



August 20, 2019

His Excellency Christopher T. Sununu
Governor, State of New Hampshire
State House
107 North Main Street
Concord, NH 03301

Dear Governor Sununu:

Pursuant to Executive Order 2017-07, please accept the enclosed annual report of the Governor's Millennial Advisory Council.

Sincerely,

A handwritten signature in blue ink that reads "Alexander J. Fries". The signature is written in a cursive style.

Alexander J. Fries
Chairman

Summary of activities

Since submitting the 2018 annual report, the council has continued its outreach efforts. These efforts included continuing the outreach efforts with both a listening session as well as guest speakers at monthly meetings, a policy report, in addition to legislative testimony.

Policy report

In November of 2018, the council submitted a policy report to the Governor focusing on the council's policy activities regarding education, workforce development, and housing. The full November 2018 report is attached to this annual report.

Cheshire County/Keene listening session

In November of 2018, both members of the advisory council hosted a listening session with over 40 participants at The Hive at the Hannah Grimes Center for Entrepreneurship in Keene. The conversation focused on housing, education, conservation/environment, transportation, and workforce development.

Guest speakers

Will Arvelo, Director of the Division of Economic Development, Department of Business and Economic Affairs

The council welcomed Director Arvelo at its February meeting to talk about the state's ongoing efforts regarding economic development and diversity efforts that Director Arvelo is a part of. The discussion also covered several council members' ideas to incentivize the growth of New Hampshire's trade workforce.

Kathleen Reardon, Chief Executive Officer, NH Center for Nonprofits

The council welcomed Kathleen Reardon at its April meeting to talk about nonprofits in New Hampshire. The conversation focused on the work the center is doing in New Hampshire, challenges faced by New Hampshire nonprofits, and legislative issues of importance.

Ben Frost, Director of Public and Legal Affairs, NH Housing Finance Authority

The council welcomed Ben Frost at its June meeting to talk about the NH Housing Finance Authority and give the council an overview of housing in New Hampshire. Additionally, the council discussed future options and ideas to address New Hampshire's housing shortage. Attached are the materials provided to the council.

Legislative activities

Members of the Governor's Millennial Advisory Council (GMAC) testified on several bills this legislative session. GMAC housing subcommittee members worked with the New Hampshire Housing Finance Authority and advocates to pass Senate Bill 43, which establishes a commission to study barriers to increased land development in New Hampshire and designates one seat for a GMAC member of the housing subcommittee.



November 29, 2018

His Excellency Christopher T. Sununu
Governor of the State of New Hampshire
State House, Room 208
107 North Main Street
Concord, NH 03301

Dear Governor Sununu:

As expressed in our letter to you dated August 20, 2018, attached please find policy recommendations for the 2019 Legislative Session.

Sincerely,

A handwritten signature in blue ink that reads "Alexander J. Fries". The signature is written in a cursive style.

Alexander J. Fries
Chairman, Governor's Millennial Advisory Council



Education

Summary of activities:

The education committee is focused on offering solutions to help alleviate student debt for graduates who currently have debt. The committee also intends to promote initiatives which will provide educational opportunities to current middle-school and post-secondary students in an effort to prevent and limit future student debt.

Priorities for the 2019 legislative session:

- Review upcoming legislative service requests to assess bills that align with our mission and focus area. Develop strategic plan to support or advocate for initiatives, programs and policies that decrease the cost of in-state tuition and promote student loan forgiveness and repayment.
- Utilize current studies and data available to support policy which will promote NH as a viable place for young people to live and work.
- Research potential policy creation for targeted, industry-specific student loan forgiveness in relation to professions in the healthcare industry.

