their own employees, some employers may even be encouraged to provide

land or other support for the community's housing efforts, if there is a clear vision and identified need the employer can help meet.

### **Town/Gown Collaborations**

Sometimes isolated from their surrounding neighborhoods, and sometimes overpowering them, colleges and universities present wonderful opportunities for collaboration. They are a powerful institutional presence, usually with influential leadership. Often, they are highly visible property owners and developers, and their policies and activities affect surrounding housing markets and land uses. Students living off-campus may exacerbate housing supply problems in many neighborhoods. Academic institutions can also be helpful in researching issues and crafting solutions.

### **Affordable Housing and Historic Preservation**

The historic preservation movement is a strong partner of affordable housing advocates in New Hampshire. Preservation and adaptive reuse interests should be involved in your housing organization or committee, and can provide a valuable perspective as you monitor properties and explore the possibility of creating additional housing. These interests have produced successful collaborations in many communities, and often bring complementary financial tools and resources to the table.

Throughout the state, schools, mills, commercial buildings, churches, and other properties have been transformed into affordable housing. The residential reuse of these vacant or underutilized properties has transformed neighborhoods and spurred redevelopment activity while providing quality affordable housing.

### **Affordable Housing with Conservation**

Forging alliances with conservation groups to create or preserve affordable housing can be a win-win approach. Conservation groups should be represented in housing partnerships or committees. Such collaborations often involve limited development, development with conservation restrictions attached, farm acquisitions in which the buildings are maintained or reused as housing, or the transfer of development rights.



Dartmouth College employee housing, Hanover

## Park & Wheelock Rental Housing — Hanover

This residential infill project was developed on an existing site at the corner of South Park and East Wheelock Streets in Hanover. This new development created a more dense and diverse neighborhood by combining 16 existing units and 22 new multi-family units. Developed and owned by Dartmouth College primarily for faculty and staff, this rental housing development includes duplexes, four-plexes, and one eight-unit building.

Located in the downtown area of Hanover, the development provides affordable housing for a segment of the local population that needs it, and is located within walking distance to both downtown and the Dartmouth campus. Its proximity to campus reduces the number of vehicles on local roads because the “commute” is walkable.

#### *Contact Information:*

Dartmouth College Real Estate Office  
[realestate.dartmouth.edu](http://realestate.dartmouth.edu)



Dow Academy, Franconia

## Dow Academy — Franconia

When Dow Academy no longer had a use for the structure shown and several associated outbuildings, the buildings' future was uncertain. Located in the heart of Franconia, these structures formed a focal point of the village. Instead of allowing them to fall into disuse, a developer converted them to a mix of commercial and residential uses.

The lower levels were originally planned to be used as office space, but when the owner determined that there was insufficient market demand for this use, the entire project was converted to residential condominiums. This housing, adjacent to a town park and a short walk from the village center, has been a positive addition to the mix of housing in Franconia and has proven to be valuable in increasing activity in the village center. This adaptive reuse also helped preserve these important structures, which are key features of the village.

*Contact Information:*  
Town of Franconia  
FranconiaNH.org

Working together and using limited resources wisely, the groups can forge strategies that increase the supply of affordable housing where it is most suitable while preserving critical natural resources elsewhere in the community. With increased focus on community preservation and smart growth, housing advocates and conservationists in many cities and towns are seeking opportunities where their limited financial resources can go twice as far by preserving both open space and affordable housing.

This may be a hard sell initially. Conservation groups have a specific focus, and this effort will require them to broaden their view to also consider housing needs that are important to the community. By meeting dual community objectives, they may be able to get involved in the protection of key areas on a greater number of parcels. This strategy also provides an opportunity for developers to become engines for conservation.

### **Regional Approaches**

Some New Hampshire communities have begun collaborating with neighboring communities to address regional housing needs. Regional cooperation is essential if problems resulting from fragmented land use planning and local decision making are to be dealt with appropriately. Regional planning commissions can

begin this dialogue. In several communities the impetus for collaboration has come from housing non-profits that identified redundancies or gaps in their delivery systems that could be addressed through regional collaboration. Regional planners have expertise in a range of areas and are available to discuss specific projects or issues with local officials, affordable housing proponents, and the public.

Some of New Hampshire's regional planning commissions have employed outreach and education techniques to begin to foster regional collaboration on the issue of affordable housing. This is an important role, and these activities should continue as an approach to keep the issues of housing availability, affordability, and diversity visible to New Hampshire residents and leaders.

