

**CONWAY PLANNING BOARD**

**MINUTES – WORK SESSION**

**JUNE 9, 2022**

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**CONWAY PLANNING BOARD**

**MINUTES - WORKSESSION**

**JUNE 9, 2022**

A work session of the Conway Planning Board was held on Thursday, June 9, 2022 beginning at 6:00 pm at the Conway Town Office, Conway, NH. Those present were: Chair, Ben Colbath; Selectmen's Representative, Steven Porter; Secretary, Erik Corbett; Bill Barbin; Eliza Grant; Mark Hounsell; Alternate, Ted Phillips; Planning Director, Jamel Torres; and Planning Assistant, Holly Whitelaw. Alternate Steven Hartmann was in attendance.

**APPOINTMENT OF ALTERNATE MEMBER**

Mr. Colbath appointed Mr. Phillips as a voting member.

**AFFORDABLE HOUSING DISCUSSION**

Harrison Kanzler of Mount Washington Valley Housing Coalition appeared before the Board.

Mr. Kanzler reviewed the attached *Housing Climate Assessment* dated 3/15/2022 with the Board. Mr. Kanzler suggested adding a definition of Planned Unit Development. Mr. Kanzler discussed Transferable Development Rights. Mr. Kanzler suggested a mixed-use zone that requires a mixture of both commercial and residential. Mr. Kanzler discussed inclusionary zoning, which allows the town to require housing to be built.

Mr. Kanzler suggested §195, the Affordable Housing Ordinance, possibly having a different site plan review process. There was a brief discussion regarding building heights, and expanding municipal water and sewer.

Mr. Kanzler stated that the Upper Saco Valley Land Trust is looking at providing a build out study for the Town of Conway; looking at where to do the expansion of services, and what the town's limitations are. There was a discussion regarding where to expand municipal water and sewer.

Mr. Kanzler reviewed funding programs.

Meeting adjourned at 6:59 pm.

Respectfully Submitted,

Holly L. Whitelaw  
Planning Assistant

**Town of Conway**  
Housing Climate Assessment  
Attn: Planning Board  
Re: Work Sessions  
3/15/2022



## **Overview**

The State of New Hampshire, as well as the Nation as a whole, is undergoing a severe housing shortage due to a lack of available housing stock. In the early 2000's New Hampshire saw a dramatic increase in the issuance of building permits for both single family and multifamily development. Over a decade after the 2008 housing market crash these permit issuances have yet to come near the levels they were in the early 2000s, as such New Hampshire's communities have grown in population, while the available housing stock has failed to keep pace. The following brief study will look at housing availability and rates in Carroll County, as well as some housing sale data particular to the Town of Conway to help facilitate conversations surrounding potential actions the Planning Board can take to help the community attract developers who will create the housing stock that it wants and needs. Housing stock is traditionally split into two categories; Rental Housing and For Purchase Housing, we will look at each of these categories independently to give a broader understanding of each category's specific needs. We will begin with For Purchase Housing as trends in that category have an impact on the Rental Housing category.

## **For Purchase Housing**

Since 1998 the New Hampshire Association of Realtors has provided market data on For Purchase Housing annually. This data provides us with the number of units sold, the median sale price, and average Days on Market (DOM) in a given year, as well as year over year percentage changes. This information is only aggregated on the County level, however it is an important indicator of purchasers and demand in our communities.

Much has changed since 1998 especially median sale prices for homes in Carroll County and the State of New Hampshire. From 1998 to 2021 the State of NH has seen a 210% increase in median sale price while Carroll County has experienced a 290% increase. This averages to a little over 10% a year for Carroll County. However with lulls around the 2008 crash we see spikes in valuation occurring in the early 2000's, and again more recently. If we look at the most recent five years of data, 2017 - 2021, we see that in just that short time New Hampshire had a nearly 48% median sale price increase while Carroll County had a 61% increase; again averaging over 10% increase a year for the past 5 years. In just one year from 2020 to 2021 Carroll County saw a 23.4% increase.

