3. HOUSING

Purpose: The purpose of the Housing Chapter is to: 1) understand changes in the region's housing market and situation since the adoption of the previous regional plan; 2) understand demographic trends that influence housing; and 3) identify potential barriers and solutions to ensure that housing demand meets the needs of the population. The chapter is intended to help Central NH municipalities consider approaches to housing that best fit their community.



IMPLEMENTATION PROGRESS

The previous Regional Plan had several housing recommendations that sought to address issues similar to those the region continues to face today: accommodating changing demographics and housing needs. These recommendations are in various states of completeness, and many could be beneficial to continue working towards. Key points of progress and challenges include:

- ☑ Communities have not focused on workforce housing ordinances since the last regional plan, however, several newer approaches have been adopted or studied commonly in the form of density incentives within cluster ordinances, such as in Boscawen. Communities could continue this approach in an effort to make it easier and more likely that such housing is built.
- ☑ Similar to workforce housing, senior housing-specific ordinances also have not been a focus in recent years, though density incentives and cluster development ordinances have been looked at to address this issue. This could continue to be studied to support longtime residents.
- ☑ Mixed-use ordinances and Planned Unit Development ordinances often seek to mix housing and employment opportunities on one large tract of land and several communities have implemented such ordinances. Hillsborough's North Branch Gateway District, for example, seeks to permit a mix of uses that can address housing and economic growth while protecting the Town's community character. These ordinances can also be coupled with housing density incentives to encourage affordability and other community priorities.
- ☑ The NH State Legislature enacted several changes regarding accessory dwelling units and in response, communities region-wide have enacted changes in 2025 and 2026. As it appears that most municipalities have met, or will meet the required changes by Town Meeting 2027 and communities should continue to monitor any potential legislative changes on this issue.

- ☑ Few home occupation changes have been put in place since the adoption of the previous Regional Plan, though communities in the region allow for some form of home occupation use. As the region moves forward, it may be beneficial to assess these ordinance revision opportunities. With regard to home daycare, the legislature has enacted provisions that seek to encourage their expansion. Several communities in the region have identified potential changes for Town Meeting 2027.
- ☑ Cluster ordinances continue to be a tool used by many Central NH communities. In some municipalities efforts have been made to streamline the process, as seen in Epsom's proposed revisions for Town Meeting 2027. Continuing such an approach could result in ordinances being used more often. Communities have also found the density incentive process beneficial to encourage certain types of housing. Looking at other ways to provide incentives could help to further address housing challenges. For example, density incentives could be provided for subdivisions that feature ranches and first floor living, which could address affordability, but also provide housing stock that meets the needs of seniors.

KEY CHANGES SINCE 2015

What Communities Have Done to Address Housing

In the face of these issues, the region's communities, as well as the state, have taken steps to address housing challenges. First, the New Hampshire State Legislature has taken steps to enact laws directly addressing housing. For example, Accessory Dwelling Units (ADUs) must be allowed by right in all zoning districts where single family homes are allowed. Multi-family units must also be allowed in commercial districts with adequate infrastructure, and building permits for single homes on single lots on Class VI roads (i.e., municipal roads not maintained by the community) must be allowed with proof of the ability to insure the property. A release of reliability for the municipality must still be recorded at the registry of deeds.

While the state has been active, so too have CNHRPC municipalities. First, communities have worked hard to revise zoning ordinances to comply with the myriad of new state laws. In addition, innovation has driven some zoning changes, like Planned Unit Developments, Mixed-Use Developments, Cottage Courts, and allowances for the redevelopment of large, older homes and farmhouses into multi-family structures. Balancing community character and costs (including taxes) have also been at the forefront of addressing housing challenges as well.

Community engagement has been extremely useful in crafting policy options. Across the region, local visioning sessions and surveys have sought feedback from the public in how to address these challenges. Warner, for example, has held two community forums on housing and conducted a survey, and the results of both speak to the need for balanced development, lower housing costs, and expanding the housing stock. Boscawen, Bow, Epsom, and others have or are preparing to engage in master plan processes that will draw upon community feedback in crafting their recommendations.

