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Gallager, Ken

Thank you for joining us today. I'm Ken Gallager, a Principal Planner at the Office of Planning and Development.

I will be giving the first presentation today. Later we will have Noah Hodgetts from our office with some comments, and then Christopher Parker from the city of Dover will do the second main presentation.

My presentation is on the report that we recently released titled "Estimates and Trends in New Hampshire Housing Supply", and it's the update for 2021.

So, the housing study that we conducted was done under the auspices of the New Hampshire State Data center, which is New Hampshire's liaison to the US Census Bureau. Every state has one.

Here in New Hampshire, we have several functions, most notably that we distribute and interpret US census data for New Hampshire users. We also supply demographic data that we collect back to the Census Bureau, and of special relevance to this project, we conduct annual population estimates.

Our mandate to conduct the estimates is in RSA 78-A:25, which directs our office to "estimate annually the resident population for all cities and towns as of July 1 of the preceding year," and we also are required to certify those numbers to the state treasurer on or before August 19.

Chapter 78-A in the statutes is actually part of the Meals and Rooms Tax law, so our estimates are required so that they can then determine the distribution of the Meals and Rooms Tax to all the municipalities. But as you are probably aware these estimates are very helpful for all sorts of other uses.

I also want to point out that the data we collect to calculate the estimates is important on its own, which is what we're going to talk about today.

I want to give you a little background on how we actually calculate the population estimates. We have to have a starting number for each town and city, and we use the population from the most recent decennial census for that.

We're going to be releasing estimates this summer, which will be for 2021, and those estimates will be the first ones to use the 2020 census, with the population and the dwelling unit counts in the formula.

So then what we do is we add in the changes to the household population to the 2020 household population, and we also add the population of people living in group quarters: long-term nursing facilities, college dormitories and prisons, primarily. We conduct our own census of every group quarters annually. So that's a different portion of the calculation and not really part of our discussion today to get to the change in the household population. The best method that we have is to calculate the change in the number of dwelling units in each community.

All right, if you saw our presentation last year, you might recognize the formula that's down here on the bottom of the screen, which is how we calculate the change in the household population of each municipality. We start with HU2020, the number of housing units as counted by the 2020 census.

We then have a number, HU2021, which is just the number of housing units permitted by each municipality. Just to be clear, and this was confusing to me for a long time, and I have to make sure I explain it, is that the permits are issued in 2020, throughout calendar year 2020, January 1st to

December 31<sup>st</sup>, and we count all of those permits that are issued as resulting in new housing units that are built in 2021. In other words, we give a lag time.

So, in our example, we now have the new number of housing units. We then calculate an occupancy rate, and then the numbers of people per household to get the final new population estimate.

So in the example that we have here we have 4,309 housing units at the census. We had 46 building permits, so that's 4,355 total housing units as of 2021.

At the census, in this particular example, there was just 57.6% housing occupancy. This is probably a lake town, perhaps on Winnepesaukee. So we multiply the 4,355 by that percentage, and we get basically only 2,545 occupied units. We then take the census and look at the number of people who were in each household. In this case, it was 2.38, so you then multiply that to the number of occupied households, and you get 6,047 as our household population estimate.

We would then, of course, add in whatever the group quarters population is to that number to get the total population estimate.

Here's a sample of the dwelling units survey that we send out to every town and city.

Once again, I've noted here that the permits are issued during calendar year 2020, and therefore we assume they are constructed by July 1 of 2021.

I just want to highlight something that we discussed at last year's presentation, which led to a little change that we're doing in our reporting. The form as you can see has lines for single-family housing, 2-family housing, 3 or 4-family, 5-plus, and then conversions. In the past, we used to lump everything from 2-family down to conversions into a Multi-Family housing category. So now, with this report and in ones that will be coming up in the future, we are reporting that out as Single-Family, 2-Family, 3 or 4-Family, and then 5+. And so you'll see that in our results.

OK, so I'll go onto the results. I've seen this graph get circulated a lot in some of the press coverage that's been coming out with this, so maybe you've already seen this. This is the trend in the number of housing units permitted over the last 20 years.

So what you can see here is the sharp decline that occurred between 2004 and 2011 when it went from a maximum of 9,263 units in 2004, down to 2,101 in 2011. There's been a slight climb since then, but with this most recent year of building permits that were counted, it's actually been a very small decline since the previous year. In 2019, 4,483 units were permitted, and then in 2020, 4,446 were permitted.