Recommendations:

- 1) Our committee is currently researching options to support and advocate for two separate programming efforts:
 - a. Appropriating state funds towards the University System of NH in efforts to lower in-state tuition costs
 - b. Appropriating state funds towards student loan forgiveness (target: healthcare industry) in efforts to incentivize young people in the healthcare profession to stay in or settle in NH at the end of their 4-5 year program.
- 2) Our committee supports initiatives which raise awareness of successful resources and programs currently available and in use within specific municipalities and schools in New Hampshire, in regards to career education for middle school and post-secondary students, including but not limited to:



- a. Career internship and apprenticeship options for students currently enrolled in school or post-grad.
- b. Utilization of 2-year programs, certificate training, and vocational trades' career training as possible alternatives to 4-year programs.
- c. Workforce development partnerships and extended learning opportunities between area businesses and high schools which promote opportunities for practical application and mentorship.
- d. Financial literacy fairs which educate students on the anticipated costs of education in relation to their selected career path.

Workforce Development

Summary of activities:

Over the past year members of the workforce development committee conducted a survey of millennials between the ages of 18 and 40 with the intention of obtaining information to better understand how the state can be proactive in retaining and recruiting millennials as it pertains to jobs. The ability to initiate these suggestions, bring in qualified candidates to a growing economic market, and allow businesses to fulfill their missions must be supported by state and local businesses, and taking the report as a whole, must allow room for growth on all topics covered on the report.

Priorities for the 2019 legislative session:

- Recognition that the State of New Hampshire is attractive to millennials who want to be self-employed because of the proximity of the mountains and seacoast, giving a healthy, work life balance, as well as a 0% income tax on wages.
- Understanding that turnover within NH businesses is often low; it is in the norm to see people stay at their jobs for long periods of time because their employers are doing such a good job at keeping them. However, to remain attractive to the next generation workforce, employers must be able to offer competitive benefits



that are seen in larger cities, such as Boston and New York, without sole focus on the ever looming, but in time, necessary, increasing wages.

- With an aging baby-boomer generation in the state and difficulties in recruiting appropriate talent due to transportation challenges and barriers to entry, the state would find large opportunity to train and retain a workforce in the health and wellness assistance market, such as senior living and independent living. The cost to the state far exceeds what the cost to private providers would be in this area.

Recommendations:

- 1) The legislature, state and cities should find potential opportunities for industries that need assistance in startup costs.
- 2) The state should offer to business a reduction in the BET taxable base for new NH hires that are coming in from NH university system.
- 3) The state, in order to continue requesting certifications and professional licenses, should implement an incentive for businesses to pay for a portion of continuing education, allowing for businesses to attract their own talent and giving employers the opportunity to decide the benefits they want to make available to their employees.
- 4) The state should renegotiate the Medicare and Medicaid reimbursement rates to allow organizations, both nonprofit and for profit, that rely on said billing arrangement from third party providers. Ideally, these organizations can continue to compete with Massachusetts, where transportation by other than automobile and wages and rates are far more attractive to young professionals.



Housing

Summary of activities:

Over the past year members of the Committee have attended the NHHFA Multifamily Housing conference, the NHHFA Housing and the Economy Conference, and the Department of Business and Economic Affairs' State Economic Development Housing Affordability planning session. Additionally, committee members have worked with the New Hampshire Housing Finance Authority (NHFFA), Housing Action New Hampshire, and affordable housing development organizations, amongst others, to develop policy solutions to New Hampshire's ongoing housing crisis.

Recommendations and Priorities for 2019:

- Short-term: the Committee will support the establishment of a Housing Appeals Board and recommend a review of the workforce housing statute (RSA 674:58-61) to expand it for moderate incomes.
- Long-term: the Committee will work with state, private, and non-profit agencies to create and promote:
 - Model for mixed-use ordinances with variable density downtown zoning for cities and towns to adopt for their locality.
 - Increasing the funds for the Affordable Housing Trust Fund.
 - a State bond program or Revolving Loan Fund to incentivize housing development.
 - Expansion of the State Housing Tax Credit program to be competitive.
 - Promotion of the use of 79-E and TIF districts to support infrastructure investments for housing development.