Region and State Past Actions to Address Housing Highlights:

- ⊕ Communities have sought to address recent changes in state law that have occurred over the past few years, including Accessory Dwelling Unit (ADU) standards.
- ⊕ Addressing housing costs have been a priority in many communities, as evident by the establishment of municipal Housing Committees (two communities), designations of Housing Champions (one community), and seeking Housing Opportunity Grants to address zoning issues (HOP Grants, six communities).

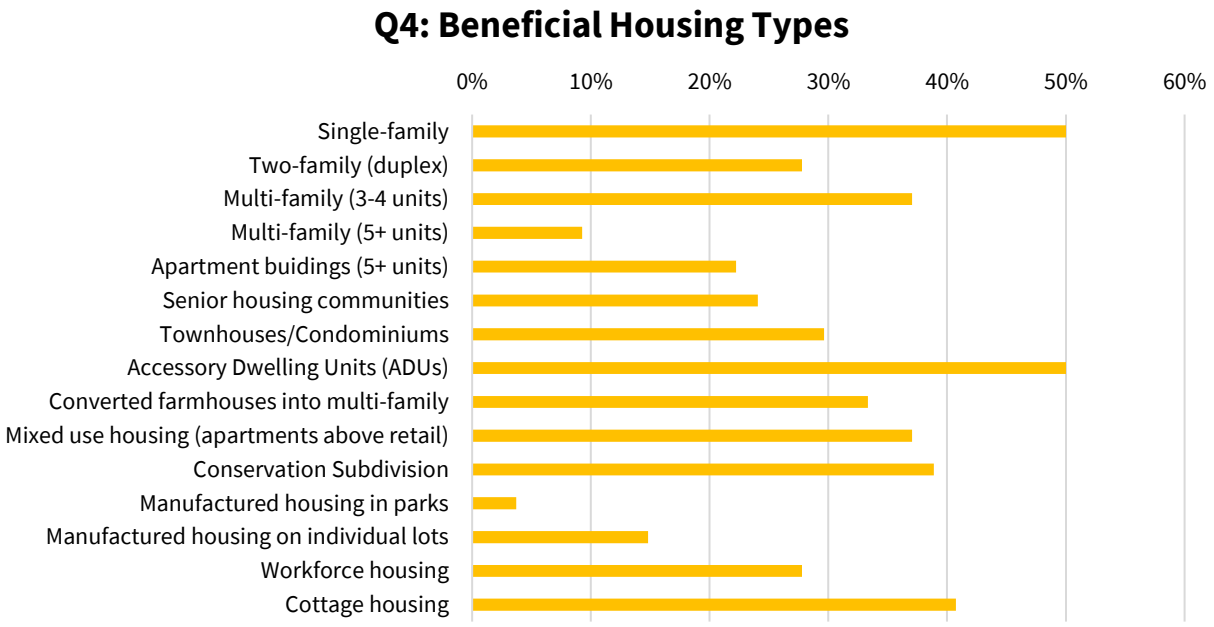
- Master Plan public engagements have notable community feedback on increasing housing costs, both from survey results and visioning sessions.
- Communities continue to seek balance between housing costs and choice, while community character is protected and fiscal impacts are minimized.

COMMUNITY INPUT

Residents were asked to select housing types that would be beneficial to add to their communities and the region. Accessory Dwelling Units (ADUs) tied with single-family housing for the most selected beneficial housing types (50.0%); interest in ADUs has risen in Central NH communities in recent years due to changes in legislation making them easier to build by-right and shifting housing needs for both older and younger populations looking for smaller and more affordable options. Cottage housing (40.7%), conservation subdivision (38.9%), multi-family (3-4 units) (37.0%), mixed use housing (37.0%), and converted farmhouses into multi-family (33.3%) were also highly selected options and speak to an increasing need for smaller housing units that will limit new development footprints and match neighborhood character, while addressing housing stock and housing affordability issues in the region. Least selected options for beneficial housing types include multi-family (5+ units) (9.3%) and manufactured housing in parks (3.7%). It should be noted that manufactured housing on individual lots did garner more support at 14.8%, reflecting a rise in interest for manufactured housing in specific contexts.