Local and regional groups are working throughout New Hampshire to raise awareness of the need for, to reduce barriers to, and to encourage the production of new housing. These efforts draw on many interests, including businesses, government agencies, the housing industry, non-profits, municipalities, and concerned citizens to promote a responsible increase in regional workforce housing. The New Hampshire Workforce Housing Council coordinates and supports these efforts. See the Appendix for more information. 🏠



Drewsville Manor, Walpole

## Drewsville Manor – Walpole

Completed in 1997 by Southwestern Community Services, the Drewsville Manor contains five affordable apartments ranging in size from one to three bedrooms. Located on the common in Walpole's historic Drewsville Village, the manor's new role in the community as a source of affordable housing units also preserved the structure itself. The project was made possible through a combination of equity from the Low Income Housing Tax Credit Program and from the Historic Preservation Tax Credit Program.

Community Development Block Grant funds and funding from the Town of Walpole were then used to rehabilitate the carriage house which now houses the town's Head Start program.

### *Contact Information:*

Southwestern Community Services  
SCShelps.org



Hyder Court, Portsmouth

## Pulling It All Together to Create Community

Efforts to promote affordable housing can, and should, complement efforts to stem sprawl and preserve open space. Smart growth encourages communities to increase housing choices, not only by modifying land use patterns on newly-developed sites, but also by increasing the supply in existing neighborhoods and on land served by existing infrastructure.

Similar to ongoing smart growth efforts in New Hampshire, the strategies highlighted in this handbook employ a combination of tactics to address affordable housing and land use patterns within the community. A few communities have started to “package” zoning changes to increase the supply of affordable housing with efforts to protect open space, and direct growth to areas with the infrastructure to support it.

Because affordable housing and smart growth objectives are compatible, forging a strong alliance between these two constituencies is a smart policy for all communities. This will require analysis of communities’ existing zoning ordinances and the master plans, and may require significant changes to the zoning language. This analysis and implementation

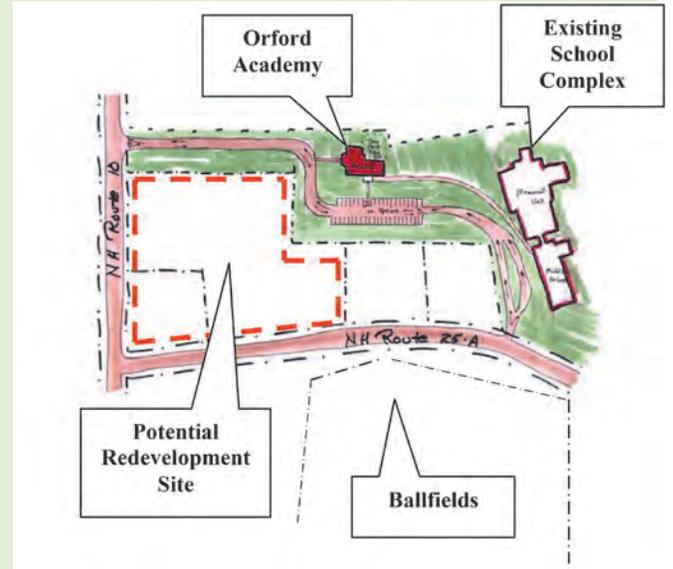
is necessary because smart growth is not a specific tool, but rather a comprehensive strategy of zoning and land use tactics.

Developed as part of the Achieving Smart Growth in New Hampshire project, the following smart growth principles can be helpful in analyzing existing regulations, and then guiding and supporting the creation of new housing alternatives in New Hampshire communities:

- ▶ Maintain traditional compact settlement patterns to efficiently use land, resources, and investments in infrastructure;
- ▶ Foster the traditional character of New Hampshire downtowns, villages, and neighborhoods by encouraging a human scale of development that is comfortable for pedestrians and conducive to community life;
- ▶ Incorporate a mix of uses to provide a variety of housing, employment, shopping, services, and social opportunities for all members of the community;



Orford Academy



Charrette Redevelopment Sketch, Orford Academy

## Using New Housing Development to Reinforce Community Centers

In 2006 the New Hampshire Preservation Alliance arranged for several consultants to work with a team of local citizens in Orford to brainstorm future uses for the former Orford Academy. The Academy is an impressive brick structure built in 1850-51. The building sits on a knoll at the south edge of the half-mile-long line of historic white homes bordering Route 10, near that road's intersection with Route 25-A.

The Academy served as the school district's high school until 2002. Over time, the academy and its grounds were home to a number of other civic uses, including the junior high school community playing fields and other recreational facilities.

Initial suggestions were that the Academy should be considered for housing, but its relatively small size can only accommodate a maximum of 12 unit, which was deemed too small to be attractive to either for-profit or non-profit developers. Other suggestions included using part of the building

as school district offices, with other space devoted to non-profit organizations and business incubator space. These suggestions are still under consideration.

The design team was also intrigued, however, with the idea of building on this collection of public uses, and expanding on them by identifying future housing sites nearby that might transform this small crossroad intersection into more of a village, with some housing and a small convenience store. They identified several underutilized adjacent properties that might also be redeveloped.