## State Median and Carroll County Median

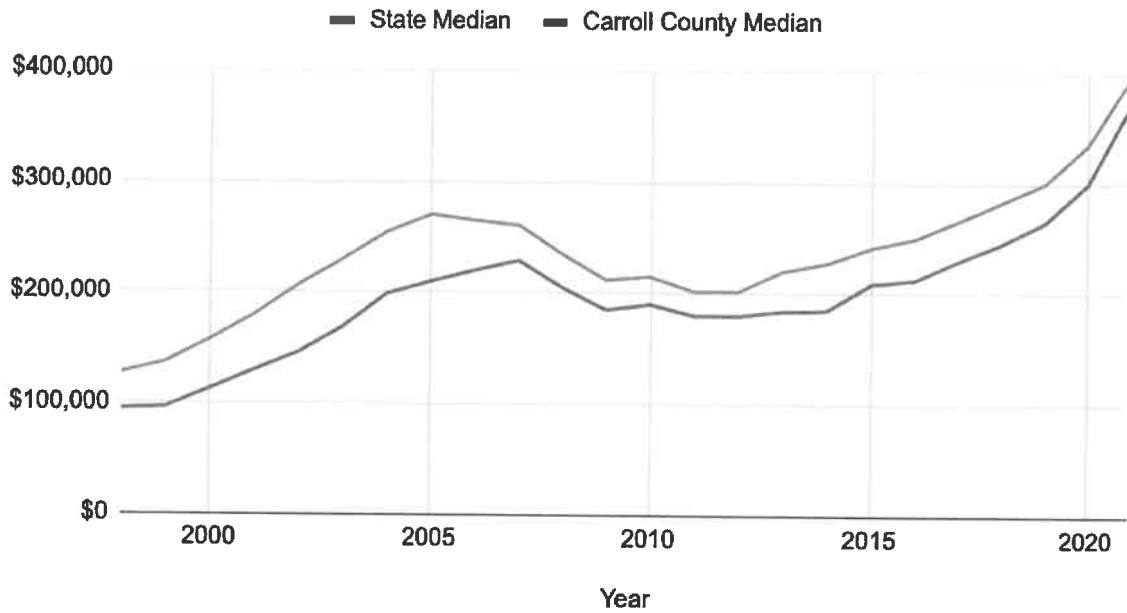


Fig. 1. State and Carroll County Median Sale Pricing 1998-2021

## State Median and Carroll County Median

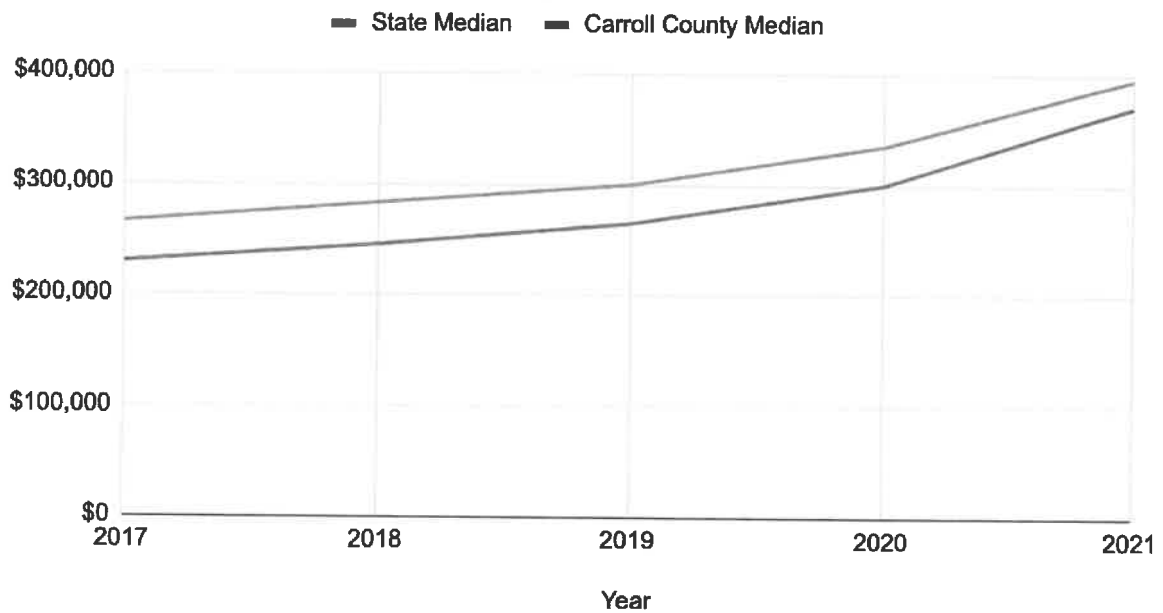


Fig. 2. State and Carroll County Median Sale Pricing 2017-2021

These prices have increased rapidly compared to Area Median Income (AMI) for Carroll County which has increased by 55% from 2000-2020 according to the US Census Bureau. The Federal Department of Housing and Urban Development (HUD) considers anyone spending more than 30% of their monthly income on housing and housing related services to be economically burdened by their housing. According to HUD the median household income for a family of four in Carroll County in 2021 was \$75,000. With a median sale price of \$370,338, interest rate of 3.78%, and a \$20,000 down payment the monthly principal and interest payments alone would be \$1,628. The housing burden mark for a family making \$75,000/yr is \$1,875/mo. This means that a median family in Carroll County trying to buy a median home would have roughly \$250 of wiggle room to cover homeowner's insurance, property taxes, and utilities each month. As the current purchase market stands a median family in Carroll County simply cannot afford a median home without significant economic burden placed upon them.

A severe shortage of for purchase stock is often cited as one of the main causes for the rapid increase in median home price. For a popular tourist destination like the Mount Washington Valley, another concern for first time buyers is the competition presented by second home seekers. Traditionally throughout the State of New Hampshire, we have mostly had internal movement; most home purchases in New Hampshire are made by people who already live in New Hampshire. However for the past few years we have seen a shift in the Valley that shows an increase in out of State purchasers, specifically from Massachusetts.