About one-third of residents (31.1%) wrote further about what other housing types they would prefer in the region. Suggested housing types focused on more environmentally conscious and smaller, cluster-development homes, in addition to redevelopment/renovation of abandoned properties. Some residents focused on the need for 'missing middle' housing or bringing in a variety of housing types that would support the needs of different generations at varying levels of affordability. Other residents reiterated their support for single- or multi-family housing, or emphasized their concern for land to be protected from new housing developments.

Figure 3.1: Top Beneficial Housing Types in the Central NH Region



CNHRPC Asked: Tell us what other housing type you prefer.



FACTS TODAY

Demographics and the Housing Market

Continuing the general trend from 2015, the Central NH region is slowly growing in population, however the portion of the population over 65 years of age has increased notably, now representing 19% of residents. School enrollments have also decreased regionally by 12% for both local elementary / community schools and K-12 student populations, with only two out of twenty communities seeing an overall increase (Bow and Dunbarton). Statistics for each community for elementary / community schools and K-12 student populations can be found on **Map 3.1 2014 - 2026 Change in Elementary / Community School Population** and **Map 3.2 2014 - 2026 Change in K-12 Student Population**, respectively.

These observations are reflective of statewide trends that have shown a 15.3% decrease in enrollment despite a 28.6% increase in population from 1995-2023, according to a recent report from New Hampshire Housing (*From Homes to Classrooms)*. This report also found that Public School Students per Housing Unit (PSHU) – a measure of expected children per new or existing housing unit in a community – dropped from 0.39 to 0.29 children since 1990, with recent data showing that new construction single-family homes only average 0.40 students per unit.

The Central NH region and New Hampshire as a whole are in an affordable housing shortage as prices increase and housing stock continues its slow growth. One measure of a balanced housing market is 'Months to Absorb' – or the amount of time it would take for all current listings to sell at the annual sales rate. A balanced market

exists at 4-6 months to absorb; the most recent data from New Hampshire Housing puts Merrimack County and New Hampshire at 1.5 and 2 months to absorb, respectively. Neither has reached a balanced market range since Summer 2017.

Addressing housing affordability within the region may depend on a shift towards diversity of housing stock to meet the shifting needs of changing demographics within the region. As large single-family homes fall out of demand both due to price and lessening birth rates, smaller and more cluster-based constructions such as ADUs, multi-family units, and cottage courts could ease this issue. These types of housing stock do not tend to overburden school populations or create higher costs per pupil within communities, as occupants of these housing types tend to be older residents who have downsized, or younger single adults. For example, average public school students per unit for new construction multi-family rentals and condominiums averages at 0.06, and can bring a variety of net positive impacts to communities.

From a more general housing stock standpoint, the number of building permits per year is not keeping pace with projected demand. In 2024, for example, there were 466 building permits issues for new structures when 6,391 were needed.

Table 3.1: Central NH Reported Permits and Projected Need for Housing Units

	Census Reported		NH Center for Policy Studies Projected			
	2020	**2024**	**2025**	**2030**	**2035**	**2040**
Housing Units	50,647	52,470	---	---	---	---
Actual Building Permits	349	466	---	---	---	---
Projected Unit Need	---	---	58,861	62,001	65,141	68,281

Sources: US Census, NH BEA FY 26 Housing Supply Report; NH OPD; NH Housing Finance Authority

