



NEW HAMPSHIRE  
HOUSING

# Housing Market

Joint Session of House and Senate  
Ways & Means Committees

January 20, 2021

[NHHFA.org](http://NHHFA.org)



# About NHHFA

- **Established in 1981 by state legislature as a self-sustaining public corporation (not a state agency)**
- **Governed by 9-member Board of Directors appointed by Governor and Council**
- **Our mission is to promote, finance and support affordable housing and related services for the people of New Hampshire**
  - Help create housing which is affordable to low- and moderate-income households
  - Support the state's real estate economy and overall economic development

# NHHFA Programs

- **Direct Rental Assistance to very low-income households**
  - Approximately 9,000 households statewide
- **Homeownership Programs**
  - Support for first-time homebuyers and others (2,000 households a year)
- **Multi-Family Housing Financing and Asset Management**
  - Finance 500 – 1,000 units a year; oversee 15,000 units (400 developments in portfolio)
- **Housing Research**
  - Public information and technical assistance programs (data collection & analysis, training, technical resources)

## **NEW HAMPSHIRE HOUSING HAS...**

- Helped more than 50,000 families purchase their own homes
- Been instrumental in financing the creation of 15,000+ multi-family housing units
- Provided direct assistance to tens of thousands of NH households

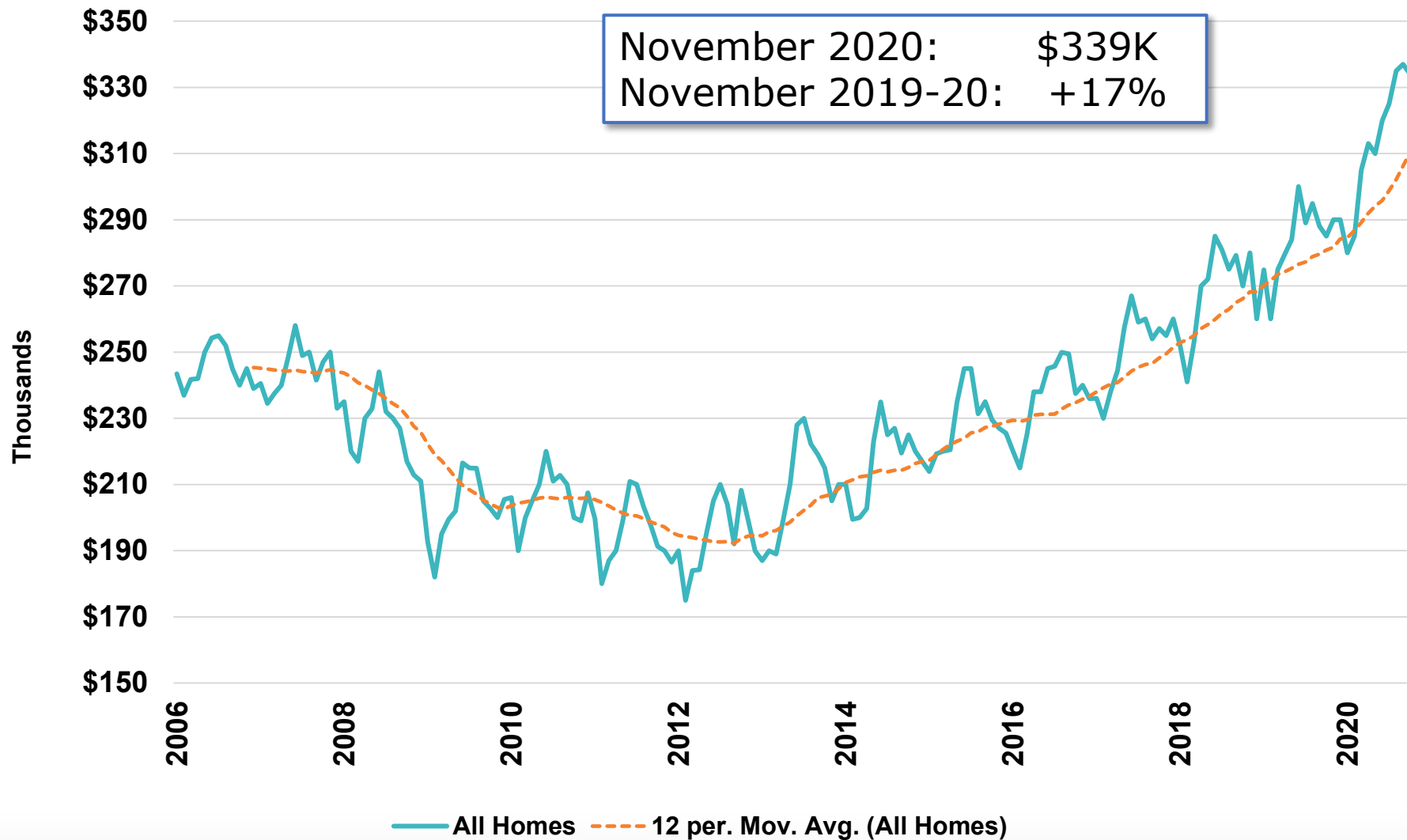
## **IN FY 2020, NHHFA...**

- Financed almost 1,000 units of rental housing
- Monitored the operations of thousands of units of rental housing we financed
- Administered federally funded rental assistance for 9,000 households statewide
- Helped over 1,500 families purchase a home through mortgage and other programs