Missing middle housing:

At present, there are no resources available in the State of New Hampshire to help non-profit organizations develop a housing product that meets the needs of Millennials and working families who make too much to qualify for affordable rentals, but who are shut out of the home purchase market due to limited inventory and rising prices. This shortage of suitable and affordable housing for young workers and their



families is seriously hindering the ability of companies to attract and retain skilled workers. In response to this need, the Lakes Region Community Developers (LRCD) is working with Lakes Region communities and funders to develop this “missing middle housing;” defined as single-family homes that are affordable to families who earn 75% to 120% of area median income (about \$65,000 to \$85,000 for a family of four). This spring, LRCD will break ground on Harriman Hill Homes, a 20-unit affordable homeownership project located in Wolfeboro, NH. The 20 homes will be affordable to households between 75% to 120% of area median income (AMI). Current AMI in Carroll County for a 4-person household is \$60,700. The homes will be priced between \$140,000 and \$170,000.



**NEW HAMPSHIRE
HOUSING**

June 25, 2019

NHHFA.org



GMAC BRIEFING

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's Impact

NEW HAMPSHIRE HOUSING HAS...

- Helped more than 46,000 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 CY18, NHHFA...

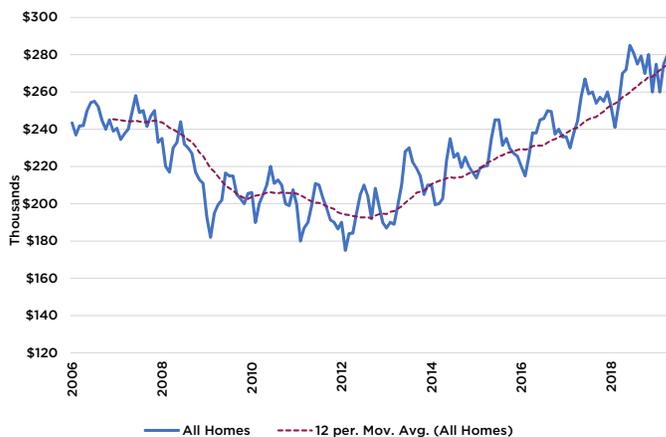
- Financed almost 1,000 units of rental housing
- Monitored the operations of thousands of units of rental housing we financed
- Administered federally funded rental assistance for 9,000 households statewide
- Helped 2,000 families purchase a home through mortgage and other programs

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



3 2

Homebuying Market



New Hampshire
MEDIAN SALES PRICE

May 2018 \$272,000

May 2019 \$284,150

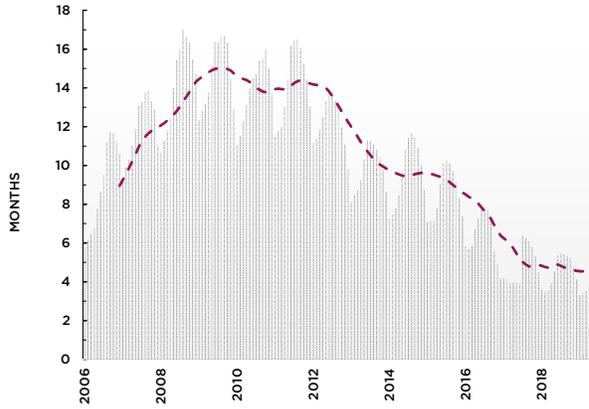


4.5%



4

Homebuying Market



MONTHS TO ABSORB INVENTORY

May 2018 4.5 mo.
 May 2019 4.5 mo.