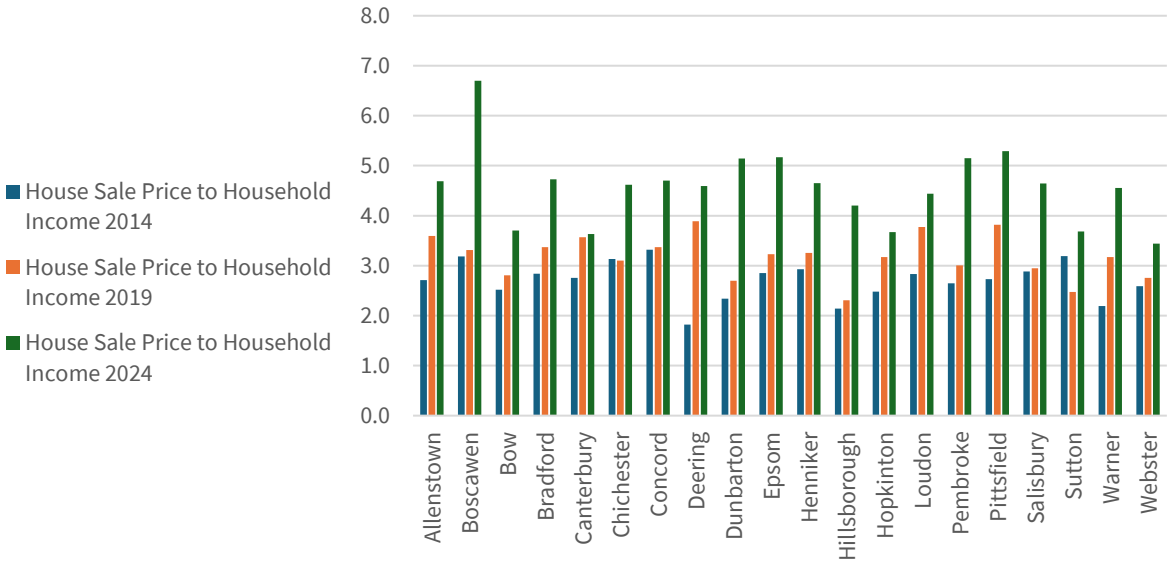
Housing Affordability

The Central NH region, like much of the state, has seen a major divergence between home purchase prices and incomes that strains housing affordability. While the median household income range has increased in the region, the statewide increase in housing costs has far exceeded that of income growth, with the average home about 5.5 times the average income in the state.

Across Central NH communities, the ratio of median household income to median home purchase prices has increased significantly from 2014 to 2024. In 2014, this ratio ranged from 1.82x (Deering) to 3.32x (Concord), with most communities hovering at 2-3x. By 2019, this range shifted upward as the ratio of household income to home prices increased across the region with a low of 2.31x (Hillsborough) and a high of 3.89x (Deering). The pandemic exacerbated this trend and caused significant increases in this ratio for all communities in the region, with most reporting ratios between 4-5x and Boscawen reporting a high of 6.7x.

Another commonly accepted standard for housing affordability suggests that housing costs should not exceed 30% of income. Examining housing costs through the American Community Survey, the majority of communities in Central NH see between 15-30% of homeowners with mortgages spending 35% or more of their income on housing costs; this range increases to 40-50% when considering renters who spend 35% or more of their income on housing costs. Statistics for each community for homeowners and renters can be found on **Map 3.3 Rent Exceeds 35% of Income** and **Map 3.4 Homeowner Cost Exceeds 35% of Income**, respectively.

Figure 3.2: Ratio of Median House Sale Price to Median Household Income 2014, 2019, 2024



Demographic and Housing Trend Highlights:

- The region is growing slowly and aging.
- The number of students in classrooms are decreasing as younger people struggle to find housing that would enable them to start families.
- Incomes are rising, but so too are poverty levels. Housing costs are increasing faster than incomes.
- The number of housing units is not keeping up with growth or projected growth.

Fair Share Analysis

What is a "fair share analysis?" At its most basic level, the fair share analysis is a set of statistics that help illustrate housing needs projected to 2040. Such an analysis is part of the "Regional Housing Needs Assessment" which regional planning commissions are required to develop every five years according to state law, RSA 36:47.II: "For the purpose of assisting municipalities in complying with RSA 674:2, III(m), each regional planning commission shall compile a regional housing needs assessment, which shall include an assessment of the regional need for housing for persons and families of all levels of income. This regional housing need assessment shall be updated every 5 years and made available to all municipalities in the planning region." CNHRPC's most recent fair share analysis was completed in 2023 as part of that year's Regional Housing Needs Assessment.