So here's how the state totals break out for dwelling unit type. In this past year, single family housing comprised almost 60% of the new units. And that's actually a rise over the previous year, when it was about 50% of the units that were single family.

Therefore, there's a corresponding drop in the share of multi-family dwelling units: 36.8% in 2020, compared to 47.3% in 2019.

And here I've broken out the number of multi-family units by those categories by which we record them, and you can see that there were more 2-family units compared to 3 or 4-family units, but the most are in the 5+ units category.

Also note there were 309 new units built in some form of conversion of use. We don't collect detailed data on the type of conversion. So while most are single units and are thus things like accessory dwelling units for instance, others can be from the conversion of some other building use entirely; for example, maybe the building was formerly commercial or it's still partly commercial.

In the report the conversion numbers actually get lumped in still with 2 units because that's what we believe most of the resulting units are.

One last thing about this slide. I have included the 2010 proportions at the bottom as well, just for further comparison.

So let's look at the geography of how these units are being built. There is quite a change from county to county. Of course, you'll see first off that as usual the most new total dwelling units were in Hillsborough and Rockingham counties. Rockingham was heavier on the single-family units, while Hillsborough had the most new multi-family units. Those were still fewer than their own number of new single-family.

One thing I want to point out is that there is a quite a variation in the number of multi-family units from year to year and from county to county. Notice this year that Grafton County had nearly the same number of new multi-family units as Rockingham County did. This is largely due to new multi-family projects in Lebanon. In other years, large projects might be permitted in other communities rather than in Lebanon.

In fact, Grafton County was the only county where there were more multi-family units permitted than single family. So again that's the effect of a single set of projects.

Here's our newest map by county of the total number and the types of building permits issued in the state.

So again you can see Grafton is quite large in comparison to its neighbors this time around. And again, it is up in proportion of multi-family housing, which is the red portion of the pie chart. You can see it's the only one where the red portion is greater than half within the pie.

The other counties that experienced increases in total housing units permitted were Belknap, Cheshire, Merrimack, and Sullivan counties, so half the counties of the state.

All right, moving on. Here are some of the leading municipalities in the state for new housing units.

Milford permitted the most single-family units: 115. And then I've got listed here, Londonderry, Salem, Merrimack, and Rochester, which permitted 55. Those are the top 5 municipalities in the state.

We can look at it as a percentage of existing stock. If you do it that way it was actually Brentwood that had the greatest percent increase in single family housing: 44 units and almost 3 and a half percent. And then the other ones that were listed here are the other towns that added more than 2% to their existing single-family totals: Milford, Candia, Danville, Lincoln, and Brookline.

If we look at multifamily units, the most permitted were in Lebanon, that was 345 units, which is a whopper for them. It's an 8.38% increase in their supply. Followed by Hudson, Manchester, Bedford, and Dover. We ranked these by the total number of units permitted, because the percentages go a little wild: you can see with Manchester adding 92 units it's still only 0.28% of their existing stock, while there

are several small towns which may have had 2 multifamily units and now have 4 and would have had a 100% growth, so we stuck with the numeric growth in this case.

And that is a fairly quick overview of the report. I encourage you to take a look at it yourself. I'll have the link to that shortly farther down in this presentation.

So to summarize and give you some conclusions just from the numbers:

Again, the total number of new units is a decline from last year's number - nearly level with it; it's less than 40 units fewer.

We do want to make sure that we note that there is a lot of work going on right now regarding what might be the proper amount of housing that really should be constructed in our state. I'll point out that the New Hampshire Housing Finance Authority has cited the need for 20,000 to 30,000 new units in order to meet demand, and this was in a report that they issued in March of 2020.

Additional points: again, as before, most of the housing growth continues to be in the southeast part of the state. If you add it all up, the new housing units, nearly half of them, are in just two counties: Hillsborough and Rockingham.

And likewise, I'd like to point out once again that there's going to be a lot of variation from year to year in the multi-family proportions, both statewide and also county- and certainly municipality-wide.

And finally, again, I encourage you to take a look at the data that's in the report. And starting with this year's report, we now have the multi-family housing broken out into several subcategories.

All right, here is a page with the links to the report and to the data. We will send out a PDF of this presentation and of Christopher 's presentation before the end of this week and you'll be able to follow those links that way. So don't worry about trying to hastily write that down or take pictures or whatever.

And then here is my contact information - email and phone number - and also the current link to the website for our state data center. Just to let you know that we are currently working on getting blended into the new website for the Department of Business and Economic Affairs, so at that point there will be a need to be a new URL for that.

Thank you for your time!

