3 HOUSING

TOPICS INCLUDE:

Challenges & opportunities going forward

Current housing trends & zoning framework

Housing needs assessment & results

This chapter explores regional and local housing trends as well as demographic changes. These trends provide a framework for an understanding of the pressures that housing demand places on Pembroke. The chapter also identifies potential housing needs in the future based on these demographic trends and projected population changes. The purpose of such an effort is to help quantify Pembroke's future housing needs. Finally, the chapter explores the current zoning framework in an attempt to understand whether or not it can appropriately respond to and manage housing demand.

Pembroke is…

a community where residents want to preserve and enhance the town's rural character and protect existing quality of life while at the same time provide for a variety of housing types to meet the current and future needs of residents.

WHAT THE COMMUNITY SAID…

Public responses from Pembroke's outreach process, which included a community survey and a Visioning Session, provide a clear and consistent direction for a balance in town that maintains community character while providing for a mix of housing to meet changing demographic needs. Strong feedback was received for maintaining Pembroke's rural character, and that maintaining this rural character should be a main goal of this master plan.

The following tables briefly summarize comments and input received throughout the public outreach process. In general, the results suggested that there is a need to preserve Pembroke's character and find housing solutions for certain segments of the population, notably seniors. Results of these engagement opportunities provide a direction for the objectives and recommendations identified in this chapter.

Table 3.1: Residents Rank the Importance of the Following Housing Types

Identified Feature	Important	Somewhat Important
Senior Housing (55+)	29%	39%
Accessory Dwelling Units	22%	43%
Open Space/Cluster Developments	20%	30%
Independent Living Facility	18%	44%
Assisted Living Facility	17%	43%
Suncook Village Apartments & Duplexes	17%	40%
Condominiums	14%	42%
Combined Residential & Business Space (Mixed Use)	19%	35%

Table 3.2: Residents Show Support for the Following Actions

Identified Response	Percentage
Zoning ordinance amendments that help better separate non-residential development uses from residential development	73%
New housing in North Pembroke area	65%
New housing in Buck Street/NH 28 area	51%

Table 3.3: Residents Views of Strengths, Concerns, and Opportunities

Strengths	Concerns	Opportunities
Mix of housing types	Lack of adequate senior housing & services	Healthy development
Economic diversity	Long term financial impact of new housing	Growing work force
Character of Pembroke Street	Traffic on Pembroke Street	Phasing of housing that leaves time for adjustment
Schools & educational system	Current balance of economic development	Development of a Commercial District
Bedroom community status & local atmosphere	Bedroom community status	Improve quality of rental units
Taxes & Town services	Quality of Suncook Village housing	Obtain land for future Town well/water tower
Current strategic/proactive planning initiatives	High percentage of low income housing units	Tiny Houses

Themes that can be identified from the Visioning Session and community survey include:

- Providing housing choices for seniors;

- Ensuring that the housing stock is current and meets needs;

- Protecting the town's abilities to provide services in the face of growth;

- Ensuring that there is a variety of housing that meets the needs of all demographics, including cost; and

- Current growth rate of Pembroke is not necessarily a concern at this time.

CHALLENGES AND OPPORTUNITIES

DEMOGRAPHIC DEMANDS AND CURRENT HOUSING SUPPLY

For Pembroke, like many towns in New Hampshire, there are a few demographic indicators that can drive housing need. One is the age of the population. The significance of this statistic is that it can suggest a need for housing that is better suited to senior citizens, such as single floor living, smaller living space, and lower costs. Another statistic is that of the average household size. Household size can suggest more than one thing. A reduction in household size might suggest a decrease in the number of children, while an increase could suggest an increasing birth rate or adults are choosing to live together. Pembroke-specific data can help to explore these issues further.

In Pembroke, the median age has steadily increased since the turn of the century. US Census data in 2000 indicated a median age of 36.7 years. By 2010, Census data indicated the median age was 39.6 years. By 2018, American Community Survey 2014-2018 data suggested it was 42.4 years. Clearly, these trends point towards an aging population. With regard to household size of occupied units, Pembroke saw, on average according to American Community Survey 2014-2018 data, 2.75 people per household. In comparison, the figure was 2.59 in 2000 and 2.61 in 2010, respectively. Taken together, the population is aging and household sizes are growing slightly.

AGE OF HOMEOWNERS

The graphic below reinforces the trends of an aging population and housing needs as discussed throughout this Chapter.

Approximately 81% of homeowners in Pembroke are over the age of 45, with nearly 23% over the age of 65. Compared to Pembroke's neighboring communities, Loudon and Chichester have the highest percentage of homeowners in this age grouping, though all of the abutting communities have comparable percentages. It is worth noting that Pembroke has a lower percentage of homeowners under the age of 45 compared to abutting communities with 19%, though only by a marginal amount and still in line with the trends experienced in the abutting communities.

