

**Memo To:** Town of Fremont Planning Board  
**From:** Brian Groth, Regional Planner, Rockingham Planning Commission  
**Date:** November 2, 2009  
**Subject:** **Workforce Housing Compliance Review – Housing Analysis**

The Fremont Planning Board has requested the RPC's assistance in evaluating the current housing stock and regulatory environment with respect to compliance with the 2008 workforce housing statutes enacted as SB342 and subsequently coded in statute as RSA 674:58-61. Specifically we have approached this request in two parts. Our task was to examine the affordability of the existing housing stock to determine if Fremont is meeting its "fair share" of the region's needs for workforce housing. The second task was to develop a strategy for achieving regulatory compliance, which is addressed in a subsequent memorandum.

It is important to emphasize that our evaluation reflects our professional planning judgment as to whether the Town appears to meet the provision of the new law. It is not a legal opinion, and we would advise that you have this information reviewed by your Counsel before deciding on a specific course of action. We recommend that in this case specifically because the law is new and untested. While we believe our views are well founded, the fact that this is being written before specific guidance documents from NH Housing or the Office of Energy and Planning are published, makes it difficult to be certain whether our methods and interpretations will be supported.

The following memorandum reflects the findings of our analysis. As you know, the effective date for compliance with the new law is January 10, 2010. Effectively, this means that any zoning amendments needed to bring the Town into compliance with the law will need to be drafted and posted by that date. Based on our findings on the first question, it appears that the Town is close to providing its current regional fair share of workforce housing and below provision of its reasonably foreseeable need. This means that, based on the language of the statute, you are not currently in compliance with the workforce housing law. There are actions that the Town can take to improve the opportunities for workforce housing provided under your ordinances, which will be addressed in the aforementioned, subsequent memorandum. By taking those actions in the near term, you will help ensure that you will maintain your regional fair share status now and into the future.

## Regional Housing Needs Assessment

NHRSA §36:47 requires that each regional planning commission compile a regional housing needs assessment, including an assessment of the regional need for housing for persons and families of all levels of income. Municipalities are, in turn, required (RSA 674:2(l)) to assess the need for housing in their community while considering the needs in the wider region.

The basic methodology used in the RPC 's Regional housing Needs Assessment was developed in 2004 as a joint effort of the NH Housing Finance Authority, the NH Office of State Planning and the NH Regional Planning Commissions. This analysis differed from past attempts (which were based on Census-derived estimates of housing overpayment) in that it tied the estimate of present and future regional housing based on employment in the region using a housing production model. In other words, it associated the demand for housing on projected future economic development -- as indicated by employment growth. This revised method did not include town-by-town estimates of housing "fair share", but focused instead on regional needs for housing for households of different incomes, age groups and tenure (owner vs. renter).

In October 2008 the RPC updated its housing needs assessment using the same housing production model methodology that was released by the NHHFA in 2004. It uses 2006 as the base year and 2015 for the projection year. It was updated in part to incorporate currently available housing, employment and income data, and in part to respond to the enactment of SB342, which was passed in June 2008. The new law includes new income based definitions for workforce housing and requires certain zoning and regulatory standards be met if a community does not meet its "fair share" of the regional housing need. To be consistent with these provisions, the 2008 Update uses the legislatively defined income levels to determine workforce housing thresholds and expands the regional housing needs estimates to the town level by assigning a proportionate fair share estimate for each Town based on their share of all housing in the region. For additional details see Regional Housing Needs Assessment, Rockingham Planning Commission, October 2008. The regional fair share number is presented as both a percentage and an actual number, shown for both the base year (2006) and the projection year (2015). For Fremont those numbers are 661 for 2006 and 743 for 2015, both representing 46% of the Town's total housing stock, and 1.9% of the region's workforce housing need. (see Table 1). These are the gross numbers of workforce housing, based on Census and OEP household estimates, that Fremont would need to meet to be deemed in compliance with the workforce housing law.