I guess, how about this? We have maybe 5 minutes or so before I before I need to turn it over to Noah for the next part. Are there any questions at this point in the chat? (Just having to do with the numbers at this point. If there are other policy issues, we can talk about those later.)

And I don't see anything in the chat at this point.

OK, so in that case, I will now turn it over to my colleague Noah Hodgetts. He is also a principal planner here at the Office of Planning and Development, and he is going to shed a bit more light on the results of this report: tell us about the state's housing shortage and efforts underway to address this crisis.

Go ahead, Noah.

Noah Hodgetts

Great, thank you so much Ken. As you just heard, the New Hampshire Housing Finance Authority concluded in March 2020, pre-pandemic, that there was a need for at least 20,000 new housing units to reach a balanced market. Since that time, rents and home purchase prices have skyrocketed, rental vacancy rates have hovered at or below 1%, and there has been record low inventory of housing available for purchase. In short, the last two years have shown that there is an unprecedented need for additional housing of all types across the state.

The Council on Housing Stability, which Governor Sununu established in November 2020, released a 3-year strategic plan last summer, calling for the production of 13,500 units by 2024, an average of 4,500 units a year, which is a level of production the state hasn't reached since 2007.

And as Ken noted earlier, we were just shy, we got 4,446 units, approaching 4,500 units. But we're still not eclipsing that number, that rate. The good news is there are efforts underway at both the state and regional levels seeking to not only gain a better understanding of the state's current and future housing needs, but also formulate solutions, which can be adapted to communities of all sizes and types.

At the state level, the New Hampshire Housing Finance Authority has begun work on a new statewide housing needs assessment, which will provide an analysis of the current housing market and the amount of housing necessary for the state's continued economic growth.

The state's nine regional planning commissions, in cooperation with our office, the Office of Planning and Development at the Department of Business and Economic Affairs, are also in the process of updating their regional housing needs assessments, which will review current housing trends at the regional local levels, identify future housing needs and opportunities, and contain a menu of solutions for communities to address housing barriers and opportunities.

As shown on this slide, each regional Planning Commission has just launched a public survey to assess housing needs in their region. We invite you to fill out the survey for your respective region at the link shown on the screen: [www.nharpc.org/rhna/](http://www.nharpc.org/rhna/)

Both of these projects will be completed by the end of 2022.

While addressing the housing shortage may seem daunting, there are a range of tools that communities can employ to try to incentivize new housing, from creating housing opportunity zones under RSA 79-E that was a provision that the legislature passed last session, which will go into effect on April 1, to establishing a Housing Commission, to many other tools such as inclusionary zoning.

Perhaps no community has been more innovative in its use of these different tools to incentivize new housing as the city of Dover. Since assuming the role of director of planning and community development for the city of Dover in June 2007, becoming assistant city manager for planning and strategic initiatives in December 2014, and as of this past January Deputy City Manager, Christopher Parker has developed and implemented several housing programs and land use ordinances, which have helped to incentivize new housing production, including inclusionary zoning and a transfer of development rights ordinance. These tools that helped Dover add over 1,200 units of new housing during the last decade, only surpassed by Manchester and Nashua, despite being the fifth most populous community in the state and having a land area of only 26 square miles. So with that, I'm going to turn the floor over to Chris.

00:21:57.660

Christopher Parker (Guest)

Hi, how is everyone? I think I just uh overlaid myself with the slide image? Which is perfectly fine no one needs to see me?

[Slide 1] As Noah mentioned, I'm the deputy city manager here in Dover. For about 14 years I was the planning director, and I appreciate what Noah mentioned about the community being innovative and trying to really work here to broaden our horizons, push boundaries on regulations and look for opportunities wherever we can today. What I'd like to do is go through some of those opportunities, somewhat summarizing them, and then at the end talk about how we got there and what are some of the tools or factors that we looked at to make sure that we could bring as much housing opportunity and innovation to the community as possible.

[Slide 2] So, the first thing I'd like to talk about is housing diversity. We are a community that allows a lot of diverse housing. If you need to live in a manufactured house, we have opportunity for that. If you want to live in a large lot on the outskirts of town, we allow that. You want to live in a mill building and be in a loft apartment, we have that.

We range in zoning size from density of one unit per 4,000 to one unit per 40,000. And it's actually a little misleading to say that one to 4,000 because we have unlimited density in the downtown. In the central business district, we removed density calculations about 10-15 years ago, recognizing that where we had infrastructure in place we wanted to maximize utilization of that land.

