



**City of Concord Municipal Housing Commission
Input to Review of City of Concord Development Regulations
March 23, 2010**

EXECUTIVE SUMMARY OF RECOMMENDATIONS

The City of Concord Municipal Housing Commission respectfully requests that the City of Concord consider the following items with respect to its review of the development regulations review:

1. A mechanism to allow for increased density within the Urban Growth Boundary

In principle, higher residential densities should be located near activity centers and along public transport routes to maximize access and convenience to services. Density allocations can impact on housing affordability. An increase in net residential density can significantly reduce the cost of producing housing. Research supports the fact that an increase of 20% in net residential density resulted in a reduction of approximately 10% in the cost of producing a dwelling. Other implications of density relate to the creation of more sustainable, compact cities, generally achieved through the development of higher density housing forms.

- More efficient use of scarce land resources
- More compact neighborhoods where local activities are within 5 minute walking distance from the majority of dwellings i.e. encouraging walking and cycling and less use of private vehicles for access to local activities with consequent reduction in emission and fumes, improved air quality, improved fitness and health, increased opportunities for social interaction and neighborliness, improved safety and security
- Easy access and convenience to a greater number of residents in higher density areas in and around local activity centers
- Higher concentration of activities and vibrancy
- Higher population to support a viable public transport system
- Greater affordability with reduced cost of land per dwelling
- Reduction in impact to the natural environment through reduced environmental footprints
- Greater dwelling unit yields and returns

2. **A mechanism to allow for accessory dwelling units (ADU) that would allow for higher density**

The census shows that the average number of people per household has decreased significantly over the last 30 years (from 3.1 in 1970 to 2.6 in 2002). Yet, new homes continue to be built, suggesting that there is increased capacity in the existing housing stock. This has occurred while the value of homes and the resulting tax burden continues to rise. Homeowners are often forced to sell a house that is too big for their needs, especially for fixed income residents. This issue further exacerbates the already existing scarcity of affordable housing options, and the land consumption and new infrastructure required for a standard single family subdivision are significant. ADU's can provide owners the additional income necessary to maintain a home when the structure becomes more than they need or can afford.

The following outlines some of the benefits associated with accessory units:

- Homes built with large amounts of floor space allow accessory units to be included with a proper amount of living space. Because the average size of homes has generally been increasing over time, more recent construction usually allows easier accommodation of accessory units. Smaller homes with sufficient lot area may also be acceptable when additional construction is permitted.
- Preservation of the older housing stock could be more strongly encouraged with an opportunity to create rental unit income.
- As families become smaller, the larger home (3, 4, or more bedrooms) is less likely to be fully occupied. Retirement may also put strains on home finances as choices are made based on fixed incomes. Maintaining the stability of neighborhoods means finding ways to keep existing residents in place and providing additional income.
- Job growth, especially in entry-level positions, combined with a lack of local apartments means more commuters on the road. Accessory apartments can provide low-cost rentals for newly formed households who help fill those jobs and support the local economy.
- Neighborhoods that accept small changes to maintain their stability are most likely to be supportive when their residents request accessory units for family or economic reasons.
- Local policies for housing and neighborhoods can accept a certain level of changes to existing homes that will not substantially change the fabric of the community or the livability of the neighborhoods.
- Accessory apartments help to increase a town's supply of affordable housing and enhance the social stability and mix of neighborhoods with little or no negative impact on the physical character of the neighborhood. They effectively improve the affordability of housing for both homeowners and renters at all stages in their lives.
- Accessory Units also help to maximize use of existing public infrastructure and services and reduce the pressure on open space and farmlands from sprawling development.

- The practice of allowing accessory units helps communities achieve several sustainable development principles:
 - An accessory unit program helps promote rehabilitation of housing and increases the supply of rental housing for a wider range of physical abilities, stages in life and income levels.
 - An accessory unit program helps promote more compact forms of development thus conserving land. Accessory units promote use of existing infrastructure, rehabilitation of existing housing and can also assist in the preservation of historic buildings. Accessory units also help to preserve the existing physical character of neighborhoods and enable residents to stay in their community throughout all stages of their lives.
 - Accessory units help to concentrate development and thus use land, energy, water and materials more efficiently. Accessory apartments ease development pressure on farmland and open space, improve drainage with a smaller footprint, and increase energy efficiency with a more compact living space.