Figure 3.1: Age of Homeowners
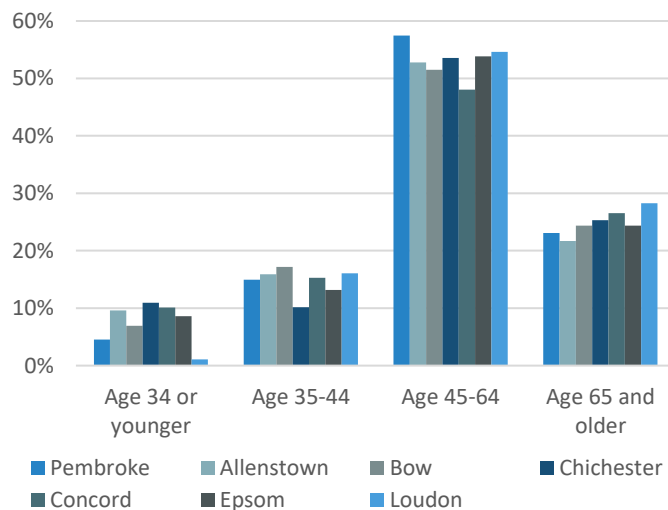
Source: US Census Bureau, American Community Survey 2014-2018

The increase in median age, coupled with the increase in household size, suggests that adult children might be living with their parents. This could be due to either the growing cost of housing relative to entry level incomes, and/or a need for seniors to split housing costs with their children as they retire, in addition to caregiving. Accessory dwelling units can be a great tool to address these issues – they allow seniors to downsize and stay in place. Their adult children then have an opportunity to own a home a lower cost. It also would address the caregiver issue as people age.

MATCHING HOUSING SUPPLY TO AGE GROUPS: HOUSING THROUGH THE LIFE CYCLE

As highlighted by the New Hampshire Housing Financing Authority's 2014 publication, "Big Houses, Small Households: Perceptions, Preferences and Assessment," 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 3+ bedrooms far outnumber one- and two-bedroom units in the state. Given the relatively small number of young households in the state it's unclear whether the larger units built for Boomers during their child-rearing years will draw sufficient interest from buyers in future years.

The group most likely to purchase larger homes, those aged 35-54, is expected to decline in many NH communities, including Pembroke. As households age, real estate preferences tend to change as well. Many of the baby boomers are looking to downsize, and the trend of smaller household sizes have impacts on supply and demand in the market.

There is the potential for adopting new development approaches through incentives or other techniques but this does not guarantee a solution. There is also an interest in more walkable neighborhoods while still maintaining the rural character of the town, another attractive amenity for an aging population.

Single level housing developments have been successful elsewhere because they can offer one story living with a potentially smaller lot size. Supporting these changes would require an evaluation of overall policies on land use requirements, and regulatory changes to ordinances.

In addition to the ability to age in place, there is a need for expanding the workforce into the future. Housing as an economic development strategy requires the ability to attract those that are not only in the workforce today, but in the future as well. Much of this is similar to what downsizing baby boomers are looking for: smaller homes near amenities and places of employment.

The housing needs assessment (HNA) conducted for Pembroke, described in more detail later in this chapter, shows a projected need for 101 units (three annually, none rental; rental units are actually projected to decrease by about 11% to 891 units) to meet demand by 2040 from the 2010 base year. It is important to note that the HNA should be revisited once the 2020 Census data is available as it would provide a more recent base year for the assessment's projections. While the current results seem to indicate that the current zoning ordinance is adequately addressing the number and balance of housing types, this assessment is only a snapshot in time and needs monitoring of demographic trends. It is important to keep in mind that the HNA gives you a picture of the supply side housing evidence. The

demand side and the impact of housing preferences driven by demographics are equally important. This could lead, for instance, to allowing greater density by right, which would lower costs for seniors and those new to the workforce due to economies of scale. Another example of demand-driven zoning changes could be a focus on smaller homes to prevent future vacancy rates as demographic demands begin shifting to smaller homes rather than larger ones. It is also important to take into account land and infrastructure constraints and other factors that could limit housing supply.

Taken together, housing through the life cycle coupled with Pembroke's evolving demographics, and it seems that the Pembroke housing market would benefit from the addition of some smaller, more affordable homes for both seniors and first time home buyers. Accessory dwelling units (ADU) and enhancing the cluster housing requirements could help address these issues. ADUs would provide a way for seniors to downsize while their adult children live in the home. This meets two housing demographic needs and makes caregiving easier as people age. It also protects community character by requiring, among other things, the ADU is similar to, and smaller than the single family home.

The other approach, enhancing the Open Space Conservation Ordinance, can address a lot of the same issues as it permits clustering of units. First, the act of clustering can lower costs. For example, clustered developments have shorter roads due to smaller lots. This limits road construction costs to the developer and the savings can be passed on. Secondly, clustering can result in smaller homes to fit the smaller lots. This would meet both the needs to seniors downsizing and first time home buyers. Finally, the act of clustering preserves open space and allows for a more walkable community, both of which are consistent with what community outreach has identified.