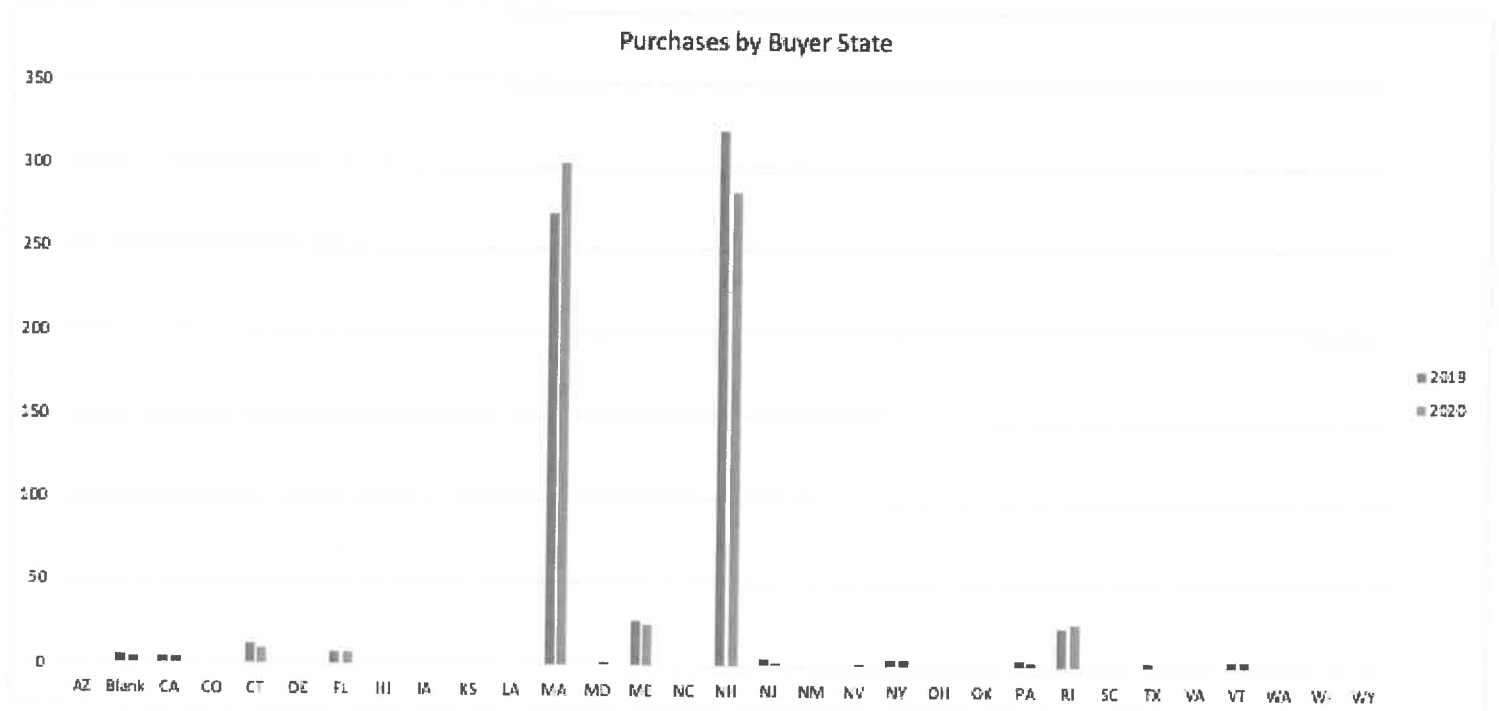