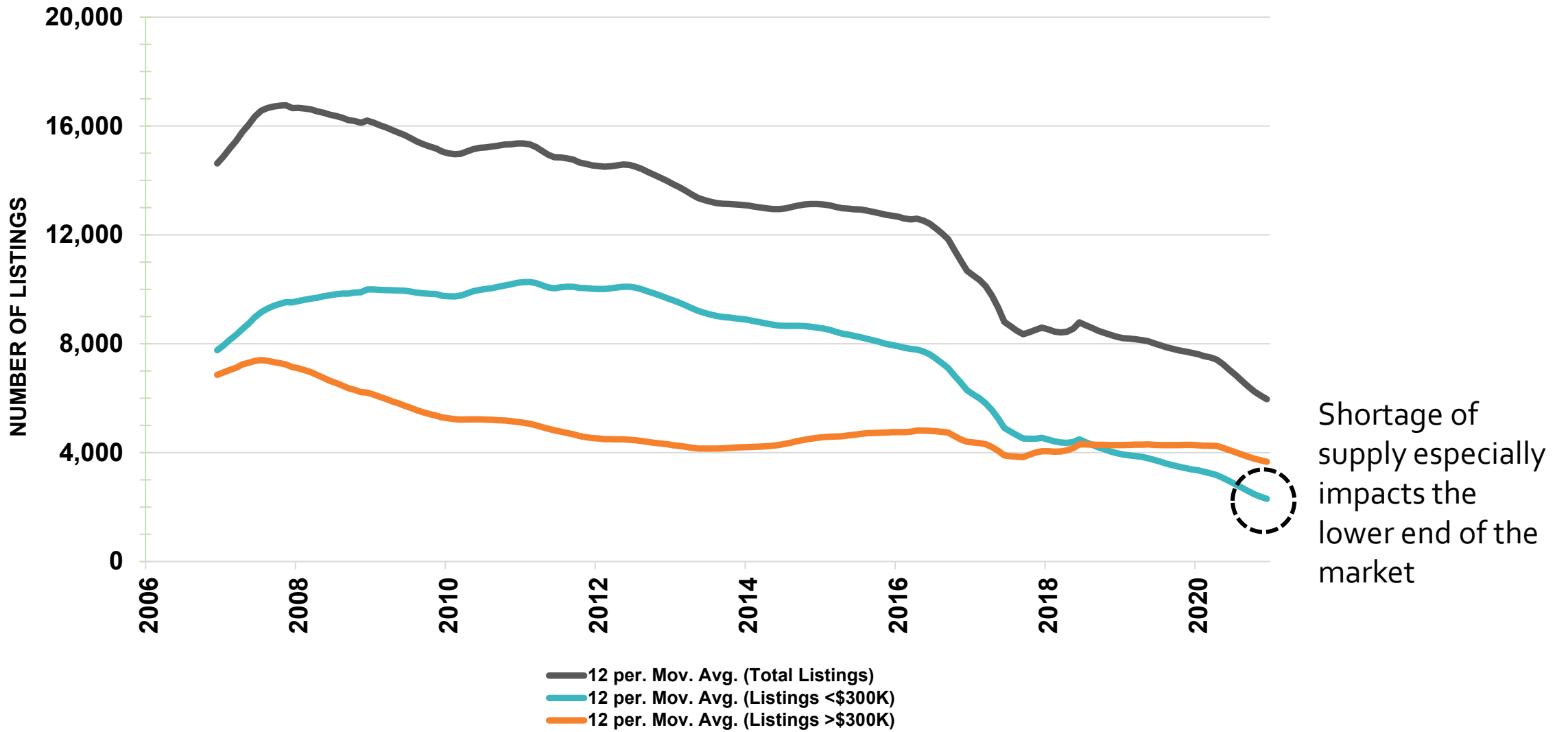
**IMPACTED 60,000 PEOPLE across New Hampshire**  
**INVESTMENT OF \$700 MILLION in the state's economy**