CHAPTER OBJECTIVES & RECOMMENDATIONS

OBJECTIVE 1 **Encourage housing that meets changing demographic needs.**	→ Consider the development of a senior housing ordinance. → Consider increased density permitted by right to bring housing costs down for both young people just entering the workforce and for seniors. → Consider a mix of uses in appropriate areas along Route 3 to accommodate varying development pressures, including greater housing densities. → Continue to support and encourage the development of accessory dwelling units.
OBJECTIVE 2 **Preserve Pembroke's rural character.**	→ Simplify the density calculation process in the open space subdivision ordinance. Deducting a percentage of land for roads, slopes, and wetlands and dividing the remainder by the minimum lot size is a potential approach. → Consider the development of a range of density incentives for amounts and preferred types of protected open space uses. Uses such as passive or motorized recreation, farmlands, or natural state could have different density bonuses. → As stated in Objective 1, consider a mix of uses in appropriate areas along Route 3 to accommodate varying development pressures, including greater housing densities. → Ensure that there are connections between subdivisions to avoid fragmented lands.

# HOUSING TRENDS

HOUSING TRENDS IN PEMBROKE

Similar to population trends, the number of housing units grew substantially during the 1980s, with a boom of larger, single family, multi-bedroom houses. As shown in Figure 3.2, the percentage of housing units built during the 1980s is almost equivalent to the number of housing units built in the previous four decades. Since then, the amount of new housing units decreased dramatically during the 1990s before increasing once again during the 2000s, though not to the extent experienced during the 1980s. In recent years since 2010, Pembroke has experienced a modest supply of new housing units, though this accounts for less than one percent of the total housing units in town.

Looking specifically at recent annual data for the years between 2010 and 2018, Figure 3.3. Indicates 23 new housing unit permits were authorized in town, with a peak in 2014 with 10 units. It should be noted that this figure also represents a net gain and takes into account four demolition permits that were approved over the same time period.

Figure 3.4 shows the units by type in Pembroke and adjoining communities, reinforcing the prevailing pattern of single-family homes in both Pembroke and its abutting communities. According to the US Census Bureau, the majority of homes in Pembroke (72%) have two or three bedrooms, while nearly 17% have four or more bedrooms.

Table 3.4 on the following page documents housing occupancy characteristics for both owner and renter occupied units in Pembroke and abutting communities. As expected, the majority of occupied units are owner occupied in Pembroke and all of the abutting communities, though some communities have higher percentages than others. Approximately 76.2% of Pembroke's occupied units are by the owner, leaving 23.8% as renter occupied. Of those owner occupied, 52.7% are over the age of 55, emphasizing the increasing amount of seniors in Pembroke. The average

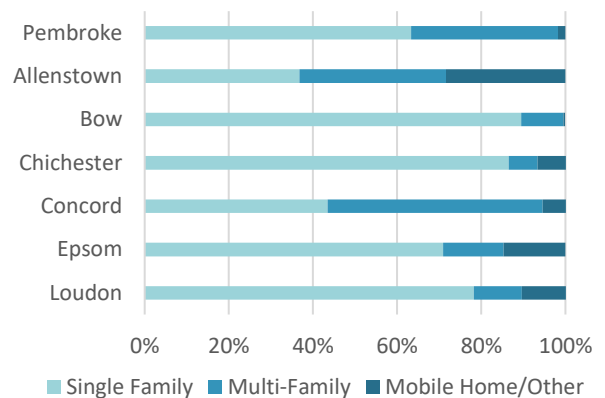**Figure 3.2: Occupied Housing Stock by Year Built**
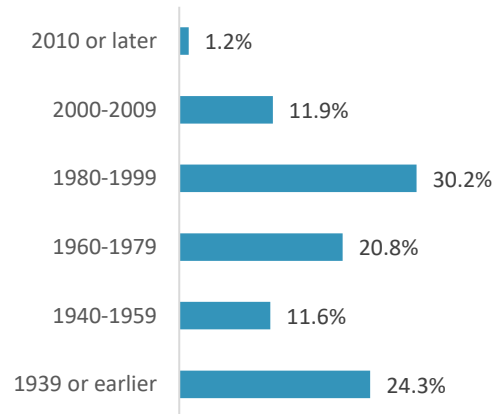
Source: American Community Survey 2013-2017

Figure 3.3: Residential Building Permits, Net Change of Units
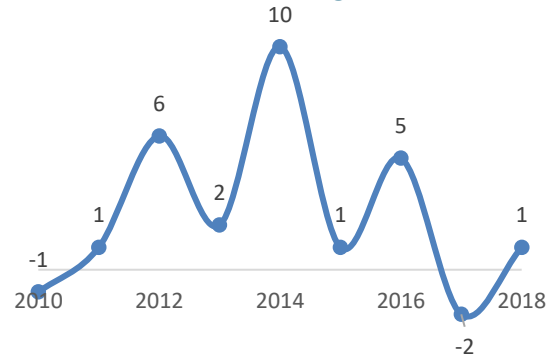
Source: NH Office of Strategic Initiatives

Figure 3.4: Housing Stock, By Type

Source: American Community Survey 2014-2018

household size of owner occupied units is 2.85, which has increased compared to past values counter to national and state-wide trends currently being experienced. For renter occupied dwellings in Pembroke, 31.6% of the renters are over the age of 55 and the average household size is 2.41.