3. Given that Master Plans are living documents that reflect functional relationships, allowance for periodic review of the Urban Growth Boundary (UGB) as it relates to the availability of a range of house options, including the environmental and overall health of Concord is recommended

- 66% of the City of Concord falls outside the UGB.
- The land outside the UGB contains the greatest opportunity for family-based workforce housing.
- Under the present ordinance only single-family detached dwelling units are permitted in a mandatory cluster configuration.
- The present regulations do not provide sufficient opportunity for housing Concord's future work force.

Envisioning and planning for *both* conservation and housing can yield positive outcomes and thriving communities. Communities across New Hampshire are finding that it is possible to preserve their local character through critical land conservation, while still making enough land available to meet the growing demand for homes accessible to the average NH household.

(http://www.nhroundtable.net/GDR_Case_Studies.html)

ONGOING PARTICIPATION

Given the Municipal Housing Commission's purpose, as outlined below, we respectfully ask that we be included in this process as it unfolds.

BACKGROUND INFORMATION

City of Concord Municipal Housing Commission – Statement of Purpose per AN ORDINANCE amending the CODE OF ORDINANCES, Title V, Administrative Code: Chapter 30 Boards and Commissions, to establish a Municipal Housing Commission

Statement of Purpose:

1. The City of Concord is a capitol city; the economic center of Merrimack County; a city located at the intersection of two interstate highways; a city having one of the largest municipal land areas among municipalities in New Hampshire; and a city know for the quality of its education and cultural resources; government services; and overall quality of life.
2. The aforesaid attributes generate and will continue to generate a demand for new housing within the City of Concord.
3. It is the policy of the City of Concord to meet its demand for housing by encouraging development of a diverse housing supply so that persons and households of all ages and incomes may reside in safe, clean, comfortable and affordable housing within the community, whether such housing is owned or rented.
4. It is the policy of the City of Concord that such housing should be provided in a variety of architectural styles and densities.
5. Housing is a community resource which has not had, prior to the enactment of this ordinance, any specific advocacy group with standing at the municipal level of government.

Mission:

The Municipal Housing Commission's charge shall be to:

1. Represent the interests of housing as an advocate before the city council, the land use boards and other commissions, boards and agencies.
2. Serve as a resource for information on effective and innovative means of providing housing.
3. Maintain data on the availability and affordability of housing in Concord.
4. Enhance public awareness of the role of housing in the community as a valuable resource which is a vital part of the Concord's economic, social and community fabric.
5. Be a "sounding board" for innovative ideas and proposals related to housing.
6. Provide a "home" for housing issues.

The City of Concord Municipal Housing Commission is pleased to provide the following input.

MARKET INFORMATION

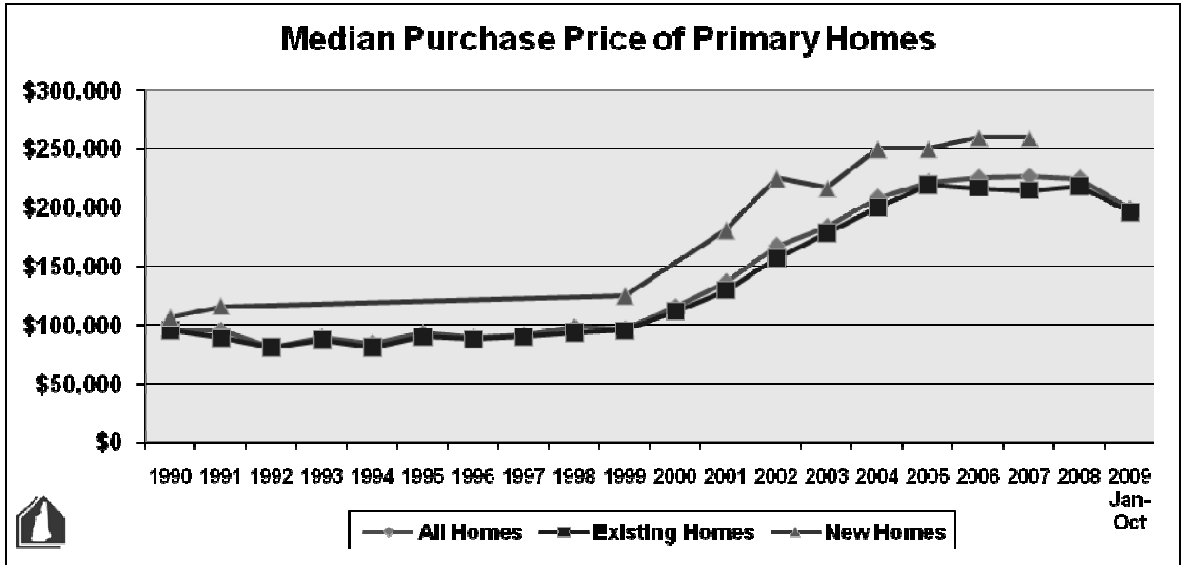
In order to appropriately consider future growth/development options, it is important to understand our current demographics, growth patterns and historical trends.