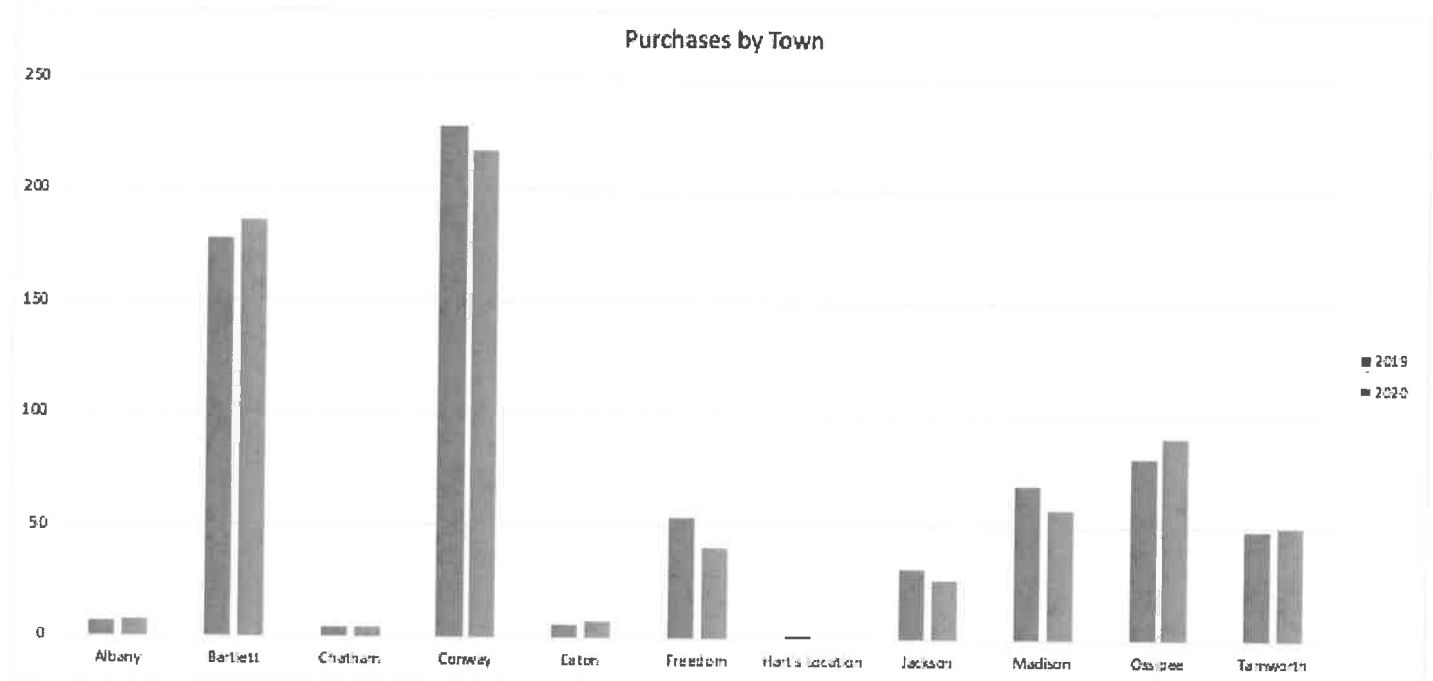