Table 3.4: Housing Occupancy Characteristics for Owner and Renter Occupied Units

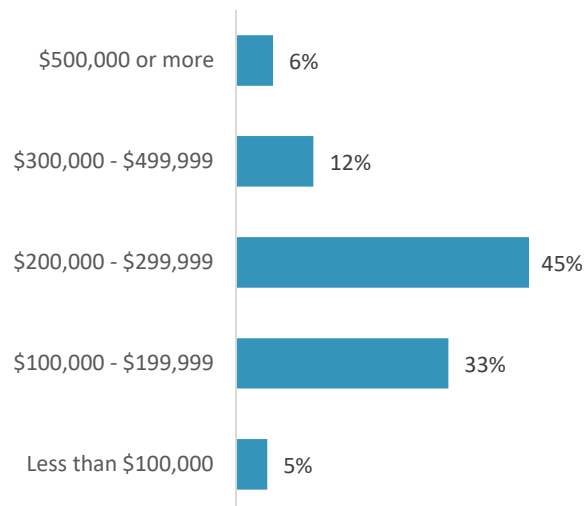| Community	Owner Occupied Units			Renter Occupied Units		
	Percent Owner Occupied	Percent Owners over age 55	Average Household Size	Percent of Renter Occupied	Percent renters over age 55	Average Household Size
Pembroke	76.2%	52.7%	2.85	23.8%	31.6%	2.41
Allenstown	73.7%	50.0%	2.61	26.3%	37.0%	1.80
Bow	88.7%	52.3%	2.92	11.3%	64.8%	2.28
Chichester	91.7%	48.6%	2.63	8.3%	6.3%	3.89
Concord	53.9%	50.9%	2.60	46.1%	36.6%	1.98
Epsom	79.5%	52.3%	2.73	20.5%	39.1%	2.05
Loudon	84.9%	69.8%	2.78	15.1%	57.5%	1.87

Source: American Community Survey 2014-2018

Due in part to the increased job growth and a lowering unemployment rate experienced over the past few years, median home values statewide have recovered to their pre-recession peaks as trends of increasing home values continue. According to American Community Survey data, Pembroke's median home values are approximately in the mid-range of the surrounding communities. Table 3.5 shows that Bow's median home value is the highest at $317,500 and Allenstown has least expensive median home value at $153,200.

Percentages of owner-occupied housing units by value in Pembroke are shown in Figure 3.5. Approximately 45% of owner occupied housing units are valued between $200,000 and $299,999, while 33% are valued between $100,000 and $199,999. This leaves 18% that is valued above $300,000.

When comparing median home and rent values for Pembroke and abutting communities, Pembroke's home values are comparable to these communities, with the exception of Bow and Allenstown. The median rent value was also comparable to abutting communities, with the exception of Allenstown that again had a lower median value.

Figure 3.5: Owner Occupied Housing Values in Pembroke

$500,000 or more	6%
$300,000 - $499,999	12%
$200,000 - $299,999	45%
$100,000 - $199,999	33%
Less than $100,000	5%

Source: American Community Survey 2014-2018

Table 3.5: Median Home Value and Rent Values

Community	Median Value	Median Rent
Pembroke	$221,100	$1,059
Allenstown	$153,200	$884
Bow	$317,500	$1,138
Chichester	$252,200	$1,128
Concord	$218,600	$1,052
Epsom	$229,300	$1,040
Loudon	$233,700	$1,039

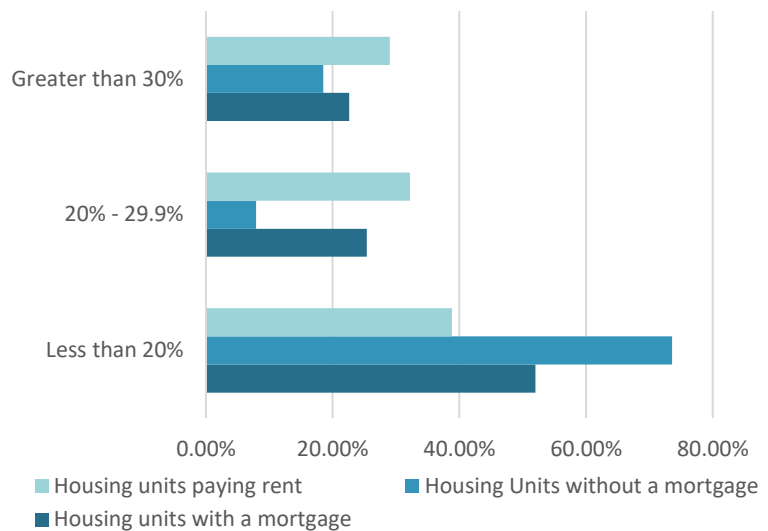*Source: American Community Survey 2014-2018*

Figure 3.6 shows monthly household costs as a percent of household income in Pembroke. Based on the assumption that no more than 30% of a household's income should be spent on housing, it can be said that the majority of residents fall within this category. Not surprisingly, housing units without a mortgage comprises the largest amount of dwellings with monthly household costs less than 30%. Similarly, housing units paying rent have the largest amount of dwellings paying more than 30% of their monthly household income to household costs.