**Table 1 - Regional Housing Needs**  
(from RPC Regional Housing Needs Assessment, October 2008)

Area	Total Households 2006	Estimated Workforce Housing Need -2006	Est. Total Households 2015	Estimated Workforce Housing Need -2015
Fremont	1,435	661	1,615	743
RPC Region	76,141	35,053	85,666	39,438
Fremont as % of Region	1.9%	1.9%	1.9%	1.9%

As specified in the law, workforce housing is defined for owned homes as housing that is affordable for a four person family earning 100% of the median family income, and for rented homes, affordable for a family of three earning 60% of the median family income. Median income is established by the Housing and Urban Development agency (HUD) within designated fair market rent areas (HMFAs). Fremont is located within the Lawrence MA-NH HFMA. The median income for a four person household in this HFMA in 2006 was \$80,667, translating to an estimated maximum housing purchase price of \$249,624 with a 10% down payment or \$271,701 with a 20% down payment. For renter affordability, 60% of the median income for a 3 person family was \$43,600, translating to a maximum affordable monthly rent of \$1,090.

According to the 2008 Regional Housing Needs Assessment, Fremont can be said to be providing its fair share of workforce housing if 46% of its housing units can be purchased for \$249,624 or less and/or rented for \$1,090 per month or less, both in the base year (2006) and in 2015.

A method for estimating whether or not a community is currently meeting its fair share using these affordability thresholds is suggested in the regional housing needs analysis as follows:

- for owner housing: town assessor records can be used to estimate the number of homes that have an assessed value that is less than the maximum purchase price (\$249,624) of homes needed to qualify as “workforce housing”
- for rental housing: use the NH Housing Finance Authority’s current rental price survey data to estimate the portion of the rental properties in the region that meet the affordability criteria and multiply that by the number of rental units in the Town (using 2000 Census or assessor local data if available)

#### Existing and Projected Workforce Housing in Fremont

The Town of Fremont furnished the RPC with the Town Assessor’s data. This provides the best available data for determining existing housing value for owner-occupied housing units. The data was analyzed to determine the number of residential properties that had a threshold value of \$249,624, the estimated affordable purchase price used in the Regional Housing Needs Assessment (assuming 10% down payment, the more conservative estimate of affordability). Based on an assessment equalization rate of between 100-115%, assessed value was determined to be a valid substitute for the purchase price homes in Fremont. Also, if a house had double occupancy (duplex) and was assessed at or below the affordable purchase price, two affordable units were counted. The resulting data shows that out of Fremont’s approximately 1,488 living units, 514 (or 34.5%) of these units are under the affordable purchase price threshold.

As indicated above, the Regional Housing Needs Assessment places the need for Workforce Housing at 46% of any given town’s housing stock. Through this approach (assuming 10% down payment), the assessor records indicate that on both a numbers basis and a percentage basis, the regional fair share obligation is not met through ownership.

To include apartment information into this analysis, the RPC reviewed data supplied by the New Hampshire Housing Finance Authority (NHHFA) and the U.S. Census. NHHFA conducts a detailed

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rental price survey each year. According to the 2000 Census, 11.6% of Fremont’s housing stock is rental units, which yields approximately 172 units. According to the rental cost survey data published by the NHHFA, 65.5% of rental units in the Lawrence MA-NH HUD FMR area are affordable and 55.1% of these are two-bedroom units. The HUD fair market rent used to establish affordability is \$1,171 for a two bedroom unit in fiscal year 2010. This figure was used instead of the \$1,090 per month mentioned earlier, since this number was established for 2006. Since the rental survey reflects current statistics, it should be compared to the current fair market rent.

See summary below:

**Summary of Fair Share Analysis**

<b>1. <u>Owner Occupied</u></b>		
<b>A. Assessor Housing Data:</b>		
• Total Living Units:	1,488	100%
<b>B. Affordable Owner-occupied units</b>		
• Owner-occupied units:	1,316	88.4%
• Properties with assessed value <\$249,624*:	514	34.5%
	<small>* assumes 10% down payment, 30 yr conventional mort.</small>	
<b>Total Affordable Owner –Occupied:</b>	<b><u>514</u></b>	<b>34.5%</b>
<b>2. <u>Rental Housing:</u></b>		
(from NHHFA and 2000 Census)		
• Total Rental units (Census):	172	11.6%
• Percent Affordable (NHHFA):	x 65.5%	
• Percent 2 bedrooms (NHHFA):	x 55.1%	
<b>Total Affordable Renter Occupied:</b>	<b><u>62</u></b>	<b>4.2%</b>
<b>3. TOTAL WORKFORCE AFFORDABLE HOUSING:</b>	<b><u>576</u></b>	<b><u>38.7%</u></b>