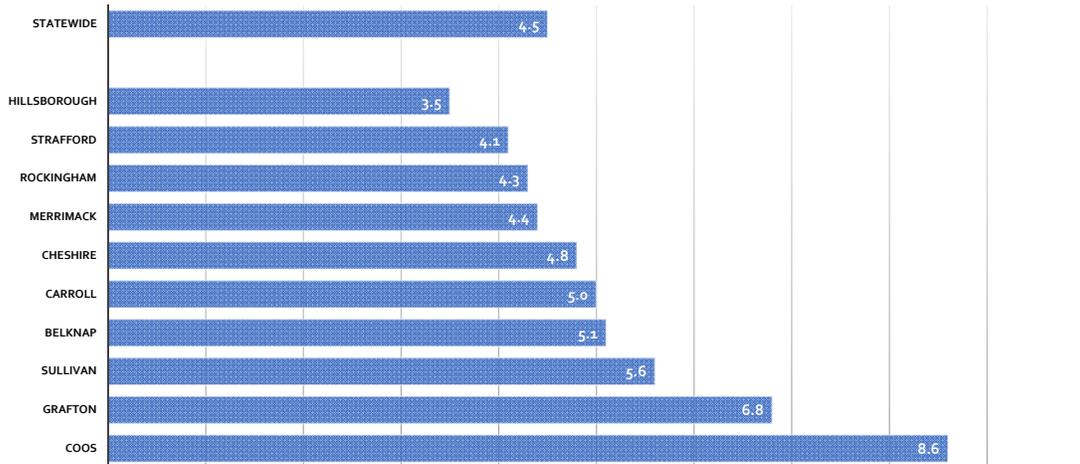
5-7 months



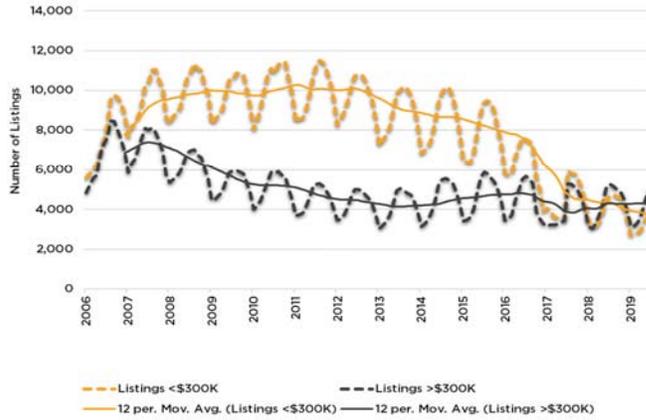
Homebuying Market

New Hampshire Housing Inventory by County

Months to Absorb Current Listings at Prior 12 Months' Sales Pace



Homebuying Market



NH LISTINGS

June 2018 9,669

June 2019 8,710



10%

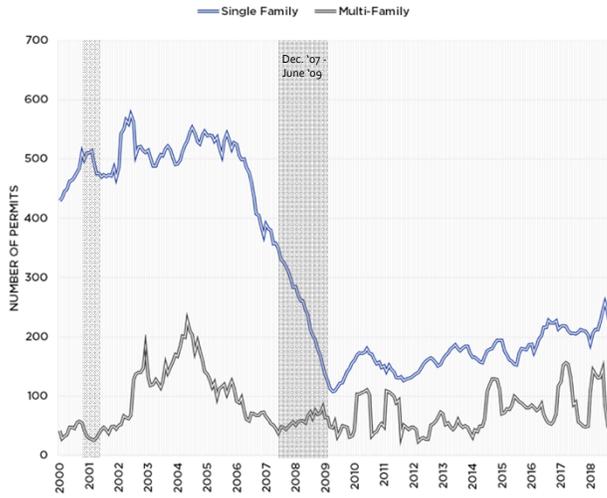


Homebuying Market

ANNUAL PURCHASES: EXISTING VS. NEW HOMES



Permits are Down from Pre-Recession



Average Annual S-F Permits

1990 to 2007 = 4,718

2008 to 2018 = 2,080

Average Annual M-F Permits