The fair share analysis considers the existing housing and population trends and estimates how many units will be needed in the future based on population projections. It takes a regional perspective and it considers rental and owner-occupied units and affordability. In short, it seeks to estimate what is affordable for owners and renters in a given geographic area.

NH RSA 674:58(IV) uses area median income (AMI) to help define affordability. AMI is simply the average income (the "MI" of AMI) for people living in a particular area (the "A" of AMI, most commonly defined as the county). Therefore, an "affordable" unit of housing would be one that is affordable to someone making the average salary in Merrimack or Hillsborough County (the 2023 US Census ACS 1-Year Estimate saw a median household income of $77,719 for Merrimack and $103,727 for Hillsborough). Affordable is defined by the RSA as being no more than

30% of a household's annual income. The owner/renter splits are determined by taking the number of renter/owner units in a town (from current US Census ACS data) and projecting it in the future, while using AMI as the base to determine affordability.

For the fair share analysis, data is presented both in the Regional Housing Needs Assessment, and at the local level in municipal Master Plans. Regionally, the total number of units needed by 2040 for the region is 8,215 of which 5,438 are owner occupied units and 2,777 are renter occupied units. The cumulative number of units, broken down by affordability, are shown in Table 3.2.

It is important to note that this is not a mandate for units to be built and there are no penalties for communities that do not meet housing targets. The fair share number could be thought of as an aspirational goal to meet housing demands.

Table 3.2: Central NH Fair Share Analysis

TOTAL UNITS NEEDED - RENTERS (60% AMI) AND OWNERS (100% AMI) BETWEEN 2025-2040

	Owner Occupied Units			Renter Occupied Units			2025-2040
Municipality	Below 100% AMI*	Above 100% AMI*	Total Owner Occupied	Below 60% AMI*	Above 60% AMI*	Total Renter Occupied	Total fair share Target
Allenstown	84	130	214	35	74	109	323
Boscawen	59	123	182	22	71	93	275
Bow	75	292	367	49	139	188	555
Bradford	27	30	57	15	14	29	86
Canterbury	34	84	118	19	41	60	178
Chichester	34	88	122	37	53	62	184
Concord	642	1,531	2,173	280	829	1,109	3,282
Deering	35	30	65	18	15	33	98
Dunbarton	32	93	125	19	45	64	189
Epsom	62	167	229	31	86	117	346
Henniker	62	95	157	48	33	81	238
Hillsborough	92	105	197	55	47	102	299
Hopkinton	81	202	283	13	131	144	427
Loudon	86	171	257	43	89	132	389
Pembroke	86	229	315	41	120	161	476
Pittsfield	73	126	199	35	66	101	300
Salisbury	22	46	68	6	29	35	103
Sutton	24	41	65	11	22	33	98
Warner	48	102	150	20	56	76	226
Webster	30	65	95	13	35	48	143
REGIONAL TOTALS	1,688	3,750	5,438	782	1,995	2,777	8,215

* Area Median Income(AMI) - NH RSA 674:58(IV) uses median income to define affordability.

Source: Root Policy Methodology applied by CNHRPC (both Table and Figure)

CHALLENGES AND OPPORTUNITIES

The region stands at a crossroads of challenges and opportunities with regard to housing. On the one hand, affordability and housing types are lagging behind the demands of the market and demographics. On the other, residents want to balance development pressures with community character and the costs of development generally (both regarding taxes, but also infrastructure expansion). With some creativity, Central NH communities can maintain balance while addressing housing challenges.