In summary, adding the Assessor’s derived owner-occupied affordable unit estimate with the Census and NHHFA-derived affordable rental unit for 2 bedroom units, we arrive at 576 Workforce Housing units. This is 38.7% of the estimated housing stock and 85 units under the current target of 661. It is also under the estimated need in 2015 of 743 units, by 167 units.

Reasonably Foreseeable Need

The analysis of Fremont’s housing stock indicates a slight shortfall of owner and renter housing units that meet the workforce housing criteria to satisfy the Town’s regional fair share need both presently and what is forecasted by the RPC in 2015. This analysis was as conservative as possible in its assumptions. For instance, had the analysis assumed an affordable purchase price relative to a 20% down payment, the benchmark price would have risen from \$249,624 to \$271,701 thus

including more units. Had this number been used in the analysis, 679 of Fremont's owner occupied units would be considered towards the regional workforce housing need thus suggesting Fremont is currently exceeding the 2006 target.

The number of qualified workforce housing is a moving target as the housing market is a constant state of change. Furthermore, the estimated regional need, and Fremont's fair share of that need, will also change as the Regional Housing Needs is updated from time to time. Given the small workforce housing deficit, the Town may wish to review and adjust their Zoning Ordinance to ensure that it complies with the regulatory requirements of RSA 674:58-61.

**Memo To:** Town of Fremont Planning Board  
**From:** Brian Groth, Regional Planner, Rockingham Planning Commission  
**Date:** December 16, 2009  
**Subject:** **Workforce Housing Zoning Compliance - Update**

The Fremont Planning Board has requested the RPC's assistance in evaluating the current housing stock and regulatory environment with respect to compliance with the 2008 workforce housing statutes enacted as SB342 and subsequently coded in statute as RSA 674:58-61. Specifically we have approached this request in two parts. Our task was to examine the affordability of the existing housing stock to determine if Fremont is meeting its "fair share" of the region's needs for workforce housing. The second task was to develop a strategy for achieving regulatory compliance, which is addressed in this memorandum. As the previous memorandum identified a slight shortfall of workforce housing in the Town of Fremont, the strategy prevented here will, in the RPC's opinion, bring the Town's Zoning Ordinance into regulatory compliance with RSA 674:58-61.

The Workforce Housing Statute requires the following to achieve regulatory compliance: that the "reasonable and realistic" opportunity for the creation of workforce housing is provided in more than 50% of a municipality's residentially zoned area, and that the opportunity for the development of rental workforce multi-family (5 or more units) housing is provided in a municipality but not necessarily in more the 50% of residential area. Workforce housing is defined as housing for sale which is at Fair Market Value, as established by HUD, to a household with an income of no more than 100% of the median income for a 4-person household for the metropolitan area in which the municipality is located. In Fremont's case, this is the Lawrence MA-NH HUD HMFA area. In the case of rental housing, workforce housing is affordable to a household with an income of no more than 60% of the median income for a 3-person household for the metropolitan area. Furthermore, workforce housing developments may not exclude minor children from more than 20% of the units and must have at least 2 bedrooms in at least 50% of the units.

In Fremont's Zoning Ordinance, Article XVIII.10, the Open Space Preservation Ordinance is a suitable place for workforce housing language to bring the Town into regulatory compliance. With the following recommended revisions, it is the RPC's opinion that the Town will have improved its standing with the regulatory requirements of RSA 674:58-61.

**REVISION #1**Existing- Permitted Uses

## XVIII.10.3

- b. On parcels greater than twelve (12) acres, duplex units or multi-family attached dwelling not exceeding four (4) dwellings per building shall be permitted. At least seventy (70) percent of the proposed units within a development must consist of single family detached dwellings. Additionally, units shall be interspersed in such a way to prevent concentration of any one housing type in any portion of the OSPD.