But we really have strived to have a diverse housing opportunity. We feel that it's really important to be able to start out, maybe in your parents' home and you're in a single family home, and then whether you go to UNH down the road or you start here in the work field early, have some opportunities for cohabitation whether it's an apartment or a duplex or triplex. And then maybe when you're ready to get married, you're looking for your own type of housing, and then when you need to downsize you can go backwards. So we have done a lot of data analysis, and we realized and recognized that there's a lot of similarities today between Millennials and Gen Z and what empty nesters are looking for. A lot of what we've seen in the past, single-family home ownership, really is not the trend that we see going forward, especially in this area, so we're looking to embrace the ability to be flexible, whether it's a cottage-style house, whether it is a single family, whether it's living on the 5th floor of an apartment building.

One of the things that we've done recently is we recognize that for affordability, having a two-family unit is one of the most affordable ways. We can work through a lot of the questions that come up of Desiring Affordability, someone can live on one side and rent the other. So last year the planning board adopted regulations to allow any single family zone (except for our most rural which may or may not have water/sewer), you can have a two-family by right in what formerly were the single family zones. So there is some density calculation at play for that. For instance, in one zone where it was one unit per 12,000 square feet, it's now two units per 18,000 square feet, in other words, 9,000 square feet per unit.

They do have to look like single family homes, meaning one driveway off the property and one door from the street. It doesn't mean that it needs to be cut up when you get inside. You could have a front door and then a side door or rear door. But we wanted to have that single family look, because these are predominantly single-family neighborhoods. At the same time in all residential districts you can now convert from a single family to a two-family. Doing some research, we found that prior to 1964 every

residential zone in Dover allowed two-family units, and then 1964 it was grandfathered. So if your house was built prior to May of 1964, you could make that conversion. Last year, the planning board recognized that there was no need for that limitation, and we wanted to open up that possibility for all housing and property owners.

[Slide 3] Density bonuses is one of the things I think we're most known for. We've embraced the idea of transfer of development rights, and we have had a residential transfer of development rights for about 20 years. It's really become a popular thing over the past 5 to 7 years. Now it falls into two categories. One is you can conserve land on one side of the city and then use those units that you could have built on that lot on another part of the city. It's essentially east of the Spaulding Turnpike, which bisects the community, or west of it. So we wanted to have that option and that's been in place as I said, for about 10 years now.

Beyond that, we introduced about 7 years ago the ability to buy units. So what happens is you put money into the Conservation Fund, which the city then uses to purchase conservation easements on land, and those units can then be added to your project site. So there are four different styles, unrestricted or multi-family. So if you want to have any size house you'd like you can do that, and it is a cost of approximately \$15,000.00 now per unit. Same with multi-family: if you have a multifamily project and you'd like to add more units than the density allows underneath you, you can buy those units that we had 12 years ago that bought 24 units because they saw the benefit of having the additional unit count.

We also have a level of about half that rate - about \$7,500.00 if you limit the house to 1,000 square feet. If you limit it to 1,400 square feet, you're looking at about \$11,000.00 per unit to buy, and those two units are geared towards more affordable housing. We did an analysis and saw that housing costs, if you looked at the 1,000 square foot to 1,400 square foot existing homes in the community, those were selling at around the time, \$275,000 to 3 and a quarter, and that was a very affordable rate at the time, and I would say that time was about 2 and a half years ago, whereas new homes being constructed were said to be sold between \$375,000 and 5 and a quarter. Unfortunately, that number is actually low now, too, as many of you are I'm sure aware.

Two years ago, we added a newer level, which is HUD rent restricted. So if you are interested in providing HUD rent restricted and it is for the life of the property units, which for a two-bedroom unit HUD rent would be about \$1,400.00 a month versus the \$2,300 to \$2,400 a month you might ordinarily get on the market, then we have unlimited density. I say unlimited but it is at the approval of the planning board.

So you see above this column there's a site plan that is a portion of a 7 acre parcel where the developer would have been able to get nine units. Instead, they provided 44 HUD rent-restricted cottage style units. They're all about 600 square feet. And they are all HUD rent restricted at a little less than \$1,000.00 a month in that program. We've seen a lot of success in trying to mirror it on other projects like this one, but also with our developers, saying that they will do multi-family at the same level.