Increasingly, with energy prices continuing to soar, communities must consider infill developments that create nodal villages. Villages build social capital, they make ridesharing easier, and they continue a New Hampshire tradition that is 300-years strong!

*Contact Information:*  
New Hampshire Preservation Alliance  
NHPreservation.org

- ▶ Preserve New Hampshire's working landscape by sustaining farm and forest land and other rural resource lands to maintain contiguous tracts of open land and to minimize land use conflicts;
- ▶ Provide choices and safety in transportation to create livable, walkable communities that increase accessibility for people of all ages, whether on foot, bicycle, or in motor vehicles;
- ▶ Protect environmental quality by minimizing impacts from human activities and planning for and maintaining natural areas that contribute to the health and quality of life of communities and people in New Hampshire;
- ▶ Involve the community in planning and implementation to ensure that development retains and enhances the sense of place, traditions, goals, and values of local communities; and,
- ▶ Manage growth locally in the New Hampshire tradition, but work with neighboring towns to achieve common goals and address common problems more effectively.

New Hampshire communities can take charge of their own housing destinies if they foster:

- ▶ Vision
- ▶ Local support
- ▶ Community organization and communication skills
- ▶ Appropriate tools and regulations
- ▶ A range of partnering organizations

Now it is time for you to identify approaches that match the needs of your community. What do existing residents, and what will future residents, require for housing? Is your community meeting current housing needs? How can a diversity of future housing units be accomplished in your community?

New Hampshire Housing encourages you to explore the many projects and programs featured in this guidebook. All references to specific regulatory language highlighted in this guide are included in the Appendix, as well as a list of additional contacts and information sources.



## **Chapter 1**

Housing Needs in New Hampshire: [NHHFA.org](http://NHHFA.org)

## **Chapter 2**

Regional Workforce Housing Organizations: [NHHFA.org](http://NHHFA.org)

Meeting the Workforce Housing Challenge: [NHHFA.org](http://NHHFA.org)

## **Chapter 3**

Innovative Land Use Handbook, Inclusionary Housing Chapter:  
[www.des.nh.gov/repp/innovative\\_land\\_use.htm](http://www.des.nh.gov/repp/innovative_land_use.htm)

**Inclusionary Zoning Examples** (Amherst, Exeter)

**NHHFA's Long Term Affordability Model Ordinance:** [NHHFA.org](http://NHHFA.org)

**Accessory Dwelling Unit Ordinance Examples:** [NHHFA.org/ADU](http://NHHFA.org/ADU)

## **Chapter 4**

Tax Increment Financing Technical Bulletin:

[www.nh.gov/osi/planning/resources/tif.htm](http://www.nh.gov/osi/planning/resources/tif.htm)

## **Chapter 6**

Meeting the Workforce Housing Challenge: [NHHFA.org](http://NHHFA.org)

## **Chapter 8**

Housing Development Organizations: [NHHFA.org](http://NHHFA.org)

## **Chapter 9**

Regional Workforce Housing Organizations: [NHHFA.org](http://NHHFA.org)

## **Amherst, New Hampshire**

### **Section 8-5 Affordable Housing**

**ALLOWED BY CONDITIONAL USE PERMIT (3.6.04)**

#### **Innovative Land Use Control for Affordable Housing ( see pages C5 thru C-8 )**

**PURPOSE** The Town recognizes the importance and benefit to the community and its citizens in the establishment and encouragement of suitable opportunities for affordable housing. The Town also recognizes that frequently, property that may be suitable as a location for affordable housing fails to meet some of the objective criteria that govern land use, and that strict adherence to all Zoning and Subdivision requirements may render the project economically unfeasible. The Town also recognizes that there are some situations in which normal Zoning or Subdivision requirements can be waived without necessarily sacrificing public health, safety and welfare so long as proper safeguards are maintained. Accordingly, it has been deemed advisable to adopt an innovative land use control in accordance with RSA 674:21 which would permit the Planning Board to identify a project that is a suitable candidate for the waiver of requirements, and when so identified, that project would be required to meet less stringent standards, provided certain criteria were met.