Proposed

## XVIII.10.3

- b. On parcels greater than twelve (12) acres, duplex units or multi-family attached dwelling not exceeding six (6) dwellings per building shall be permitted. At least seventy (70) percent of the proposed units within a development must consist of single family detached dwellings. Additionally, units shall be interspersed in such a way to prevent concentration of any one housing type in any portion of the OSPD.

**REVISION #2**Existing- Density Bonus

## XVIII.10.8

- c. Density Bonus - The Board may award the development a density bonus not to exceed fifteen (15%) percent of the number of lots achievable under a conventional yield plan to developments on parcels of twenty (20) acres or more. Open Space Bonus. If the proposed development meets or exceeds any of the following criteria, a density bonus shall be awarded in the amount of five (5%) percent, unless otherwise noted. The maximum bonus awarded any application under this Ordinance shall by fifteen (15%) percent.

Proposed

## XVIII.10.8

- c. Density Bonus - The Board may award the development a density bonus not to exceed fifteen (15%) percent, or twenty-five (25%) percent in the case of a workforce housing development, of the number of lots achievable under a conventional yield plan to developments on parcels of twenty (20) acres or more.
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**REVISION #3****(THE FOLLOWING HAS BEEN UPDATED SINCE THE NOVEMBER 3, 2009 DRAFT)***Addition – Density Standards*

## XVIII.10.8.c

4. Workforce Housing Bonus: The Board may award the development a density bonus of fifteen (15%) percent of the number of lots achievable under a conventional yield plan to developments that will guarantee that twenty-five (25%) percent of the total number of proposed units within the development (including all units allowed by density bonuses) shall be workforce housing as defined by RSA 674:58-61 and below:

i) All of the units constructed as affordable unit(s) shall be located on-site and shall be sold at initial sale for a price that can be afforded by a household with an income equal to or not more than 100% of the median family income for the New Hampshire portion of the Lawrence MA-NH PMSA, as published by US Department of Housing and Urban Development

ii) Affordability shall be defined as housing that can be purchased under a conventional mortgage whereby the combined annual expenses for principal, interest, association fees, required insurance and estimated property taxes will not exceed 30% of (buyer's) household income. Property taxes will be estimated by multiplying the unit's sale price for the current tax rate per thousand.

iii) Affordable units offered for sale and approved by the Planning Board as part of a subdivision or site plan and subject to NH RSA 674:58-61 shall require a restrictive covenant and lien granted to the Town of Fremont. The initial value of the lien shall be equal to the difference between the fair market value of the unit and its reduced affordable sale price, which is indexed according to the qualifying income standards. The Town of Fremont lien is indexed over time at a rate equal to the consumer price index identified in the restrictive covenant and lien document. Future maximum resale limits shall be calculated as the fair market value minus the adjusted lien value and a transaction administrative fee. Subsequent sales prices are not limited based on income targets, but on the combination of the housing unit's fair market value, minus the adjusted lien value, and adherence to the definition of workforce housing contained in this Article. The restrictive covenant and lien shall be in a form approved by the Planning Board.

(1) Deed restrictions, restrictive covenants, or contractual arrangements related to dwelling units established under this Article must be set forth on all plans filed with the Town's Planning Board and with the Registry of Deeds.

(2) No certificate of occupancy shall be issued for an affordable housing unit without written confirmation of the income eligibility of the tenant or buyer of the affordable housing unit and confirmation of the rent or price of the affordable housing unit as documented by an executed lease or purchase and sale agreement.

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(3) Ongoing responsibility for monitoring the compliance with resale and rental restrictions on affordable units shall be the responsibility of a monitoring agency of the Planning Board's choice including, but not limited to, the New Hampshire Housing Finance Authority. If the Planning Board's choice for monitoring and compliance is the New Hampshire Housing Finance Authority then the owner of said affordable units shall follow the requirements as set forth in the New Hampshire Housing Finance Authority's Model for Homeownership Affordability Retention Lien as amended.