# Residential Purchase Market Trends

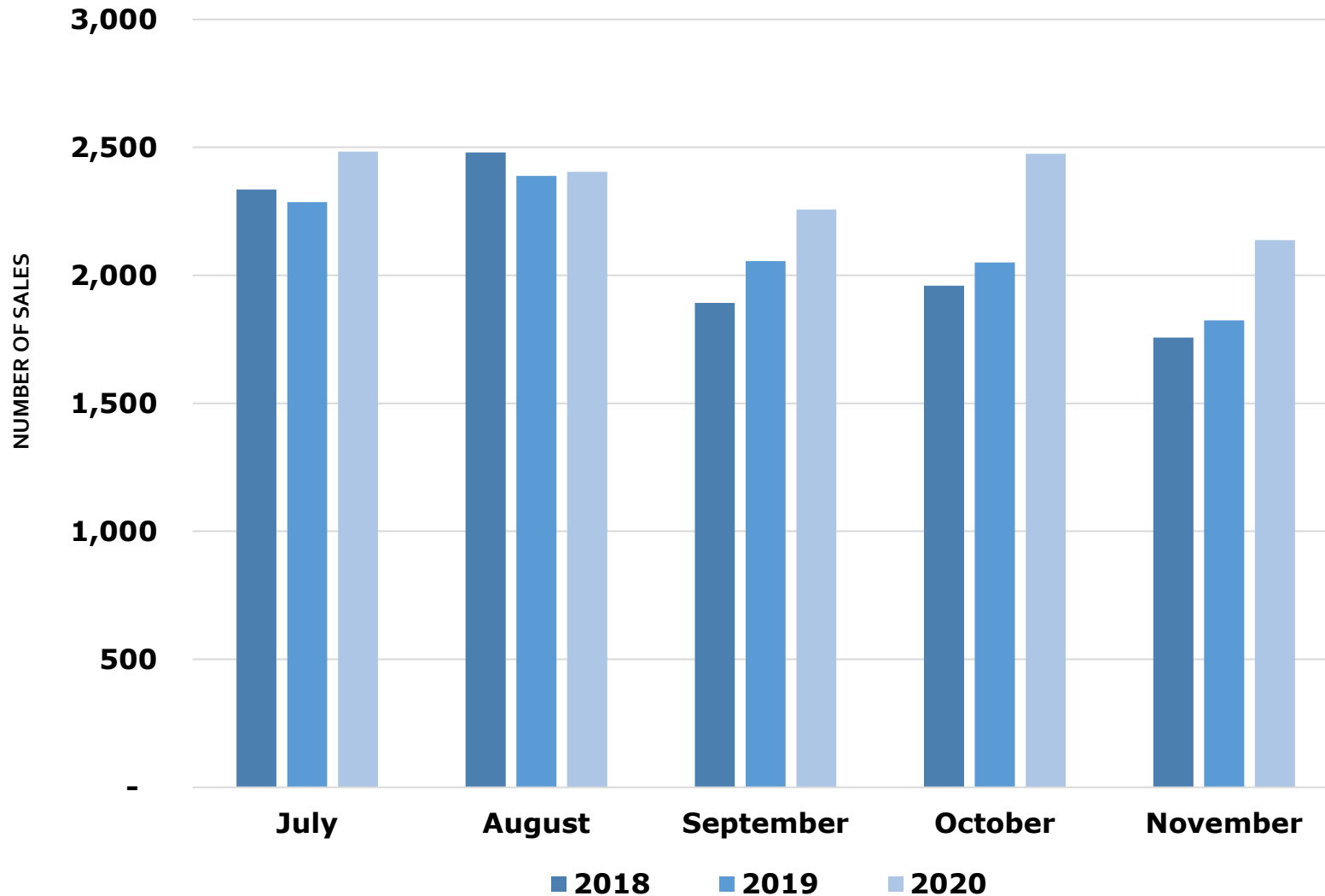
# SINGLE-FAMILY MEDIAN SALES PRICE



# CURRENT LISTINGS

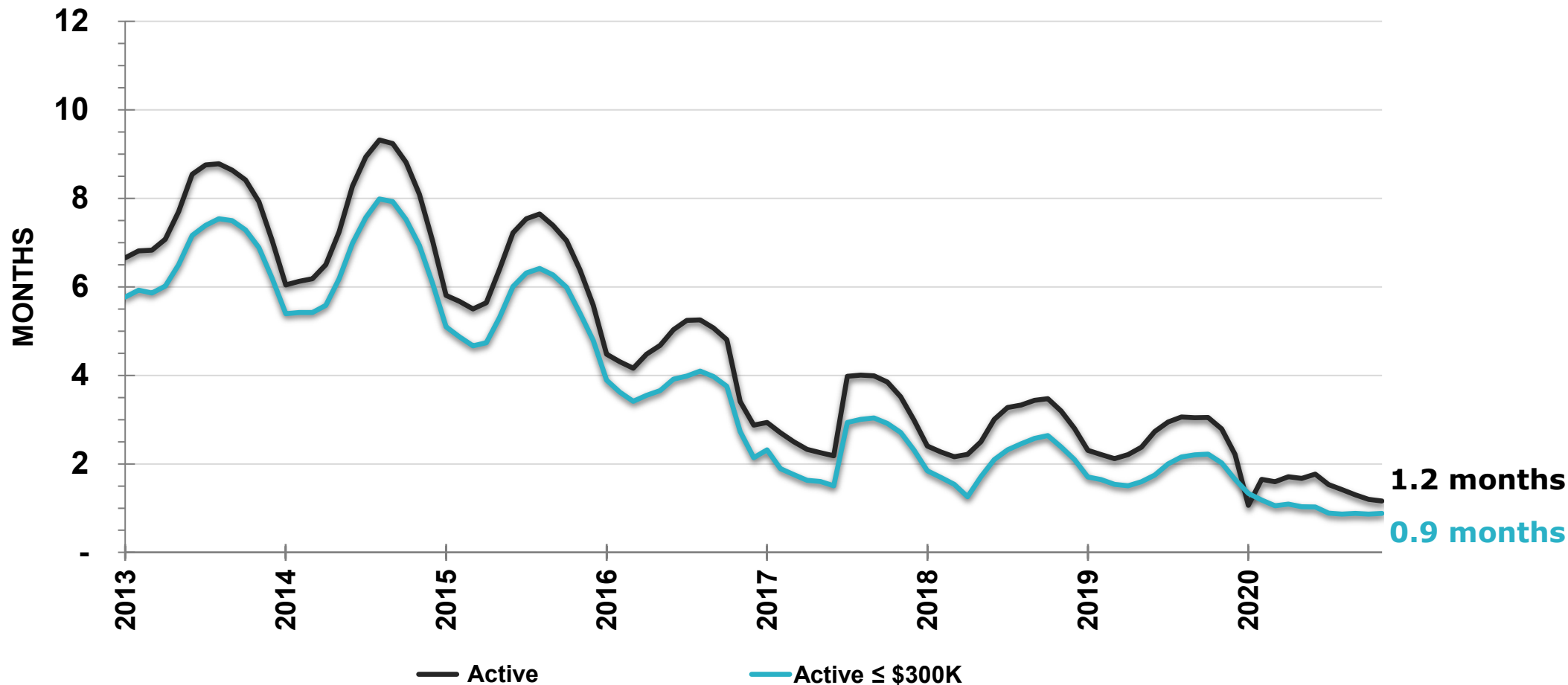


# CLOSED SALES





# MONTHS TO ABSORB INVENTORY

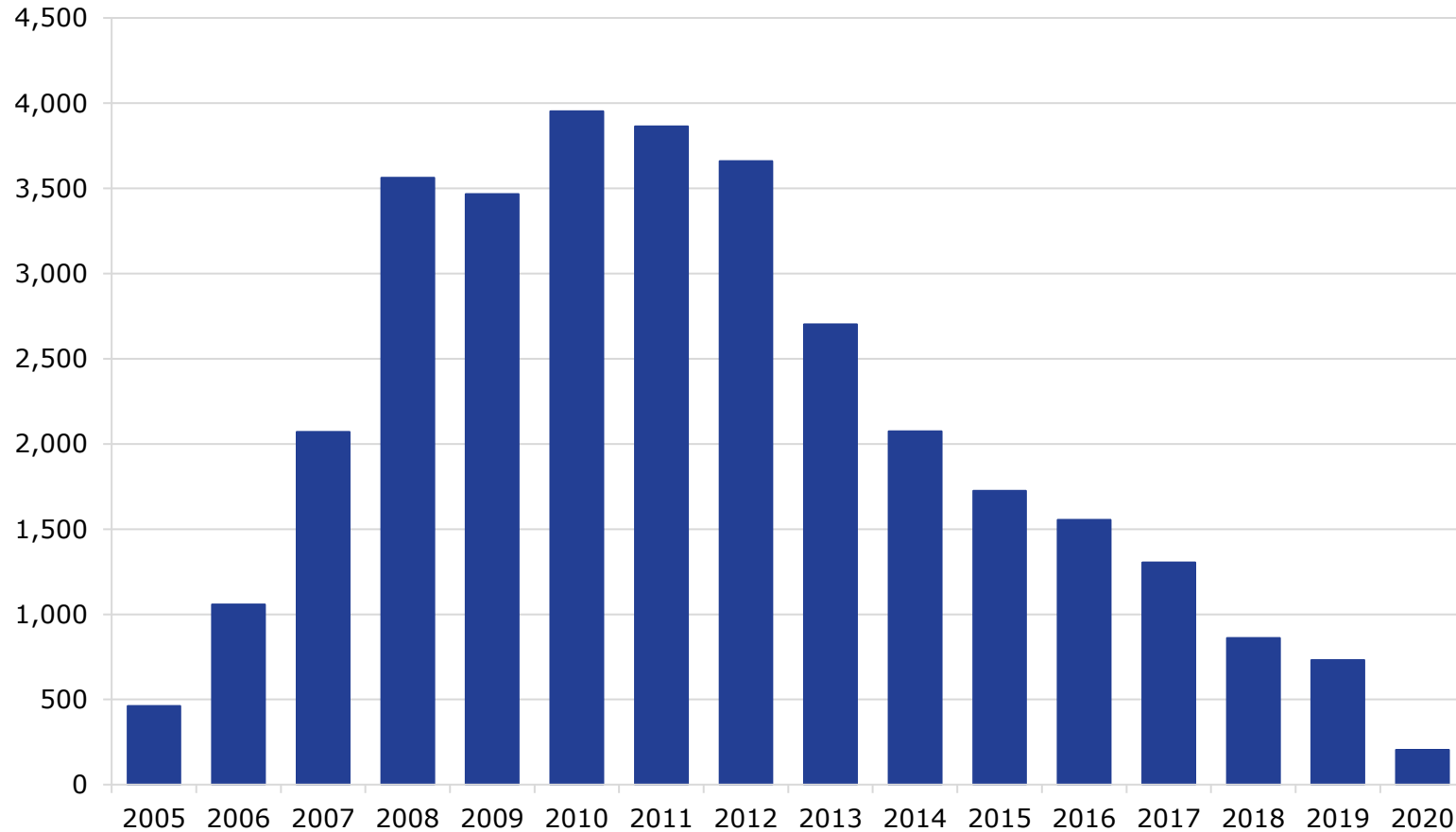