Challenges

The region's housing market is driven by demographics, economics, and the housing stock. Costs have increased and demographics are changing, resulting in a mismatch between what the housing market is seeking and what is available. Median age data suggests that the region continues to have a notable number of older adults, suggesting greater need for more age-friendly housing. There has also been a notable increase in housing costs in both the rental and purchase markets. While communities have some control over the development of housing (zoning and infrastructure expansion) they lack the ability to impact all aspects of the housing challenge (interest rates, inflation, and the state legislature's actions). Major challenges include:

- The region's housing stock needs more units to make up the current housing deficit and keep pace with anticipated population growth over the upcoming years.
- The housing stock needs to be diversified in terms of available housing types (ADUs, rental units, first-floor units for seniors, etc.). This can address affordability (notably first-time home buyers and downsizing seniors), and ensuring that homes "fit" with those who live there (accessible units for the handicapped, proximity to jobs, and senior-friendly housing).
- Community character has been cited as a priority for residents across the region in every public engagement effort, through surveys or in-person visioning sessions, in both the development of this regional plan or individual municipal master plans. Community character is often described as interchangeable with rural character (open spaces, forests, lakes, and rivers, for example). However, it can also describe downtown villages and historic structures, agriculture, and opportunities for outdoor recreation, or even strength of community ties and relationships. Impacts to community character are felt long after development occurs and care must be taken to protect these elements in the face of development.
- The cost of housing development must also be addressed, both in terms of infrastructure expansion, but also the long-term tax implications of growth. Like community character, this is an impact that will continue to be felt into the future.
- The decrease in school-aged children can ensure limited school-related costs borne by development as capacity is primarily the driving factor with increased school budgets. With so many schools under capacity, there is room to grow.

Opportunities

Despite the challenges listed above, balanced development can provide part of the answer. While a municipality cannot control inflation, new state laws, or the impact of the economy at large on housing, they can adjust zoning ordinances and use other tools to encourage housing construction that "fits" each community. Opportunities include:

- **Infill and reuse zoning** can protect open spaces and community character (village, historic, and rural) while limiting infrastructure costs and long-term tax burdens. Reusing existing larger, older homes, including farmhouses, for multi-family while protecting facades and historic elements and increasing density in already dense areas (such as villages) are two such opportunities for balanced development. This type of development typically requires minimal expansion of infrastructure.
- **Cluster housing** is an opportunity to address housing variety and development costs while protecting community character. A cluster ordinance allows for greater density in a development that is offset with open space. **Density incentives** are typically included for more desirable housing or innovative open space elements. Both clustering and density incentives present an opportunity to protect open space (including recreational areas, historic sites, agriculture, and forests), foster the development of desired housing types (for example, requiring a percentage of homes that are ranches would address affordability and first-floor living), and limit infrastructure costs (a cluster development often results in shorter roads than a conventional subdivision).
- Other innovative zoning tools can provide a mix of housing types as well as economic growth to offset housing costs, and provide economic opportunity. **Planned Unit Developments (PUD)**, for example, can include a variety of housing types (single family, multi-family, duplex, or town houses) coupled with new businesses in one development. For example, A PUD may have three large homes, three ranches, and a five-unit apartment on the same lot as a small café, daycare, and office space.
- The opportunity to balance development costs of the community, both short and long term, can be addressed with the development of **Tax Increment Finance (TIF) Districts**, **Capital Improvement Programs (CIP), off-site exactions, and even impact fees.** A TIF District uses the taxes generated for increased assessments from development to cover infrastructure costs in a specific part of the community, often done in concert with developer agreements. A TIF is not a new tax, nor does it cut taxes, but uses the new value generated for development to pay for improvements that serve that development. A CIP is another tool that seeks to plan large-dollar capital improvements over a six year period to try to balance tax impacts over that timeframe. A CIP also is a prerequisite for Impact Fees, should increased development pressures suggest the need for such fees. Lastly, exactions are fees that can be charged for roads, sewer, water, or drainage expansions needed to construct specific infrastructure that serves specific developments.

TOOLS FOR IMPLEMENTATION

Numerous tools can address balanced housing construction in the region. A brief description of the available Tool Sheets accompanying the Regional Plan can be found below, with links to more information found at the end of this chapter.

- **Infill Development Tool Sheet:** Infill development seeks to steer additional density in areas that are already more dense than other parts of a community by reducing setbacks or lot sizes in an existing village.
- **Cluster Development Tool Sheet:** A cluster development, also known as a cluster subdivision or conservation subdivision, seeks to allow for homes on smaller lots than would otherwise be permitted in exchange for permanently preserved open space. Density incentives can be provided for various types of desirable open space or for housing preferences such as senior housing or workforce housing.