By 2015, the population of the City of Concord is estimated to be 46,000, a 13% change between the years 2000 and 2015. As of the 2000 census, family units represented 44% of the population, single-parent households represented 15% of the population, and non-family households represented 41% of the population. Owner occupied housing units totaled 8,383.

Between the years 1990 and 2008, 2,324 building permits were issued, of which 1,319 were single-family. In this sector, the largest period of growth was between the years 2001 to 2004. 994 multi-family permits were issued, with peak years of 1999, 2003 and 2007/2008. 11 permits for mobile homes were issued, largely between the years of 1993 and 1996.

As of the 2000 US Census, 57% of the population earned \$50,000 or under, of which 19% earned between \$35,000 and \$49,000, 13% earned between \$23,500 and \$34,999, 12% earned between \$15,000 and \$24,900, and 13% earned below \$14,999. At the higher end of the income bracket, 39% earned more than \$50,000, of which 22% earned between \$50,000 and \$74,999, 11% earned between \$75,000 and \$99,000 and 6% earned between \$100,000 and \$149,000. The median income was \$42,447, against a median income for the State of New Hampshire of \$32,733.

Between the years of 1990 to October 2009, the median purchase price for all homes in Concord went from \$95,810 to \$199,000 (representing a 108% increase). The median purchase price for existing homes went from \$95,810 to \$196,000 (representing a 104.5% increase), and the median purchase price for condominiums went from \$60,000 to \$155,000 (representing a 158% increase).



Today, in order to purchase a home valued at \$199,000, or the median purchase price for all homes in Concord, one would require an income of \$62,200, based upon the following generic calculation (New Hampshire Housing Finance Authority – Mortgage Calculator), which would only be available to approximately 28% of the households based upon income characteristics:

An annual income of \$62,200 may qualify you for \$192,188 loan, and allow for the purchase of a home valued at \$199,466.

Assuming suitable credit, and low or no revolving debt, an annual income of \$62,200 should enable one to carry a 30-year mortgage at 5.750% in the amount of \$192,188. With a \$7,278.12 down payment, the total purchase price would be \$199,466. Total closing costs for this loan are estimated at \$2,722.

Monthly payment \$1,451		Total closing costs \$2,722	
Principal and interest	\$1,121.56	Fee for points	\$0.00
PMI	\$80.08	Origination fee	\$1,921.88
Taxes	\$166.22	Other closing costs	\$800.00
Insurance	\$83.11		

To avoid PMI payments a \$39,781 down payment is required. This equals 20% of your home's purchase price. The total amount of cash required for a 20% down payment plus closing costs would be \$42,503.

Qualify Calculation

The \$1,451 monthly payment one could qualify for is calculated by taking the lower of these two calculations:

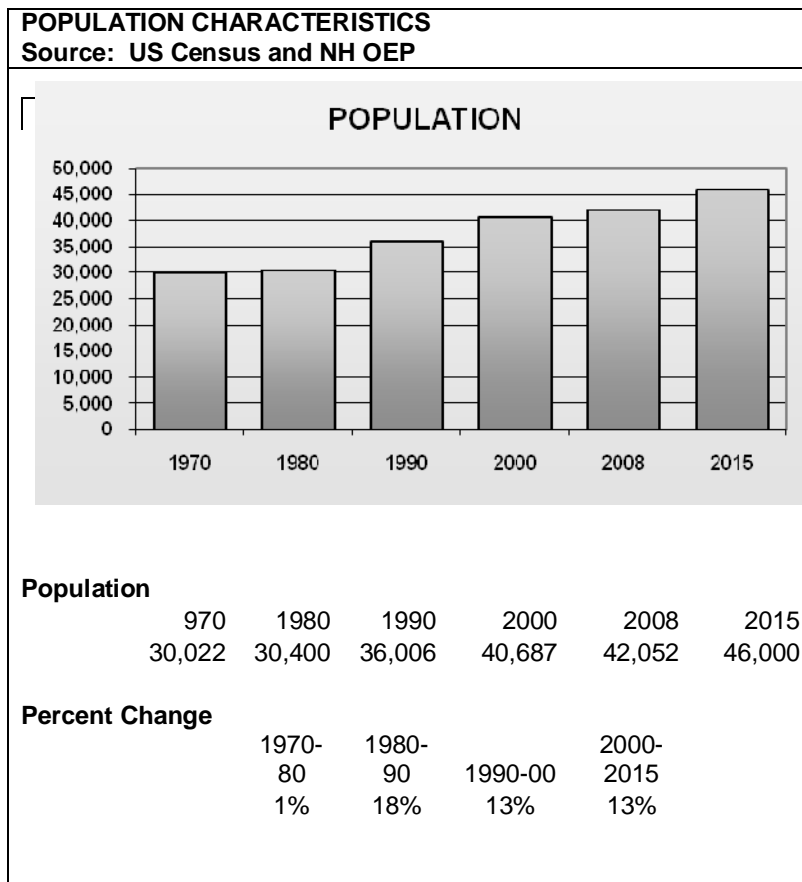
1. Monthly Income X 28% = monthly PITI \$5,183 X 28% = \$1,451
2. Monthly Income X 36% - Other loan payments = \$5,183 X 36% - \$400 = \$1,466
monthly PITI

With the downturn in the economy, a larger amount of inventory remains on the market within all price ranges, and a significant downturn in values has been experienced. While the current economic downturn has provided temporary relief from soaring real estate values, consistent with historical market downturns, periods of future growth may be expected, albeit slower perhaps a slower recovery that in past recessions.

As of March 22, 2010, 188 single-family homes were available for sale within the City of Concord. Of that number, 55 were priced under \$200,000, or 29%.¹ Noteworthy is the fact the available homes at the lower end of the purchase price scale typically require considerable capital improvements, for which moderate-income purchases do not have the required disposable income and/or savings.

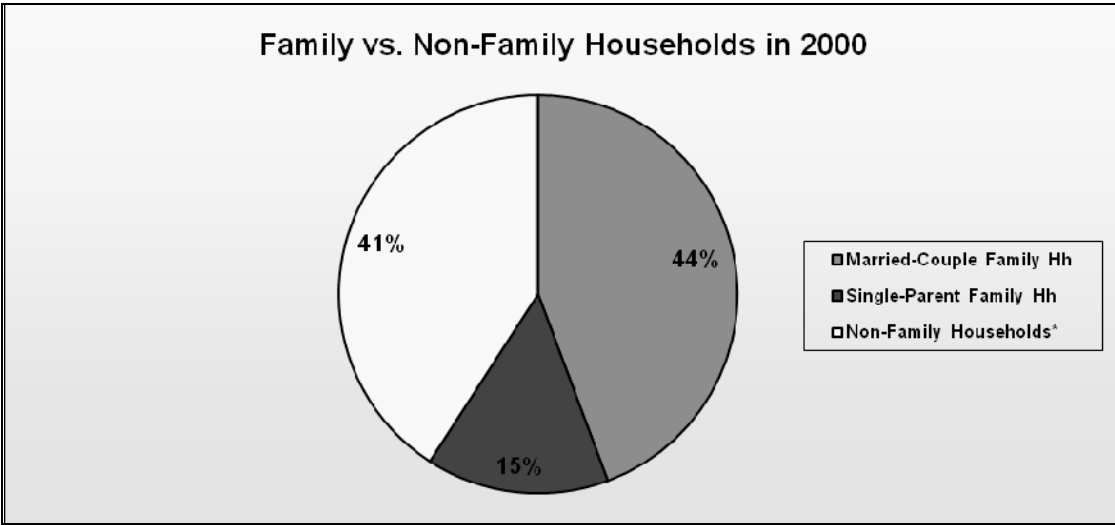
DEMOGRAPHIC INFORMATION

The following provides a detailed overview of current demographic data, and is sourced from New Hampshire Housing Finance Authority’s database.



¹ Brenda K. Perkins/Kathleen Gallagher Family Realty

As of 2000, family units represented 44% of the population, single-family households represented 15%, and 41% represented non-family households.



Respectfully Submitted:

City of Concord, Municipal Housing Commission

INCOME CHARACTERISTICS