[Slide 4] We've long found that a mixed use project is a good way to introduce more affordable housing and more housing options. And so certainly when I say mixed use, it's what you typically might think of as commercial and residential mixed together. We have introduced in the past two years a newer element of that, which is assembling or manufacturing, wanting to increase our employment base and

wanting to promote business development. We added a provision that if you are willing to build an assembly and manufacturing structure of over 40,000 square feet, then for every 2,000 square feet you construct over that 40,000 square feet, you get an additional unit of residential. Now this can be in a zone that normally would not have provided any residential units. So for instance, if you have a 50,000 square foot manufacturing and assembly building and you construct all 50,000, it's not just getting it permitted, it's actually constructing it. Once you're constructed you will have 10 units that you can either place on the same site, really linking employment and employee centers, with the options also of putting it on another piece of land, residentially zoned in the community or on the open market, selling those units to other developers to use within the community, and the intent to recognize that the value of residential from a development standpoint is higher and better return of investment than the commercial industrial, but the community needs jobs, the community needs employment centers, so we wanted to link the two.

We also allow, as I mentioned earlier, mixed use buildings, so in all of our commercial zones now, where you ordinarily would not be allowed to have residential, we do say that if you have 33% of the building as commercial you can have one unit per 5,000 square feet. And then finally we created an overlay district in certain residential zones where you can bring in a higher density if you have 55% of the floor area square footage be commercial.

[Slide 5] One of the things I think we've worked very hard at is barrier removal. We've recognized that it takes time and money to build these units and that one of the things we can do to help move the process forward is by streamlining our processes. So for instance, it takes about 45 to 60 days to get through the planning board review process here in Dover, and that's the clock starting, in my mind, when you actually submitted an application that needs to go to technical review, which is a staff review that occurs before the planning board, through the appeal period. Most of our planning board meetings here are one meeting and I do want to caution that we can do this because we have professional staff and I know not every community has that luxury. Not every community has the ability to streamline and be fast paced, but where we can we found that it's an important advantage in order to continue to get residential growth.

We've also allowed the conversion to 3 to 4 family structures to be streamlined, and in certain areas of the community, we allow a single and duplex that can be converted to 3 or 4 family, and there's a list of criteria that need to be met going to the zoning board and to approve the special exception criteria are met. We came up with the adjustment this past year that says if you were going to have the units be HUD rental units, then you need to go to the zoning board still, but you do not need to have all of the criteria met. You still need to have screening and setbacks, but we reduce some of the other criteria, recognizing you were going to permanently restrict those units to meet the HUD rental rate.

This one is a tough one, but we recognize that if we want to promote housing diversity, we need to really think of a diverse community, and so that includes those that are in need of a sober living home or a group care home, and we do traditionally consider those to be single family homes. We do require that life safety regulations be met, so they might need to be sprinklered or there might need to be other ADA requirements met but we don't make them look for a specific institutional type use.

One last one that we did this past year is we removed or are trying to make it easier for those with non-conforming lots, if a non-conforming lot has less than 50 feet of frontage or is less than 5,000 square feet in size. We made a regulation change that says if you have one of those non-conforming lots and



you're going to create a 1,000 square foot home or less, then you can have a house without going for setback relief, etc. It's automatically part of the approval.

Two of the last things I want to mention that we've done for a long time - this predates me - is, we removed the definition of family or related units or related residents from our zoning code in the '80s, recognizing at the time that with UNH's proximity there were only a lot of students we wanted to promote that had that housing style. So we do not have a definition of family, which can sometimes curtail housing use, and we also recognize that we do not need to get involved with private relationships between landlords and tenants. In that sense, we allow co-leasing: we have a bunch of houses that we know of where someone comes along, rents out their house, and you come and you rent just the bedroom and access to the common space and I might rent another bedroom and access to the common space and no one might rent the third bedroom and access to the common space and Kim rents the fourth bedroom and access to a common space, so they're individual leases, directly co-leasing the same space.

[Slide 6] One of the final areas I want to talk about is just in general. Some of the miscellaneous aspects we've done first is we constantly review our code. About 10 years ago we started going through our zoning site and subdivision regulations annually in October/November. Staff review the year's zoning board applications to see if there's trends, there's variances that come up, and we consistently look at what we see out there in the community. We do serving and questioning of the public and stakeholders to see where we need to be more flexible or where we are too flexible in some regards. So every January, the planning board holds the goal-setting session and talks about where it wants to see amendments in the code. Staff certainly recommends at that time, and then in the spring staff is working on it, and then in the late spring/early summer, the planning board does its final review and sends it to the City Council for approval. And then the council reviews in the summer and fall.

I recognize this is not something that is easy to do in a town meeting form, but it is something that I think helps us be nimble, having this constant review, constantly thinking about how to enhance and be an improvement on the process.