- **Planned Unit Development (PUD) Tool Sheet:** Allows for a clustering of a mix of commercial and residential uses on one property. Often includes a mix of a variety of housing types. A PUD can result in the creation of a new village or simply serve to offset new residential tax base with new commercial property.
- **Senior Housing Tool Sheet:** Seeks to encourage housing that fits the needs of downsizing seniors that is affordable. Can work in tandem with a cluster ordinance.
- **Workforce Housing Tool Sheet:** Using clustering, a workforce housing ordinance seeks to create housing that is affordable to a family of four making the average wage in the county.
- **Cottage Housing Tool Sheet:** Allows for a clustering of smaller homes at a smaller scale.
- **Manufactured Housing Tool Sheet:** Constructed in a factory on a chassis, manufactured housing can expand lower-cost home ownership and rental options in a community.
- **Mixed-Use Zoning Tool Sheet**: Enables multiple uses on one lot and/or building. This can be established as an overlay district or base district.
- **Adaptive (Historic Structure) Reuse (Economic Development):** Provides guidance for converting existing historic, large homes and farmhouses into multi-family structures.
- **Tax Increment Financing Districts (Economic Development):** Seeks to fund infrastructure within a defined district with funds generated from new development within that district.

RECOMMENDATIONS FOR THE REGION THROUGH 2040

- [ ] **Continue to implement housing recommendations from the previous Regional Plan.** Locating housing near services and jobs, allowing home occupations, and capitalizing on cluster developments were previous recommendations that are still valuable. These efforts should be continued and tailored to the current housing, demographic, and economic environment.

- [ ] **Maximize cluster and mixed-use ordinances.** Finding ways to capitalize on cluster ordinances and mixed-use ordinances such as planned unit developments can address several housing issues at once, including housing stock type, affordability, and community character. The use of incentives is a driving force behind such ordinances and a community's creativity can prove vital to such efforts.

- [ ] **Encourage ordinances that allow for reuse or rehabilitation of larger, older, historic properties into multi-family or condominium developments**. Old Victorian homes, including farmhouses and their barns, are often underused. At the same time, they represent the historic character of the community. Encouraging their reuse as multi-family or condominiums, while maintaining the exterior appearance can address housing, reuse existing roads and infrastructure, and encourage historic preservation of these properties.

- [ ] **Explore and encourage other housing types such as townhomes, cottage ordinances, or tiny homes**. Zoning ordinances can provide more clarity for working with non-traditional housing which can include townhouses, cottage developments, or tiny homes. Finding ways to permit or even encourage such housing options could address affordability as well as housing choice.

- [ ] **Continue to monitor and respond to changes in the state's legislative framework**. In recent years, the New Hampshire State Legislature has sought to address the housing challenges with a series of legislative actions. These have included everything from accessory dwelling units, to building on Class VI roads, to allowing apartments in all commercial zones. Individual communities, and the Central NH region as a whole, should continue to monitor and respond to these changes to ensure that zoning ordinances comply with the evolving legal framework.

- [ ] **Limit the costs to communities to expand infrastructure and minimize tax impacts into the future.** Tax Increment Finance (TIF) Districts, Capital Improvement Programs (CIPs), potential Impact Fees, and Exactions are all ways to limit the fiscal impacts of growth to a community. While there are other factors that contribute to tax and infrastructure expansion in a municipality, a community can take steps to limit those as much as possible.

FOR MORE INFORMATION

For further information on housing related data and tools, a short list of resources and hyperlinks to documents and sites follows.

New Hampshire Housing Toolbox
https://nhhousingtoolbox.org/

NH Housing – Housing and Demographic Data
https://www.nhhousing.org/resources/housing-demographic-data/

CNHRPC Regional Housing Needs Assessment (2023)
https://cnhrpc.org/regional-planning/rhna/

NH OPD Housing Data
https://www.nheconomy.com/office-of-planning-and-development/what-we-do/state-data-center-(census-data)/housing-data