**IDENTIFICATION OF SUITABLE PROJECT** The Planning Board may review an application to construct affordable housing and identify the same as a suitable project if the applicant demonstrates to the Planning Board that the project meets the following criteria:

1. The project shall be constructed in a manner that is harmonious with neighboring developments, housing, and natural surroundings.
2. The project shall not detract from either the ecological or visual qualities of the environment.
3. The housing proposal shall be affordable within the meaning of the Ordinance.
4. The project shall comply with all site plan and/or subdivision regulations that apply, other than those waived hereunder.
5. Where there is no existing dwelling, the net tract area (total parcel minus wetlands) shall be at least four (4) acres and not more than fifteen (15) acres, except in the Northern Rural Zone, the net tract area shall be at least ten (10) acres but not more than twenty (20) acres. 3-12-91, 3-9-99
6. Where there is an existing dwelling, the net tract area (total parcel minus wetlands) shall be at least sufficient to provide a conforming conventional sized lot for the existing dwelling and the maximum net tract area shall be as listed above. 3-12-91
7. If an existing dwelling is located on the site and sufficient evidence is presented to the Planning Board to show that the existing dwelling is affordable within the meaning of this ordinance, than No. 6 shall not apply to that existing dwelling. (3-10-98)

**ZONING STANDARDS** Once the Planning Board has designated a proposed project as affordable and indicated that the same is satisfactory and compliant with the above

standards, that project may be located on any suitable property irrespective of the zoning district classification.

Maximum number of units approved in a calendar year shall not exceed one percent (1%) of the number of dwelling units existing in Town in the preceding calendar year. This figure shall be determined each January.

**LOT SIZE, DENSITY, SETBACKS, AND OPEN SPACE** The traditional lot size, density, setback, and open space requirements applicable in other districts shall not apply and the Planning Board shall establish the lot size, density, setbacks, and open space requirements for each project as they determine to be necessary in the best interest of the Town and to facilitate the project, provided however, that the following limitations shall apply:

1. Lot size and density shall be not less than three quarters (3/4) of an acre for a detached single family unit and not more than two units per acre for multi-family housing, except in the Northern Rural Zone where the minimum lot size for a detached single family unit would be two (2) acres and no more than one unit per acre for multi-family housing.
2. Open space shall be sufficient to accommodate the needs of the proposed occupants of the project.
3. Setbacks shall be sufficient to buffer and protect adjacent properties and the street from encroachment.
4. No structure shall be constructed to a height greater than thirty five (35) feet, exclusive of chimneys or cupolas, measured from the lowest adjacent exterior elevation.
5. The maximum unit size shall not exceed 1,300 square feet of heated living space, excluding basement areas. This provision shall remain with the development for a period of ten years from the date of the first certificate of occupancy. 3-12-02

**RULES AND REGULATIONS** The Planning Board may adopt appropriate rules and regulations to implement the review process contemplated hereunder. Such rules shall at a minimum provide for the developer to restrict the sale or lease of the units through appropriate recorded covenants to those who qualify pursuant to the definition of affordable housing contained in this Ordinance.

**DEFINITION** Affordable Housing shall be a residential dwelling unit available for sale or lease at a cost not to exceed the amount a household or family, whose gross annual income is one hundred percent (100%) or less of the median income. Median income is the amount defined by the U.S. Census for the Nashua Primary Metropolitan Statistical Area as updated yearly. Median income figures, adjusted for number of occupants, shall be determined annually by the Planning Board. 3-14-89 (3-10-98)

**NOTE:** See Non-Residential Site Review Regulations for Project Suitability Procedure Regulations. Affordable Housing.

## **Exeter, New Hampshire**

### **Downtown Exeter**

Exeter allows mixed use in both the C1(central area commercial) and WC (waterfront commercial) zoning districts. They also allow multi-family in the C1 zone. The following is their definition for mixed use.

**Mixed Use**: Any building or structure containing two or more uses. Residential uses allowed on any level with the exception of street level. Street level, the level most accessible to any street, is to be reserved for retail/commercial/office uses.

As far as density is concerned they require 3,500 square feet per dwelling unit in the C1 district and 750 square feet per dwelling unit in the WC district.

### **Exeter's Affordable Housing Ordinances**

#### **Article 6, Section 6.1 Elderly Congregate Health Care Facilities**

Article 6.1.4 Density Bonus: A density bonus of 15% above the number of units permitted in the appropriate zoning district will be granted for developments that will guarantee:

- a. 20% of the total number of units proposed within the development shall be affordable as defined below, see sections (b) and (c).
- b. 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;
- c. 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;
- d. 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.
- e. The units 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.

#### **Exeter Zoning Ordinance - Article 7 Open Space Development**

Section 7.7. General Regulations Governing Open Space Development, Subsection 7.7.1.(B) Density Bonus: Density bonus of 15% above that indicated by the yield plan will be allowed for developments that will guarantee:

- a. 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 (b) and (c).
- b. 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;
- c. 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;
- d. 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.
- e. The units 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



P.O. Box 5087 | Manchester, NH 03108  
603-472-8623 | [NHHFA.org](http://NHHFA.org) | [info@nhhfa.org](mailto:info@nhhfa.org)

*As a self-supporting public corporation created by the state legislature,  
New Hampshire Housing Finance Authority promotes, finances,  
and supports affordable housing.*

New Hampshire housing market, economic and demographic  
data are available at [NHHFA.org/data-resources-planning](http://NHHFA.org/data-resources-planning).