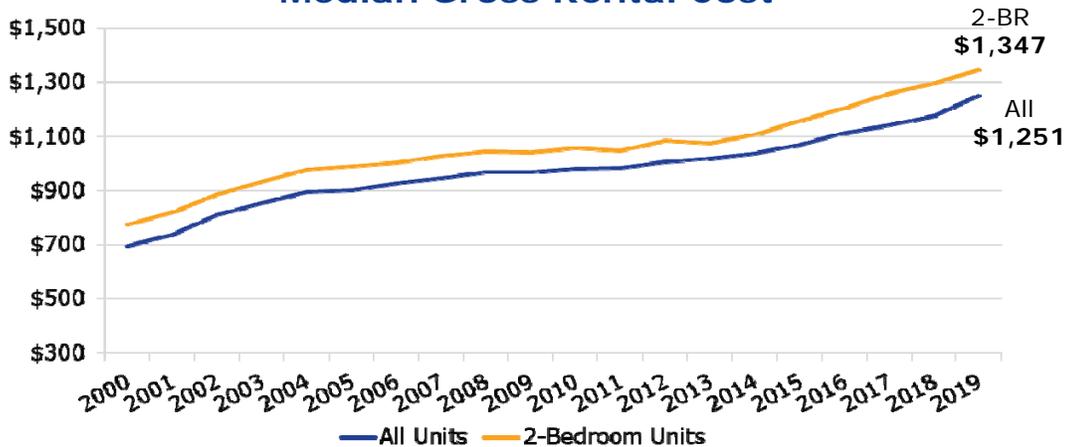
1990 to 2007 = 791

2008 to 2018 = 827



2019 Rental Cost Survey - Preliminary

Median Gross Rental Cost



All Units 6.3%

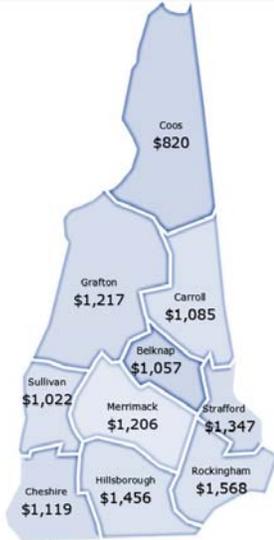


2-BR 3.9%

2019 Rental Cost Survey - Preliminary

Median Gross Rental Cost

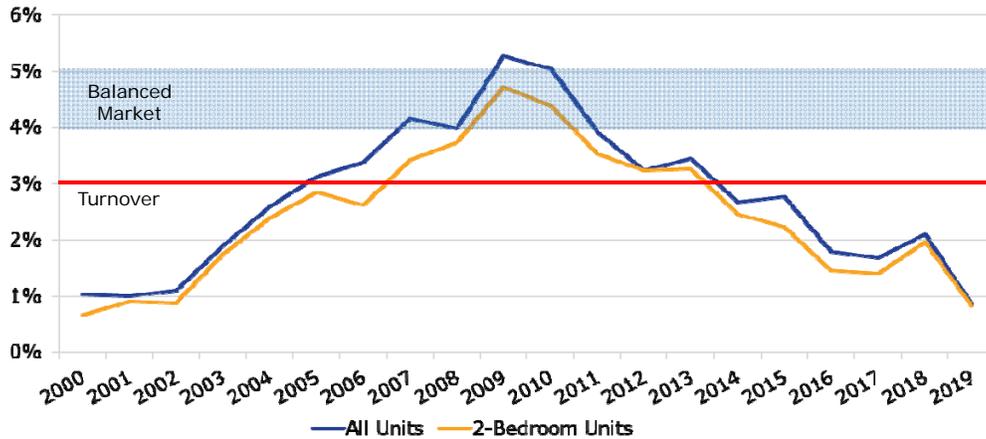
2 BEDROOM



- 78% of the rental units surveyed are in southern tier (Hillsborough, Rockingham, Merrimack, Strafford)
- Rental costs in Grafton County are driven by robust market in the Hanover/Lebanon area