# MORTGAGE INTEREST RATES



# FORECLOSURES

Annual Total Foreclosure Deeds



2020: 228 foreclosure deeds recorded through mid-October

Prior to moratorium and optional forbearance, projected annual total of 600 – 85% decline since 2010



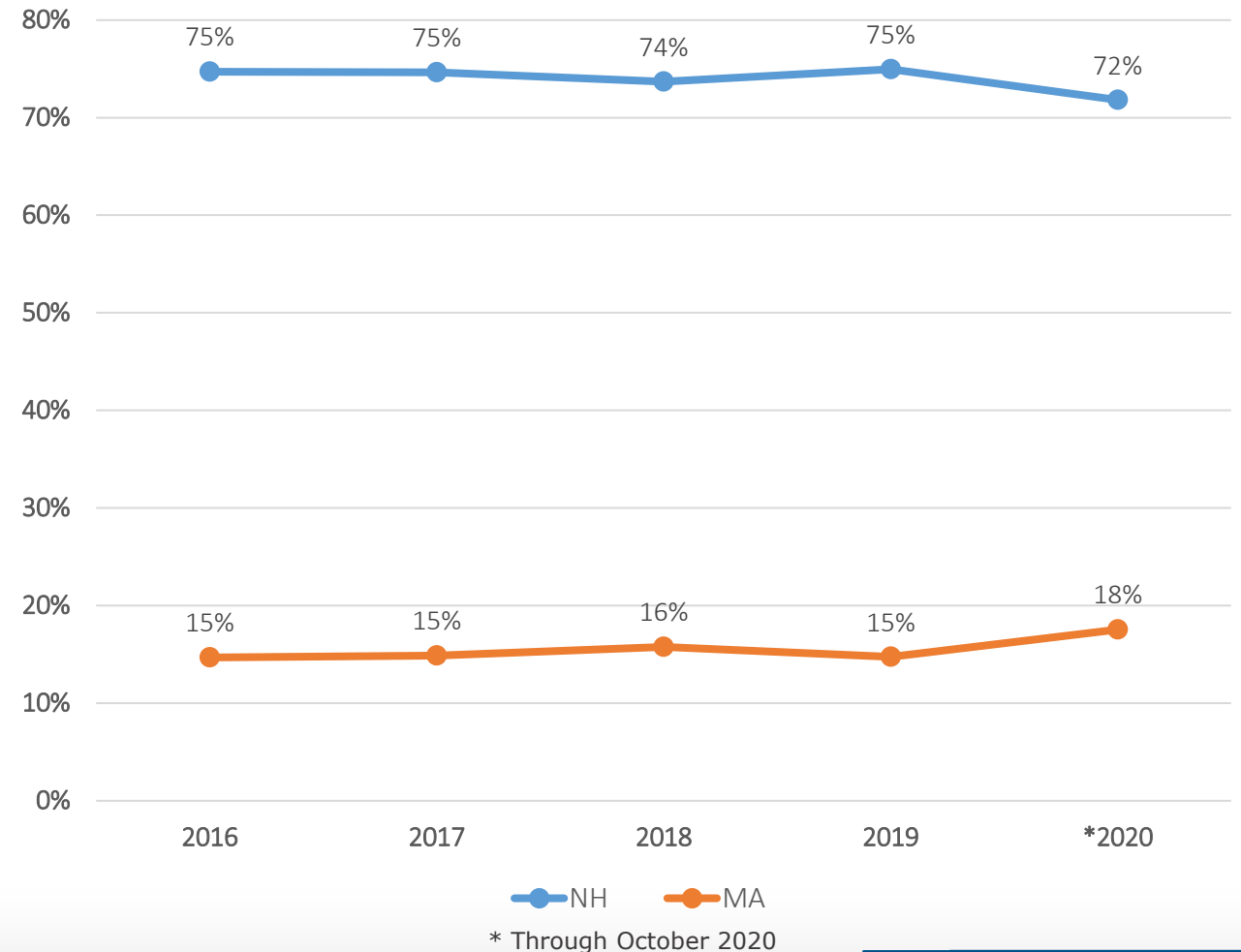
# WHERE ARE BUYERS COMING FROM?