We allow home occupations by right. We want to encourage people to live and work in the same location, if possible. There certainly are limitations. We don't want auto mechanics or some noxious uses to be there, but we do allow them.

We have cluster subdivisions. We've actually had what we called the alternative design cluster subdivisions since 1978. They got renamed as open space subdivisions, which is what we call them now in 2003. We actually haven't had a ton of them. They are single family homes similar to the data that Ken shared earlier.

We have seen a lot less single family in planning board review, mainly because we're running out of land, we are limited to the 26 square miles. We are looking at ways to redevelop at this point, and I think that's why we're seeing much more in the multi-family, particularly in the urban core.

The 79E inclusion, what we've done here is if you are looking for a 79E, which is a community revitalization tax credit program, we have two areas in the central business district that we can consider those applications in both of them. If you are interested in doing the program, it's limited to 5 years. However, if you want to do an additional year beyond the 5 years, up to 4 years, if you can do so, for

every year, you restrict 10% of the units in the building to HUD rent restricted. So we had a project last year, where it's a 60-unit building that's partial rehab partial construction and they asked for a 7-year 79E provision and they are doing 12 units within that to be HUD rent restricted. Now it is just three times the length of the reduction, so they will be that way for 21 years, but we felt that was a good option.

Accessory dwelling units. This is a common one, we think we hear a lot of about accessory dwelling units. We actually allowed them in 2010, so prior to the state mandating that you had to have them. We have removed the location limitation. In other words, it doesn't have to be in the basement or an attachment behind the building or second floor of the garage, it can be anywhere. Part of the reason why we did this was we wanted to encourage tiny homes or cottages, or however you want to word them. Is it going to have a somewhat standalone accessory dwelling unit? We do require that the owner of the lot occupy one of the two units. These are by permit only; you don't need a special exception. You don't need a trip to any board in less you are looking to do greater than 800 square feet and which at that point you probably are looking at the conversion to a two-family anyways, which is again allowed by right.

One of the things that we've done to be innovative here in Dover is we allow more than one accessory dwelling unit. If you look at the statute, it says you have to allow at least one. We read that to mean that doesn't say you can't have more than one, so we have allowed more than one unit if the second unit is HUD rent restricted.

And then finally we have allowed height limits in the central business district to be relaxed, if you were going to provide the additional units that could be created as HUD rental units. So we have had a five-story maximum in the central business district for a while. We had a zero maximum but then we ended up having some concerns raised and we reduced that to 5 stories, which is ironic as we have some six-story buildings downtown. But we had the five-story, and then we have put in a regulation that said if you put parking underground, so subgrade, then you could go up above grade for every floor you are subgrade. Then we added to that two years ago by saying that if you wanted to provide that sixth floor and let's say it created 12 units. Then you would need to take 12 units in the building and have them HUD rent rate. It doesn't mean they are the penthouse units. It's not those 12 units on the top, it is 12 units in the building.

When I notice about these units, whether it's in the central business district or otherwise, where they are 100 rent restricted, we do allow flexibility for the developer and the property owner in the city. All signed a development agreement, which gets recorded, noting that they have to provide proof annually that those units exist. But we also go a step further by saying that those units can be flexibly moved throughout the life of the project. So maybe in year one they're units one through 10, but as turnover or as incomes change they become units 2 through 10, plus Unit 14, just because of the way things flex about, so we allow for that flexibility because we want to make sure that the developer is encouraged to do the program just as much as a community is.

[Slide 7] So now I'm going to take a few minutes to just talk about why I think this all works. The number one is because I think we have supportive policymakers. We've been very lucky to have planning board members, economic development board members, and city councilors who recognize that we need to have innovative and progressive policies when it comes to housing. We need to recognize that there is a lot going on with housing affordability, and a lot of aspects of the housing affordability standards are not

things we control, and that gets into the next point, which is that policymakers understand the 5 L's, and if you've heard me before, I talked about this. I probably drone on about it, but I believe there are five L's that factor into the cost of housing. The first is land, the second is lumber, and by "lumber" I mean any materials. The third is labor, the 4th is lending (the price of money as it were), and 5th is legislative. The municipality really only has the ability to look towards that fifth L, legislative, and have an impact. We don't sell land typically, we are not controlling forests, so we're not controlling the supply of lumber, we are not typically lenders, though certainly there are communities that do lend, and as much as we might encourage that we need a diversity of workforce, including people that do hands-on construction as a labor force, that we do not provide labor, so the best thing we can look at is legislated, and one of the things we've looked at here is how do we do legislative improvements that don't add to bureaucracy? We don't want to be creating a situation where you can't sell your house unless you come and talk to us and make sure you've sold it at the right rate, and so that's something we've shied away from.