Fig. 3. Origin State of home purchases for MWV in 2019 and 2020

It is evident that New Hampshire and Massachusetts residents are the predominant buyers for real estate in the Mount Washington Valley, with Maine and Rhode Island being distant third and fourth. We know that during the early stages of the COVID-19 Pandemic, there were many cities that witnessed a demographic shift due to Urban Flight, Boston was one of them. It is likely that the shift to Massachusetts purchasers being the dominant market was brought on by COVID. Regardless, historically and moving forward, this large section of the homebuyer market being driven by out of state economies further exacerbates the scarcity for local first time buyers. When we include DOM data for Carroll County we see that during the past 5 years we have also seen a precipitous drop in the time property is available for sale from an average of 100 days in 2017 to an average of 34 days in 2021, the speed at which the current market is moving is especially difficult for those trying to enter the For Purchase market for the first time.

For home buyers, the Mount Washington Valley offers several fantastic towns to call home. The Town of Conway is the number one location in the Mount Washington Valley as far as real estate transactions are concerned. Looking at the same purchase data from 2019 and 2020 we see that in both instances Bartlett, Conway, and Ossipee are the top three with Conway being the clear leader.



**Fig. 4. Number of real estate transactions by town for 2019 and 2020**

The numbers above are not just indicative of where people are looking to purchase; they are also indicative of available housing stock. For the majority of 2019 and 2020 the New Hampshire Association of Realtors estimated that New Hampshire had less than one month's worth of housing stock. Meaning at any given time if no new properties were to be brought to market, everything currently available on the market would be sold in less than one month.

These historically low numbers of for sale properties have led to increased transaction counts in areas that have been able to maintain and create new housing stock.

The scarcity of stock, increased median sale pricing, and pressures from second home buyer markets have all combined to put increased pressure on the rental housing market. This market is inextricably linked to the purchase market as increased costs in purchasing a home are directly translated to increased rents for wouldbe tenants.

### Rental Housing

When it comes to housing for the workforce of the Mount Washington Valley rental housing is the most realistic option given the current real estate market. Based on economic data from the 2017 American Communities Survey the two largest employment sectors in the Valley are Hospitality and Retail. According to the same data, these are also two of the lowest three paying sectors in the Valley. HUD puts a fair market rental, the figure we use for determining whether or not something is affordable, at a gross rent<sup>1</sup> of \$1,073/mo. for a 2 bedroom unit in Carroll County. Thankfully the increase in property values has not had an immediate effect on rental costs. During the same 5 year period where we saw a 61% increase in median sale price, we have only seen a 3% increase in median rent. However if we draw that figure out over time we see a considerable increase.