Recent newspaper article:  
“Purchases by out-of-state buyers  
have reduced housing availability for  
New Hampshire residents...”

Home purchases 2016 through 2020

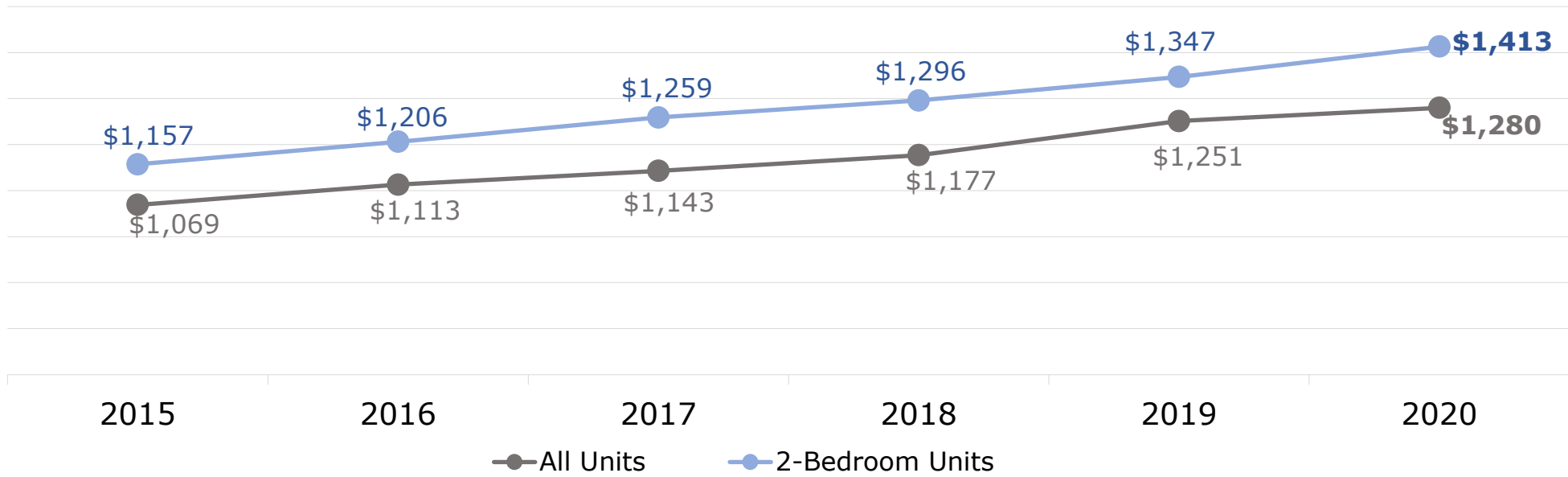
- 74% of purchasers are from NH
- 15% came from Massachusetts
- Every other state contributed 1% or less

## A Flood of Home Buyers from Massachusetts?



# Residential Rental Market Trends

# MEDIAN GROSS RENTAL COST



**2-BR** **\$1,413** ▲ **5% from last year**

**5-year change** ▲ **22%**

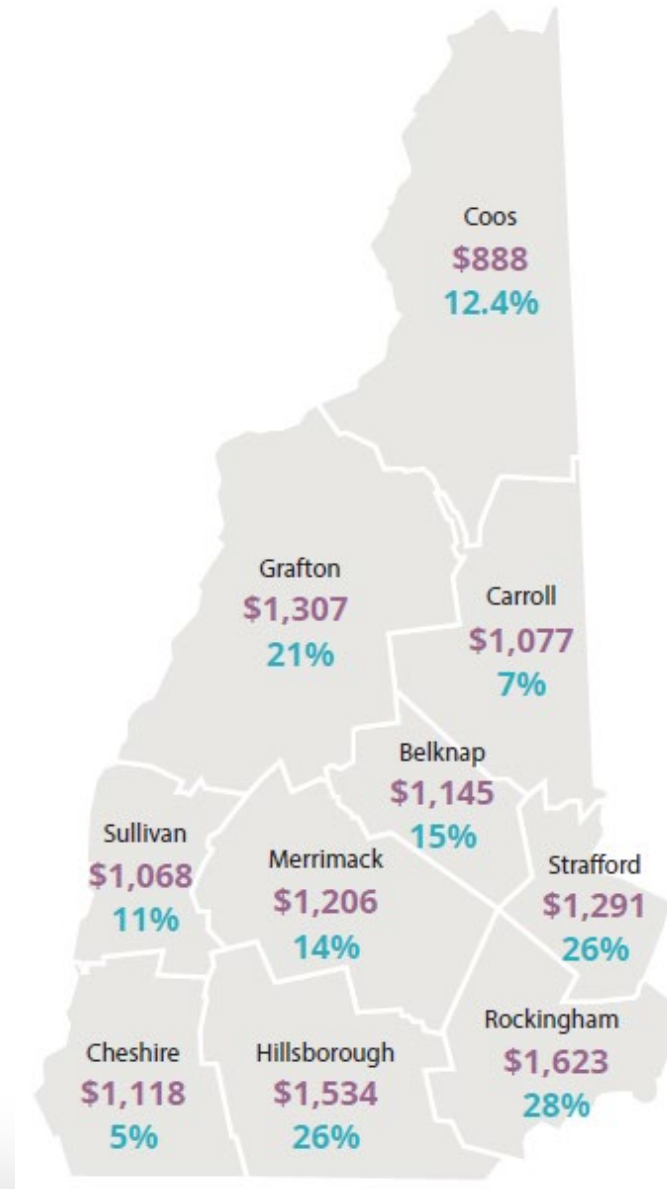
**ALL** **\$1,280** ▲ **2% from last year**