ZONING FRAMEWORK IN PEMBROKE

PERMITTED RESIDENTIAL USES

Pembroke has six zoning districts: Medium Density-Residential (R1), Rural/Agricultural-Residential (R3), Business/Residential District (B1), Central Business District (B2), Commercial/Light Industrial (C1), Limited Office District (LO), and the Soucook River Development District (SR). Single family homes and duplexes are permitted in five districts by right. Multi-family developments, up to six units, are permitted by Special Exception in four districts. Open space (i.e. cluster) developments are permitted by right in both the R1 and R3 districts, and by Special Exception in the LO district. Manufactured housing parks or subdivisions are permitted in only the R3 district. The effect of this is that in most of the town, various forms of residential uses are permitted while preserving some land for commercial enterprise. Also of note is the fact that multi-family structures between three and six units require a Special Exception, while structures with seven or more units are not permitted and would require a variance.

Figure 3.6: Monthly Household Costs as a Percent of Household Income in Pembroke

Source: American Community Survey 2014-2018

ACCESSORY DWELLING UNITS

Zoning Ordinance Sections 143-18 and 143-18.1 both regulate accessory dwelling units (ADU). In Pembroke, the collective effect of these two sections is that an ADU is permitted anywhere in town that a single family home is allowed (every district but the C1), which is consistent with the new RSA governing ADUs. For Pembroke, the permissibility of ADUs can accomplish several things. First, it can lower the cost of living and provide housing solutions for both seniors looking to down size and provide housing for new families. A typical scenario could involve a retired couple creating an ADU for them to live in and selling/renting/giving the larger home to their adult children to raise their family. A second benefit to the ADU ordinances is it can provide a "safety valve" to meet workforce housing needs. Pembroke should continue to support this tool.

OPEN SPACE DEVELOPMENTS

Open space developments in Pembroke are governed by Section 143-73 to 143-82 of the Zoning Ordinance. Density for an open space development cannot exceed the density allowed by a typical subdivision. A "yield plan" is first presented to identify the number of units permissible under a conventional subdivision. From there, the cluster plan can be developed. Lot sizing is determined two ways. The first lot size method is based on the underlying zone and the availability of sewer and water: 25,000, 30,000, or 40,000 square foot lots. The second method is via a special use permit that can result in smaller lot sizes. With regard to open space, 50 percent of the buildable area is required to be preserved in a "natural state." Modest reductions in open space are available via special use permit by the Planning Board for design considerations.

The Open Space Ordinance is a great tool for protecting land though it could be enhanced to encourage its use and create specific open space that can better protect Pembroke's rural character. First, the density calculation process could be simplified. The current method to determine density, designing a conventional subdivision, is timely and can be cost prohibitive. A simpler method could be to deduct wetlands and 10 percent of the remaining land for roads. From there, divide the remaining land by the minimum lot size. This would simplify the density calculation process. With regard to open space, a list of desired types of open space can be developed (for example, agricultural land, passive recreation, forestry, etc.) and a modest density incentive can be affixed to each open space type. This would preserve the types of land Pembroke prioritizes while giving developers an incentive to do so. The ordinance should also take care to allow for interconnectivity between cluster developments to avoid fragmented lands. A more detailed discussion on this can be found in the Transportation Chapter.

The Open Space Ordinance can also address the smaller houses the market is looking for while protecting rural character. Smaller lots can lower construction costs passing the savings on to home owners. Smaller lots also lend themselves to smaller homes. This could help to allow seniors to downsize and first time home buyers to afford a home. Further, the increased density can lead to a more walkable neighborhood.

MIXED USE & HIGHER DENSITY

Balance is a topic mentioned by the community in regard to development overall. For housing, this means balancing the competing interests of rural character and strategically using density to lower costs and meet other housing demands. Cluster developments using the Open Space Subdivision Ordinance is one way to achieve this. Another way is looking at greater densities by right, and even allowing residential densities where non-residential uses are permitted – much like villages of the past.

The Land Use discussions during the Visioning Session supported this concept when they outlined a potential higher density, mixed use zone in the area of Pembroke Street and Academy Road. Such an approach would capitalize on existing infrastructure (sewer, water, Route 3) and could tie into a traffic light at that intersection. Situating low-impact commercial uses with higher density residential could create economies of scale for seniors and first time home buyers alike. It could also put amenities within walking distance from these homes increasing their quality of life. Such a development could balance development pressure with community character in a beneficial way for Pembroke.