We want to have an accessible, collaborative and experienced staff. I think that this is something we really find from a culture standpoint helps move people along. As I said earlier, we looked to a 45 to 60 day window to get through the plan review process. I always like to say, "I'd rather see you in the ground than in my office," and I don't mean that I want them dead! I mean, I want them doing their project. I want them out in the community building that housing, building that construction project and moving it forward.

All of this stems from our master plan. We have been working on our current master plan set since 2012 and it promotes urban life, it promotes diversity of housing, it promotes the flexible zoning and innovative regulations that we spoke of earlier. It really does a lot when it comes to the vision and the circumstances that the community works within. I think the community understands the barriers to development. We recognize at the staff level and at the policy maker level that development isn't cheap and that you might purchase a piece of land and then you're going to expect to get something out of that piece of land and whether you've purchased it 20 years ago and you live there, sat on it, etc or whether you just purchased it, you're looking for productive use of that land, and so we want to minimize those barriers to development to get you out there and get you into your project.

Education and outreach. I think this is a huge one. We, really all of us included on this call, could do a better job of education and outreach understanding that less than 1% vacancy rate, understanding what it means to say no to a housing project, understanding that we all want to not be that static community that dies because we can't attract new members. We can't keep being opposed to the younger generations to come in. I always like to ask people when they say they don't want more housing starts in the community, I always say do you have kids and if so do you want them to always live at your house or would you like them to be out on their own, living in their own house, that maybe you can go visit them or they can leave your house to go to at the end of the day.

We want to be able to provide opportunity to people, we want to continue to recognize that growth is a positive thing, recognizing too that community character degradation is not always tied to growth and that the two are separate, and finally we've been very lucky to have policy makers that are forward-thinking about housing the future and recognizing that as great as the past is - and we are coming up on our 400th anniversary here in Dover - we have another 400 years to go in the future. So how do we get

there in a positive manner that works with the public to get that diversity of housing that we've talked about.

Alright, hopefully, I turned off the screen share. That's all I have. I realized that as Ken was finishing his that he actually gave you his contact information, which is very nice of him. I did not. Good luck trying to find me! I guess that's all.

00:49:09.130 --> 00:49:10.440

Gallager, Ken

OK, thank you very much.

00:49:09.560 --> 00:49:10.050

Christopher Parker (Guest)

Right.

00:49:10.990 --> 00:49:11.520

Christopher Parker (Guest)

You're welcome.

00:49:12.460 --> 00:49:29.650

Gallager, Ken

We do have a question in the chat, and I've encouraged people to go into the chat, or actually at this point, you can raise your hand. We do have a little bit of time. Still, for questions. There was one chat question that came up while you were speaking, Chris, that was for my presentation.

“What year was being shown for the towns with the highest growth rates on that slide?”

That year, those were based on permits that were issued in 2020, and thus we are saying that growth occurred as of mid 2021 with the construction of those units.

OK, and Chris you have a question from Nicole, which is “How much staff do you have in Dover?”

00:50:02.480 --> 00:50:19.000

Christopher Parker (Guest)

So, in the planning department there is a planning director. Don Benton is our planning director, and then we have a zoning administrator, a city planner, and we also have Community Development Block Grant, we're an entitlement community, so that person is also in the department.

00:50:22.440 --> 00:50:23.000

Gallager, Ken

OK thanks.

At this point we still have time, so if you wish to ask a question go ahead and raise your hand and we can unmute you if you want to just ask it.

00:50:47.160 --> 00:50:54.320

Hodgetts, Noah

Chris, can I ask you a question? How do you think the community has viewed this kind of trying to institute a lot of these kind of innovative policies? Have they gone over pretty well with residents? Have you kind of faced pushback along the way, or has it been generally well accepted across the city?

00:51:14.040 --> 00:51:43.470

Christopher Parker (Guest)

So it's been generally well accepted. I am a firm believer in participatory planning. So what we have done is as soon as we start thinking about something, we get the word out. So we do a weekly E-newsletter that goes out, we do press releases, we educate the planning board, the City Council along the way, so when things come to them in final form it is not a shock. We have had some issues with the density through the transfer of development rights. We've had some projects, we had one that I believe their base density was 30 units and they wanted to buy another 30 units, and the neighbors were not so keen on that, and the planning board respected that and listened to that and recognized there was a balance that they needed to strike between the carrying capacity of the property and abutter interaction. And so through that, I think they ended up with 12 units, and then when it actually got finally designed that could only fit 7 because of environmental constraints, so seeing things like that, and having projects where the planning board has said, "No that's a little too much." It is a good proof that it does work, that there's some flexibility.