**5-year change** ▲ **20%**

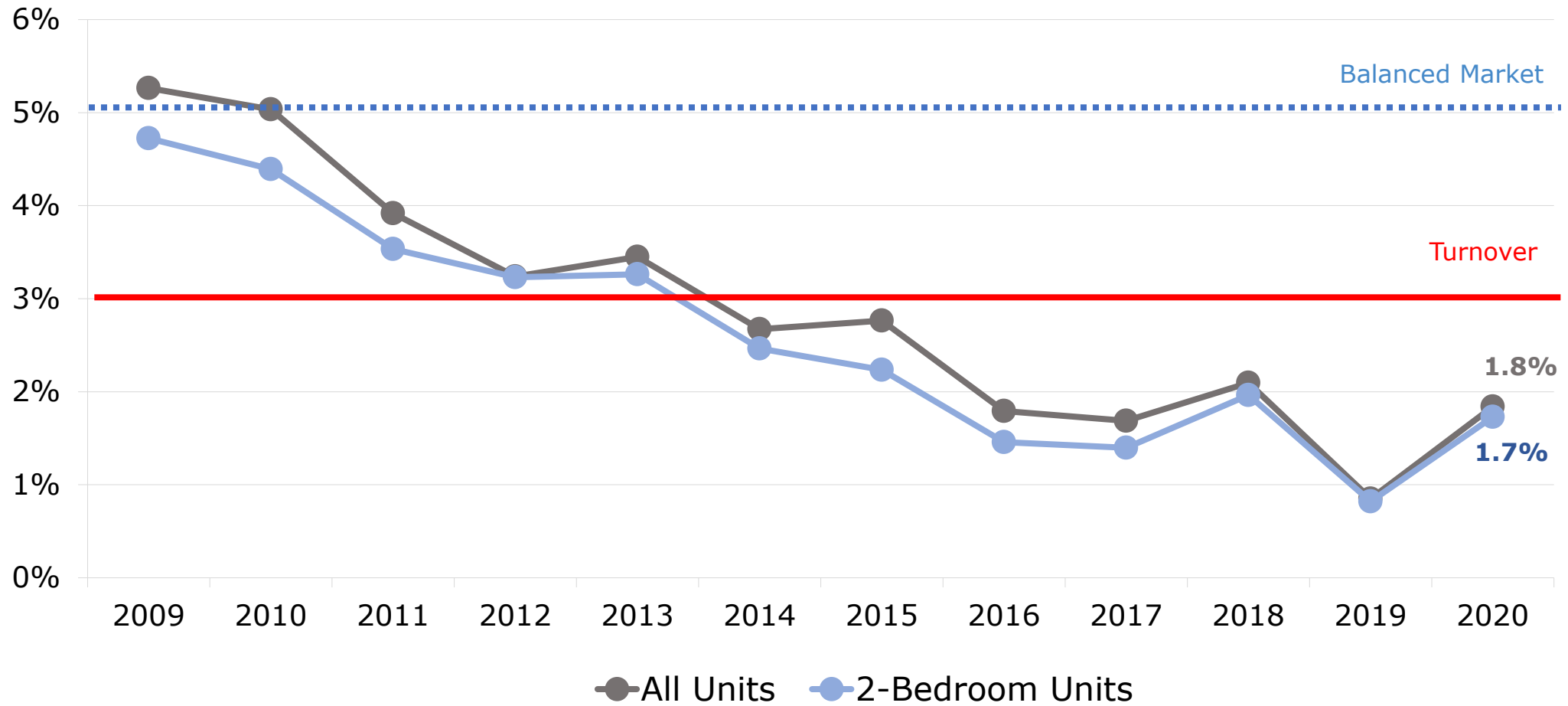
# RENTAL COSTS BY COUNTY

Median Monthly Gross Rental  
Cost for 2-Bedroom Units

Percent Change in 2-Bedroom  
Median Gross Rent 2015-2020

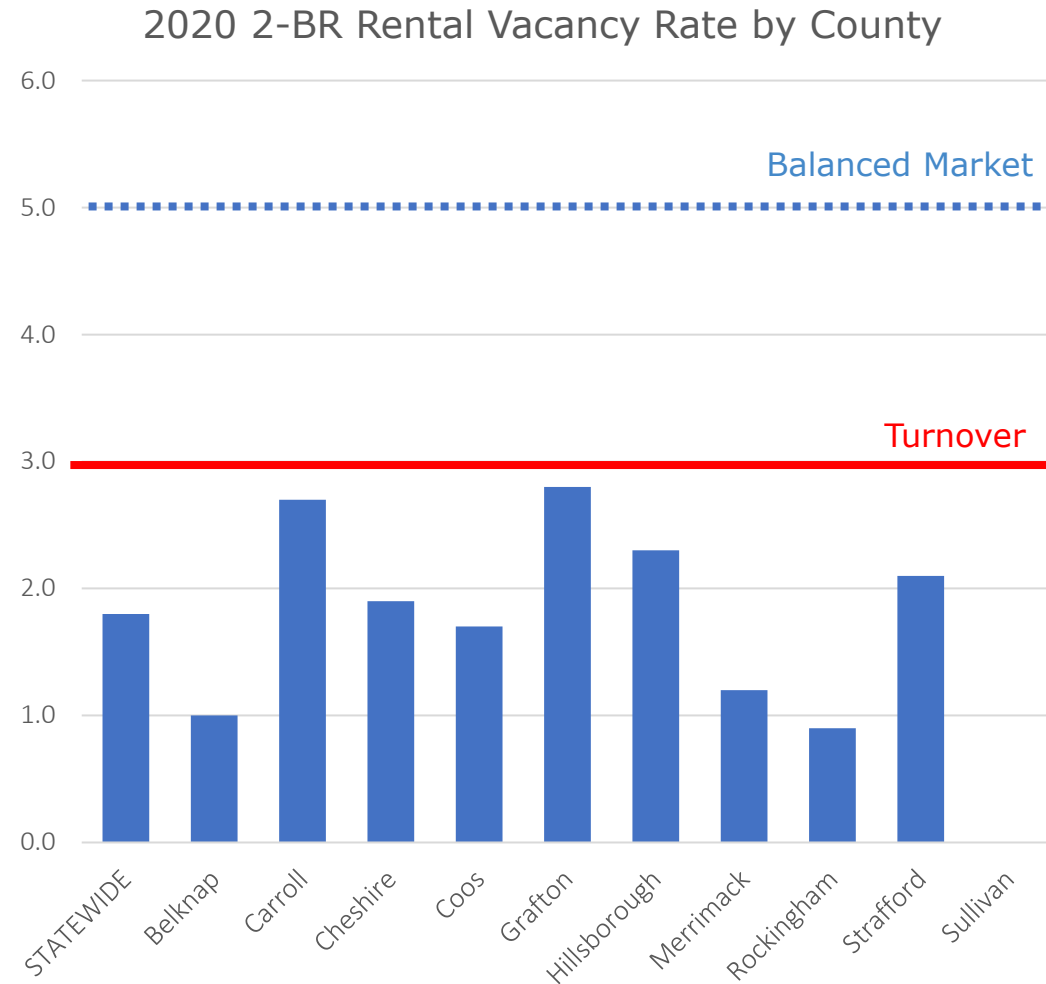


# RENTAL VACANCY RATE





# Vacancy Rate is Low Everywhere

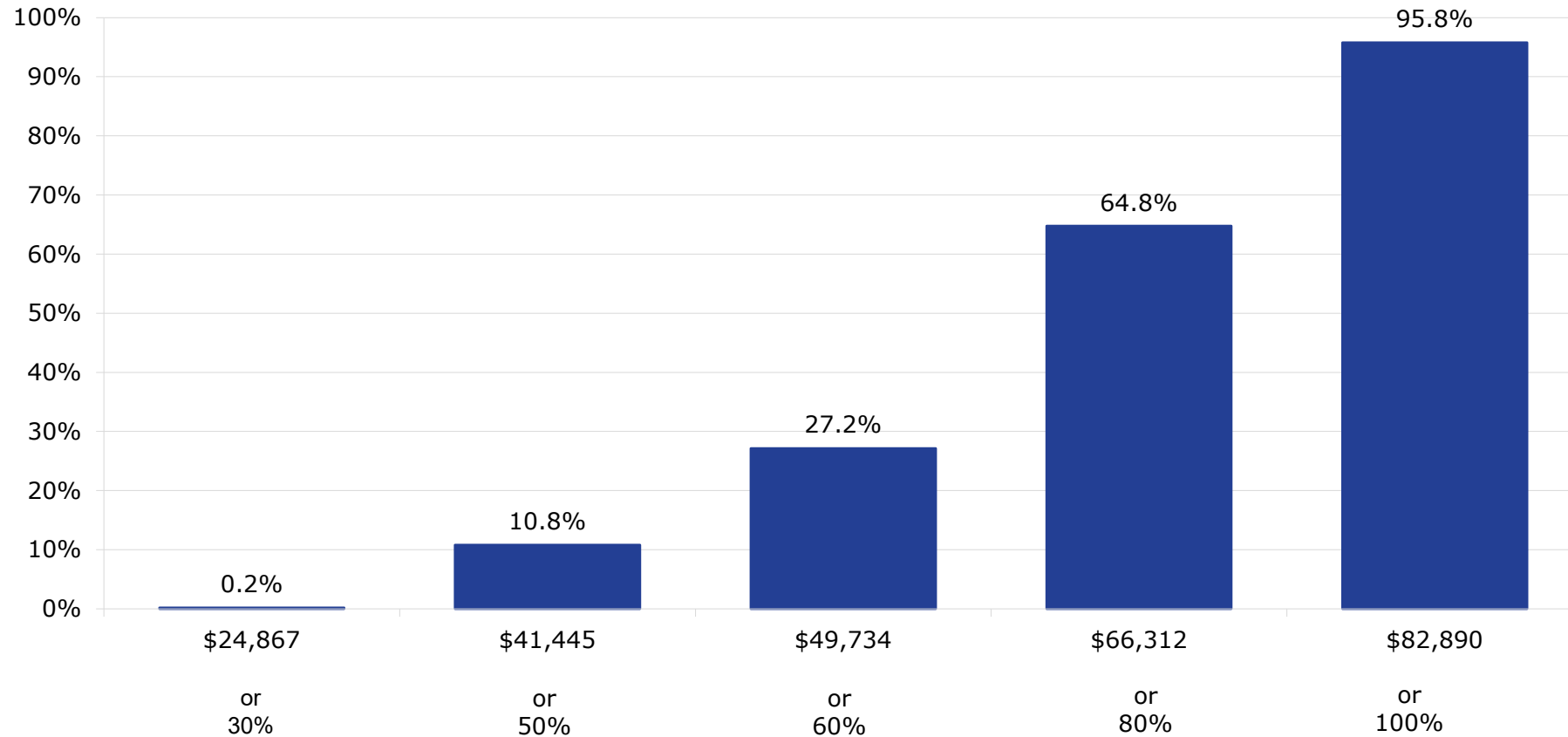


## 1st quarter 2020 rental vacancy rate:

- U.S. – 7%
- Northeast – 6%

# RENTAL AFFORDABILITY AND INCOME

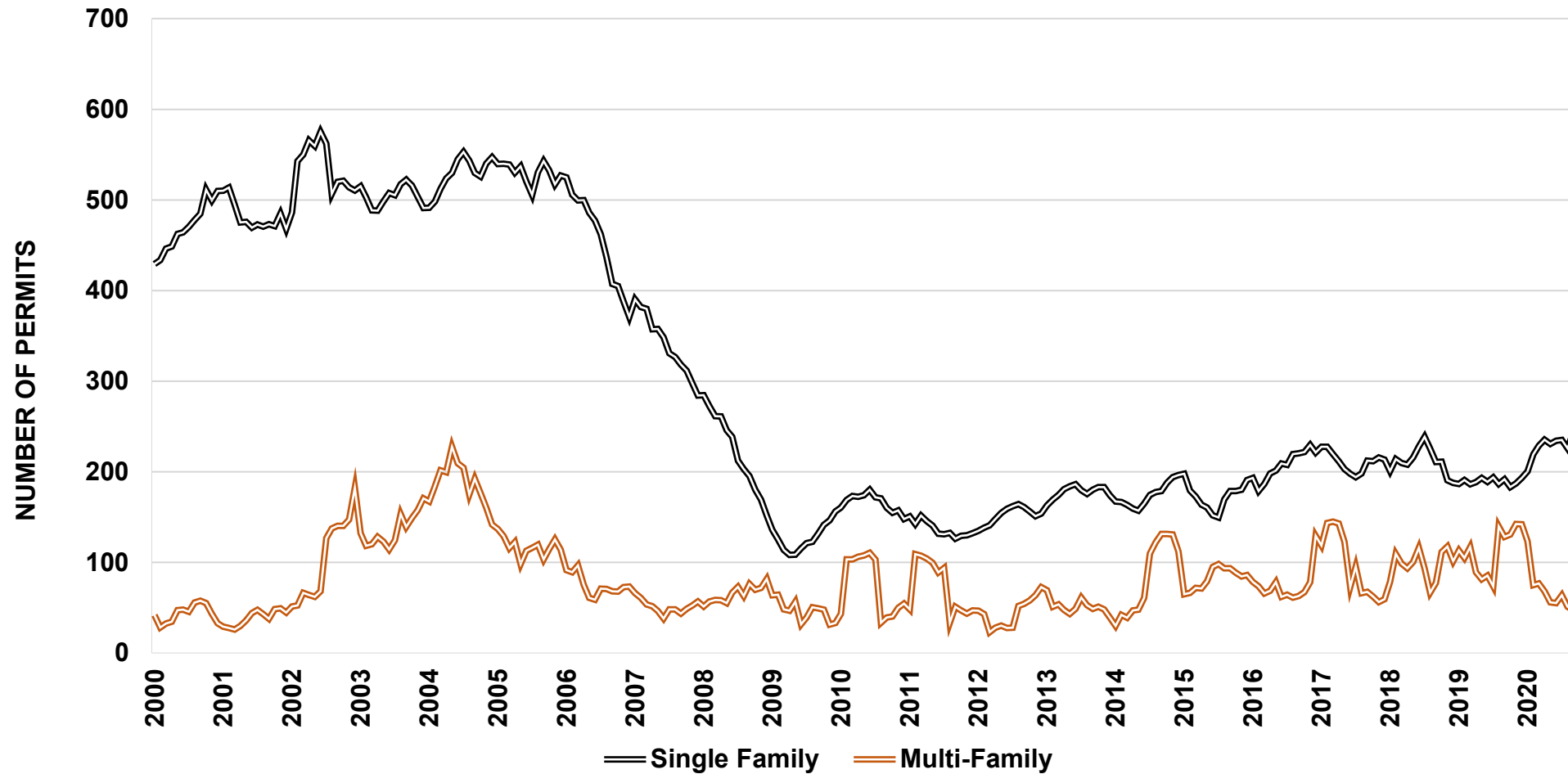
Percent of 2-Bedroom Units in 2020 Rental Cost Survey Affordable\* at Selected Household Incomes



Percentage of Statewide Median Income for 3 Person Household

\* Based on a 30% cost burden

# HOUSING PERMITS LAGGING



Seasonally adjusted, 6-month moving average, through October 2020

# BARRIERS TO HOUSING DEVELOPMENT

- **Construction costs (Lumber)**
- **Workforce availability (Labor)**
- **Financing (Loans)**
- **Land costs**
- **Regulatory practices that discourage or slow housing development (Laws)**

# CONCLUSIONS

## **ISSUE: HIGH DEMAND**

- Historically low interest rates
- More conservative consumer behavior after the Great Recession
- “K-Shaped” pandemic recovery?
  - Lower-income renters less likely to benefit

## **ISSUE: CONSTRAINED SUPPLY**

- Years of under-production have resulted in a significant supply shortfall – estimated 20K units more to meet current demand
  - Contributing Factors: → Cost of labor, materials  
→ Regulatory barriers

## **IMPLICATIONS: ECONOMIC GROWTH, AFFORDABILITY**

- Low supply and high prices make it hard for employers to hire and retain workers
  - Fluid rental market favors labor mobility
- Affordability has greatest pressure at the lower end of the market
  - Housing stability, threat of homelessness

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