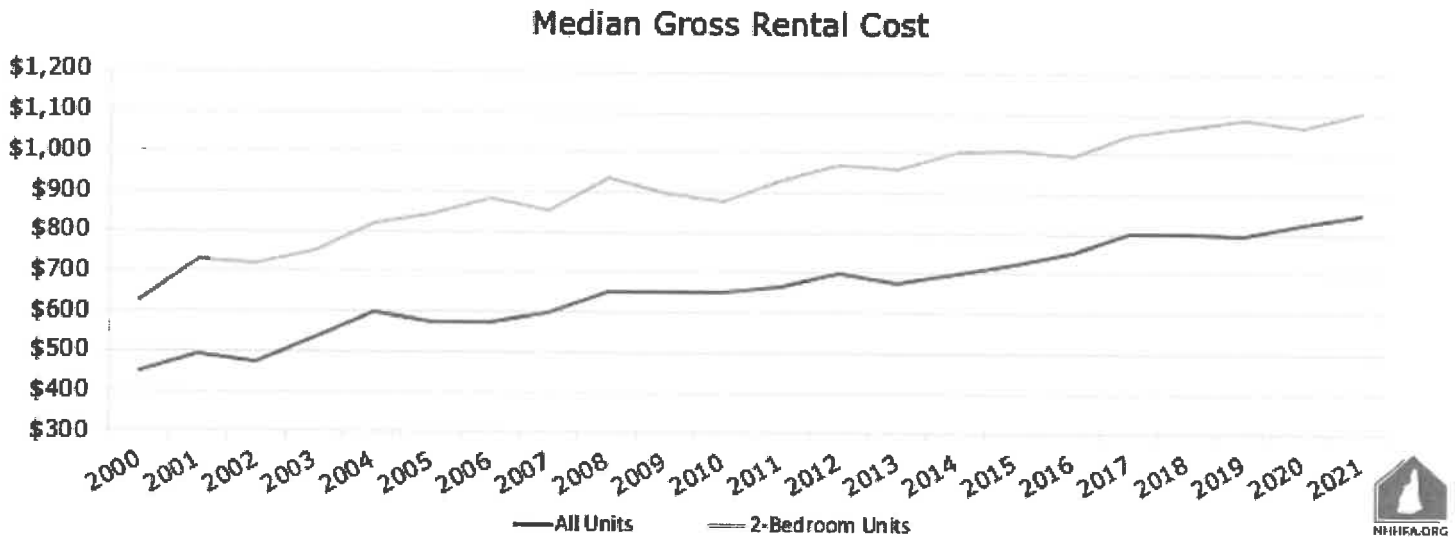


Fig. 5. Median rents from 2000-2021

While the rents do not have the extreme fluctuations that the median sales prices have, it is clear that rents have been steadily increasing over the last two decades. Since 2000 median 2 bedroom rent rates have increased 77% while median income in Carroll County increased 55%. As rent increases continue to rise faster than wage hikes it becomes more burdensome for

<sup>1</sup> Gross rent includes all fees and utilities. In Carroll County utilities for a 2 bedroom unit are estimated to be roughly \$240/mo. Fair market net rent price for a 2 bedroom unit in Carroll County would be \$833/mo.

those who rent; it is estimated that around 40% of renters in New Hampshire are paying over 30% of their income on housing. For many, paying slightly over 30% of their monthly income on rent is bearable, the issue for most renters is derived from availability of housing as much, if not more so, than the cost.

Since around 2010 there has been a continual decrease in the availability of rental units. Currently Carroll County has an estimated rental vacancy rate of 0.7%<sup>2</sup>.