Visioning Session and survey responses suggested a strong need for senior housing options in Pembroke. Currently, the zoning ordinance does not have such an option available. Developing such an ordinance that keeps costs down, has first-floor living, and smaller living spaces would be beneficial for Pembroke seniors looking to stay in the community as they downsize/age in place. Another benefit would be that it would free existing housing units up for those who may be looking for them.

HOUSING NEEDS ASSESSMENT

The Housing Needs Assessment (HNA) draws on U.S. Census data and considers demographic changes and projections and their potential impact on housing need. This information can then be used to help Pembroke better plan for housing demand. The HNA begins with a base year (2010) analysis using U.S. Census data for the number of renters over and under the age of 65 years, as well as the number of home owners of the same age. Ratios were then established between the number of people per household and the number of households in each of the four groupings (renters under 65; renters over 65; owners under 65; and owners over 65). Using the ratios and population growth projections from the New Hampshire Office of Energy and Planning (now known as the Office of Strategic Initiatives), the estimated demand for owner and renter occupied housing units through 2040 were identified.

This section summarizes a projection of housing supply needs for the periods 2015 through 2040 in five-year increments in an effort to inform the community about the expected demand for housing in the future. It should be noted that the further out the projections go, the less reliable they may be. We are now in that period when the population projections are less reliable. The 2020 Census will be initiated in April of 2020 and the general population count will be available at the end of that calendar year. This will then give the projections a new base year and they will be updated in a few years after the 2020 Census. While there is still value in using this housing needs assessment to project housing need, it is important to acknowledge the limitations of using projection data that is less reliable. The overall assumptions of an aging population and slower growth are still occurring in NH.

INTERPRETING THE HOUSING NEEDS ASSESSMENT

The Housing Needs Assessment can serve as the starting point for a dialogue in Pembroke, including the following questions.

WHO CAN OR CANNOT AFFORD TO LIVE IN OUR COMMUNITY? CAN OUR CHILDREN AFFORD TO STAY OR RETURN TO THE COMMUNITY AS THEY MATURE?
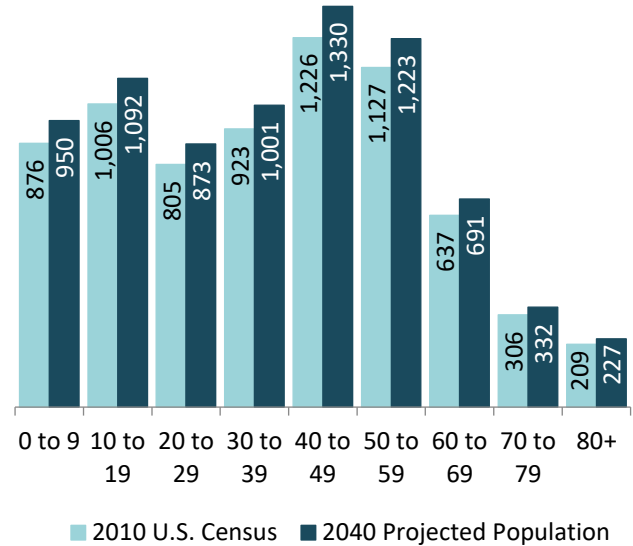
As mentioned elsewhere, the aging population has come to account for a greater share of all households in the region and state and a resultant decrease in household sizes. Decreased fertility rates have further reduced household sizes with fewer children per household, and young families represent a smaller share of all households than they have historically. Planning for an increasing older population with lower median income and savings, less mobility, and different physical needs (such as single-level living) will continue to be essential in ensuring that this portion of the population can continue to live in Pembroke.

Figure 3.7: Pembroke's Population by Age 2010 to Projected 2040 Comparison

Source: US Census & NH Office of Energy and Planning Population Projections 2010 - 2014

Trends indicate that many young adults in their twenties and thirties are looking for opportunities to spend less time commuting in a car and are buying smaller houses later in life compared to their predecessors. While Pembroke has a large inventory of rental units, young, first time home buyers are competing with well-established senior population looking to down-size. It is important that planning and steps are taken so that the town can sustain an adequate supply of affordable housing as well as economic and employment opportunities that not only attract but sustain young adults and families living or relocating to the community.

DO CURRENT HOUSING TYPES FIT PEMBROKE'S NEEDS? DOES THE ZONING RESPOND TO DEMOGRAPHIC NEEDS AND THEREFORE, THE HOUSING MARKET?

There is a projected need for 101 units (three annually, none rental) to meet demand by 2040 from the 2010 base year. The analysis suggests that rental units are projected to decline by about 11% to 891 units. Data indicates that while the zoning ordinance seems to accommodate the number and balance of housing types driven by demographics, allowing greater density by right - even in rental developments - may lower costs for seniors and younger people just entering the workforce. The analysis also suggests that there may be a need for smaller homes to prevent future vacancy rates as demographic demands shift the demand of smaller homes to outweigh that of larger ones. Changes to cluster provisions and rental densities within the Zoning Ordinance could be pursued. Further, continued support of accessory dwelling unit development could help to alleviate senior and first time home buyer housing issues.