The project that I mentioned, the cottages where they were the base density of nine and they ended up quote unquote purchasing 35 units, that ended up being two meetings, because some traffic concerns were brought up. And I should note, all of those typical site plan review elements do still get vetted, but the applicant went back, made a couple changes, came back, and they were approved, I believe either unanimously or 8-1, that the board really appreciated the affordable housing, our planning board at the very least, and I think our council, to recognize is that affordability is really tied to supply and demand and that the more we can supply the more static that housing prices should run.

00:53:20.940 --> 00:53:32.240

Hodgetts, Noah

Great, thanks, we have a couple additional questions now in the chat. Eric is asking "Does this high density housing work only in locations with public water and sewer?" That one seems to be for you Chris.

00:53:34.970 --> 00:53:36.960

Christopher Parker (Guest)

I think it can work in well/septic situations, though not as well. I think you're going to run into some issues when the state does its review of the soil conditions, etc. So you're probably not going to get as high. It certainly is helpful to have water/sewer and not just from the environmental standpoint, but again from that density standpoint.

00:53:58.440 --> 00:54:09.680

Hodgetts, Noah

Great thank you. And we have another question from Stacy. "How much power does a planning board have to get developers to offer lower income residences with typical high price rentals?"

00:54:11.110 --> 00:54:12.190

Christopher Parker (Guest)

I would say a little to none, in the sense that if you look at the enabling legislation that the state has, is that our state is very much geared towards property rights. And I'm not arguing that it shouldn't be. But as part of that, there is the inclusionary zoning provisions. But there's a very clear provision that says you can't create an inclusionary zoning, and I'm paraphrasing here, can't create an inclusionary zoning

ordinance that restricts the economic viability of a project, so if they can prove that it is not viable to have that unit, then they don't need to do it. Again, my opinion, that's why we went the route of density bonus instead, because it's a little bit more give and take. It's a carrot at that point.

00:55:09.970 --> 00:55:24.120

Hodgetts, Noah

Great, thank you, Chris. Sorry my connection dropped off for minute, and I will just add on that response to that last question. Hopefully, you can all still hear me. SB 400, which is the community toolbox bill, came out of Governor Sununu's 2019 workforce housing task force on housing which is before the legislature this year. One of the particular provisions in that bill would allow communities to adopt mandatory inclusionary zoning, so getting at Stacy 's question, as long as the requirement that a developer set aside a certain amount of units as affordable or workforce units would not make the project economically unfeasible and essentially unfinanceable to build. So planning boards may be getting that permission going forward if that bill were passed this year.

00:56:09.760 --> 00:56:23.470

Christopher Parker (Guest)

What's good about that is, as you're saying, it gives the power, but the concern that I still have is you're going to end up having planning boards that need to be financially aware and be able to answer those questions, or the pushback of "this makes it economically unfeasible for me to do the project", how do you have a local expert too? So either oppose that or support it to the board, so it understands it's a good provision. But I think it's going to end up asking questions.

00:56:46.710 --> 00:56:55.040

Hodgetts, Noah

Sure, no, I think your point is well taken. There was a story I read recently that the city of Portland, Maine, I think instituted a 25% affordability requirement in their inclusionary zoning in the last year and as a result, saw a 90% drop in permitting of multi-family housing. So Chris your point is really well taken, is that there's a really fine line on the economic viability when a planning board, if it were to have the powers, starts requiring a developer to set aside a certain number of units as workforce and so that really careful attention needs to be paid to that.

Eric has another question here. "When does New Hampshire Housing Finance Authority publish a report, annually or other?"

So Eric, you may be referring to, I had mentioned the housing needs assessment that they've just started work on with their consultant that will be published at the end of September 2022. They also provide other reports throughout the year. I can put the link to their reports in the chat.

<https://www.nhhfa.org/publications-data/publications-reports/> They have a residential rental cost survey, and they put out quarterly market snapshots.

00:58:16.180 --> 00:58:18.810

Gallager, Ken

OK, thank you, Noah, thank you, Christopher. It's 1:00 o'clock and so at this point, I think we will be calling an end to this webinar, and just be advised we will send out links to the recording and then also links to the presentations to anybody who was registered for this. So again, thank you all for coming and joining us today and hope you have a good rest of the day.