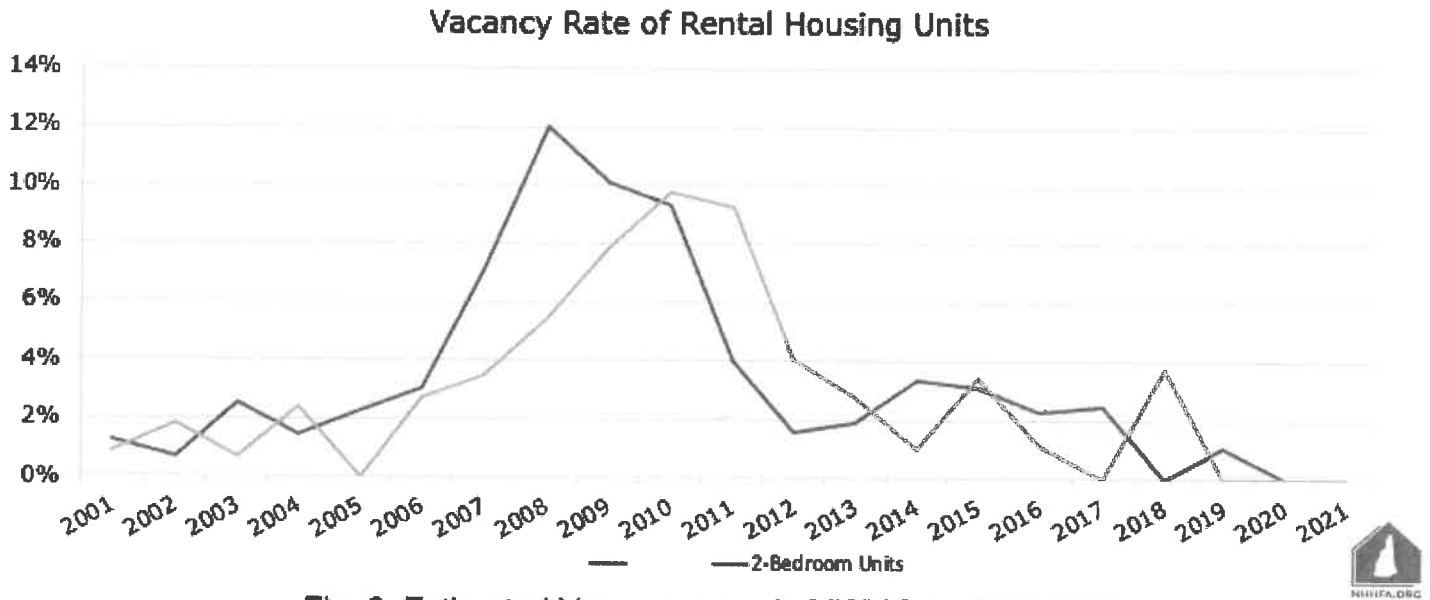


Fig. 6. Estimated Vacancy rates in MWV from 2001-2021

Again, we see that around the time of the 2008 recession there was a multiyear shift in the market creating a widely accessible rental market in the Mount Washington Valley. As the market recuperated and median sales prices began increasing we see a sharp decline in vacancy rate to an average rate of around 0% from 2019-2021 for 2 bedroom units. As property prices increase it becomes less and less feasible for a second home owner to rent out a second home long term as the required rents would be prohibitively high. Similarly, construction, labor, and land costs are all at high points now, making the construction of new units also extremely expensive. This all combines to make a rental market that is extraordinarily competitive and for new landlords entering the market, provides for an environment that justifies further increasing rents. For renters, the current market is such that the loss of a rental means potentially having to couch surf or stay in a hotel/motel until a new rental can be found. In the worst case scenario this could mean leaving the Mount Washington Valley, which is a loss for our community and our economy. While affordability to our workforce is important, so to is a general increase in stock; the necessity for rental unit creation is at an all time high.

<sup>2</sup> Rental Availability is calculated as the total estimated number of rental units in a county vs. how many of those units are listed as available for rent at the beginning of every month. If there were 100 units for rent, a 0.7% vacancy rate means that there would be roughly 1 unit available for rent on the market each month.



## Conclusion

The path forward for Conway, as well as the other communities in the region, is a difficult one. Our real estate markets are currently being dominated by out of state buyers who can afford ever increasing prices that simply put our first time home buyers out of the competition. With prices so high it is essentially impossible to purchase a second home with the intent of renting it long term as the required rental figures would be extremely high. With increased labor, material, and land costs it is also difficult to build for purchase housing at entry level prices, and hard to find developers who will when there is also a demand for high end housing which has higher profit margins.

In order to get the housing we need in our communities it will be up to our elected officials to become creative with their incentives and zoning ordinances. Communities should look to include some of New Hampshire's Innovative Land Use Controls, as outlined in RSA 674:21, into their ordinances. Grouping these controls, like planned unit developments, transferable development rights, and inclusionary zoning together with mixed use zoning can provide for areas of communities dedicated to creating walkable neighborhoods which also have a high yield for tax revenue. Opening up multiple zones to the creation of duplex, triplex, and quad style housing can also create much needed diversification in housing stock. Regulating this type of housing with form based code can help create rentals and for purchase housing that fit within the aesthetic of the community.

To generate interest in using Chapter 195 of Conway's ordinance code and see an increase in the creation of affordable units, the Planning Board could seek to create a streamlined permitting process for developers using the incentives outlined in Chapter 195. Most developers, especially those who are non-profit, seek communities where the permitting process is predictable, equitable, replicable, and efficient. Establishing a process specifically for those developers who would create the units the community is most in need of would help to attract those units to the region and possibly open funding opportunities to the area based on a recent commitment by the Governor offering \$30mil in funding to Towns that can provide a 60 day permitting process. It is important to note that as of the time of this report the details on the issuance of those funds is undetermined.

It is also important to address the second home market. While deed restrictions for affordability help maintain a long lasting workforce housing stock, some tourist based communities in the country have also turned to local housing as an option. Incentives requiring deed restrictions based on residency remove some of the red tape associated with affordability, while making housing more naturally affordable by connecting it directly to the local economy by eliminating the possibility that it can be used as a second home. While these houses may still be expensive, they would be within the grasp of median earners in our communities and provide people who are interested in investment properties with that option so long as the property is long term rented. These types of restrictions can lead to the creation of a diversified and naturally affordable housing stock that can support our aging populace, as well as young workers looking to move to the area.