Figure 3.8: Pembroke's Projected Dwelling Unit Demand through 2040
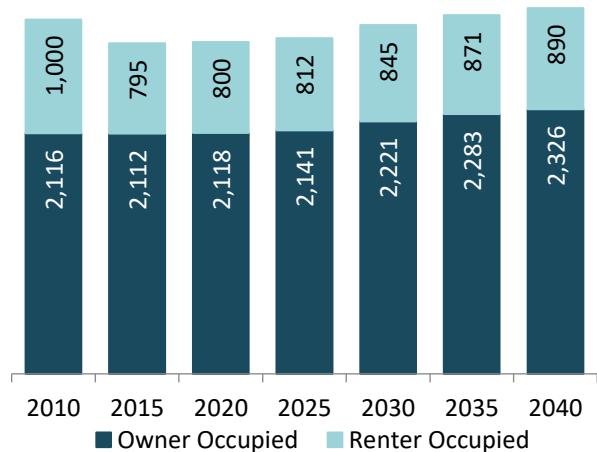
As more and more seniors choose to age in place, this desire is complicated by determining factors, including high rates of disability, lower median income and savings, declining caregiver population, and accessibility to amenities such a medical facilities and shopping. Amenities such as senior housing, walkable neighborhoods, transportation options, access to recreational opportunities, and community centers with senior programs will become more desirable.

## ADDITIONAL DETAILS PROVIDED BY THE HOUSING NEEDS ASSESSMENT

The housing forecast described above is based upon the Population Headship Tenure Model included in *The Evolving Environment and Housing's Future* produced by the NH Center for Public Policy Studies for NH Housing as part of the state's Housing Needs Assessment (2014). The model estimates the future need for housing using anticipated changes in household size, tenure, and age group. Headship is defined as the ratio of the number of household heads relative to the total population. For this model the headship ratio is computed for each population cohort and the total population. The projections are based upon headship rates by age group.

As mentioned elsewhere, the aging population has come to account for a greater share of all households in the region and state and a resultant decrease in household sizes. Decreased fertility rates have further reduced household sizes with fewer children per household, and young families represent a smaller share of all households than they have historically. This model accounts for these trends in household formation and home ownership trends dependent on the age of the head of household and thus presents a more accurate reflection of future housing production needs to meet demand of a changing demographic. For the Central NH Region as a whole, there is a projected need for as many as an additional 6,280 units to meet demand by 2020 from a base year of 2010 (*2015 CNHRPC Regional Plan*). However, it should be noted that new units do not necessarily equal new structures. For example, there could be the opportunity to add a small apartment or accessory unit within a single-family home. Highlights of the HNA for the Region include: a need for about a 6% increase in housing every five years between 2010 and 2025; about a 70/30 split, respectively, between owner-occupied and rental housing in 2015; and, about 47% of the rental housing needed by 2015 would be for those under 35 years of age or over 74 years of age. *For Pembroke, there is a projected need for 101 units (three annually, none rental; rental units actually projected to decline by about 11% to 891 units) to meet demand by 2040 from the 2010 base year. Data suggests: 1) while the zoning ordinance seems to accommodate the number and balance of housing types driven by demographics, allowing greater density by right, especially in rental developments, may lower costs for seniors and those new to the workforce; and 2) there may be a need for smaller homes to prevent future vacancy rates as demographic demands begin shifting to smaller homes rather than larger ones.*

Additional observations based on the Housing Assessment process have found that:

- The largest segment of the population is between the ages of 20 and 69 ("working age"). Within this group, the 40 to 49 cohort adds the most at 124; the smallest increase is the 20 to 29 age group which adds 45.

- With regard to housing demand there seems to be a modest increase between 2020 and 2040 – about seven overall units per year (all owner-occupied). Deducting four rental units per year and the average increase is actually *three units per year*.

- Of note is that there are more rental units than what the market requires suggesting a decrease of about 109 units is likely between 2010 and 2040. See Figure 3.9.

- Demand for rental housing seems is likely to decrease resulting in 47.2% of the units being rental in 2010 to about 38.2% in 2040. See Figure 3.9.

- Overall, there is a projected 3.2% increase in housing (both rental and owner-occupied).

- The regional trends suggest that Loudon will experience the greatest rate of change (21.5%) and Concord is likely to maintain the greatest number of units (1597).

- Pembroke's vacancy rate is consistent with that of the county (about 10.8% to 10.9%) and it is significantly higher than the surrounding communities (Bow: 3.6% to Chichester: 7.9%) in 2015. See Figure 3.10.

- Three and four bedroom-plus homes dominate Pembroke's housing stock (40.7% - 18.3%) in 2015. Notably, the units with four or more may be more difficult to fill due to market demands for smaller household sizes. Excessive bedrooms may contribute to future vacancy rates as the housing market, driven by demographics, seeks smaller homes.

- Bow is the only other community with a greater percentage of four-bedroom (or more) homes than Pembroke at 37.1%. Merrimack County is slightly higher than Pembroke as well at 18.5%. See Figure 3.11.
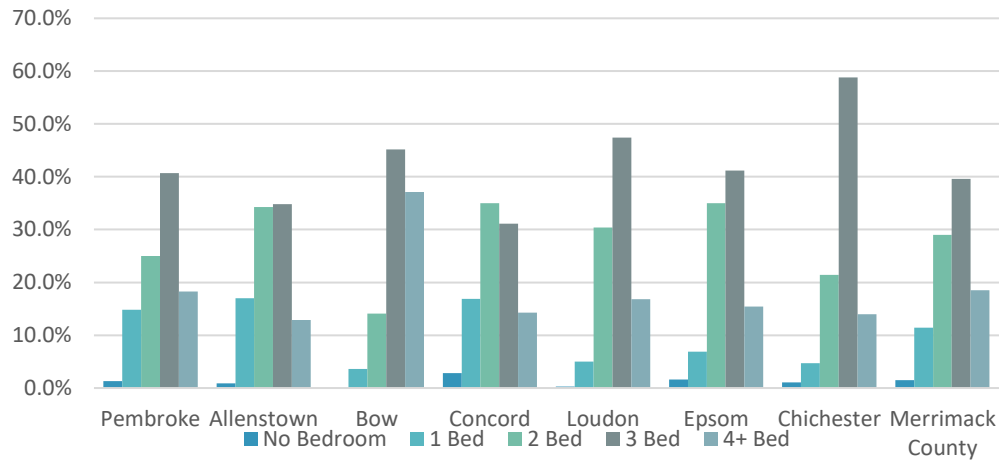

Figure 3.9: Projected Regional Housing Change 2010 through 2040
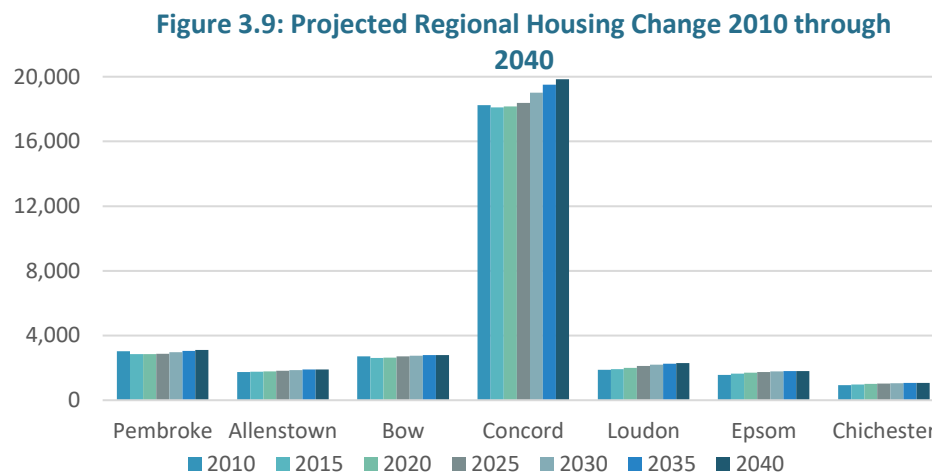
Source: CNHRPC Calculations, 2018

Figure 3.10: Regional Vacancy Rates, 2015
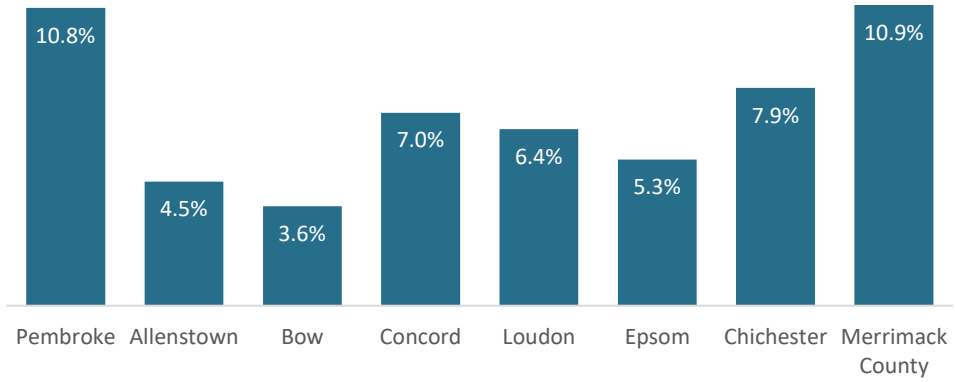
Source: US Census American Community Survey 2010-2015

Figure 3.11: Regional Number of Bedrooms, 2015

Source: US Census American Community Survey 2010-2015