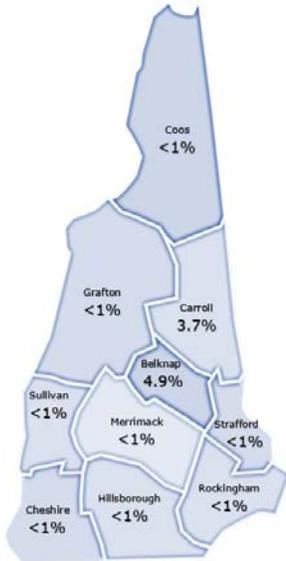
2019 Rental Cost Survey - Preliminary

Vacancy Rate of Rental Housing Units



2019 Rental Cost Survey - Preliminary

Vacancy Rates



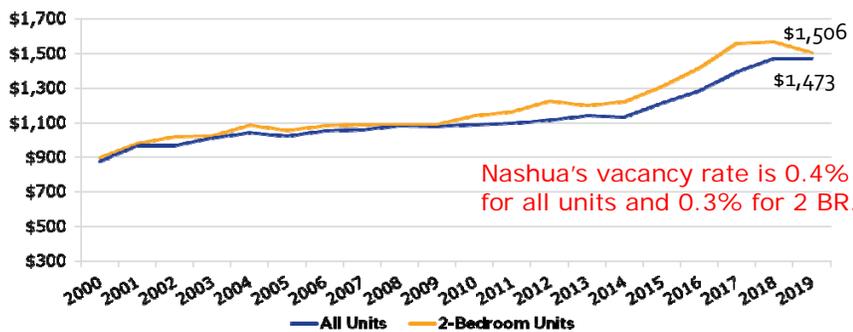
- Carroll and Belknap counties have about a 3% vacancy rate for all units
- U.S. rental vacancy rate 1st quarter 2019 was 7%; Northeast was 5%



2019 Rental Cost Survey - Preliminary

NASHUA

Median Gross Rental Cost



Nashua's vacancy rate is 0.4% for all units and 0.3% for 2 BR.

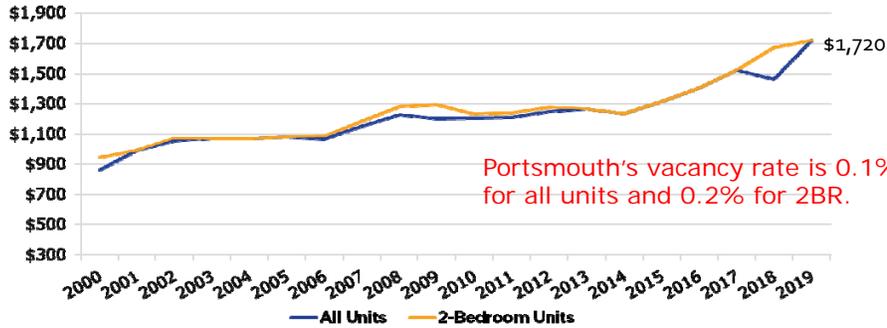
- Nashua's median renter income is \$46,947.
- Can afford monthly gross rent of \$1,174 (30% of household income).
- Nashua's median 2 bedroom gross rent is \$1,506.



2019 Rental Cost Survey - Preliminary

PORTSMOUTH

Median Gross Rental Cost



- Portsmouth's median renter income is \$51,011.
- Can afford monthly gross rent of \$1,275 (30% of household income).
- Portsmouth's median 2 bedroom gross rent is \$1,720.



Economic Impacts

March 28, 2005

Housing New Hampshire's Workforce

Prepared for
The New Hampshire Workforce Housing Council
www.workforcehousingnh.com

Prepared by
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Sponsored by

A constrained housing market is estimated to cost New Hampshire annually:

- 1,300 to 2,800 fewer jobs
- \$57 to \$121 million less personal income
- \$123 to \$253 million reduction in Gross State Product
- \$21 to \$33 million less in state and local revenues

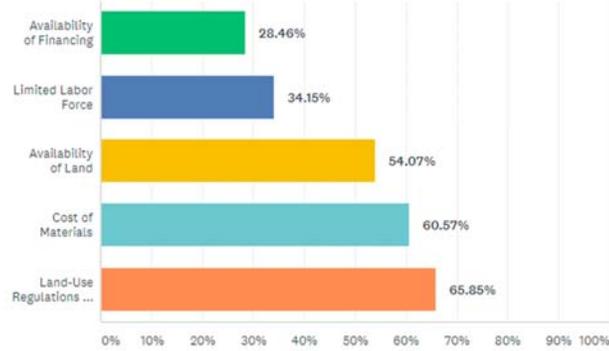
This study was done in 2005!



Home Development Survey

What do you see as impediments to the creation of moderately priced (\$180,000 to \$300,000), ownership housing? Check all that apply.

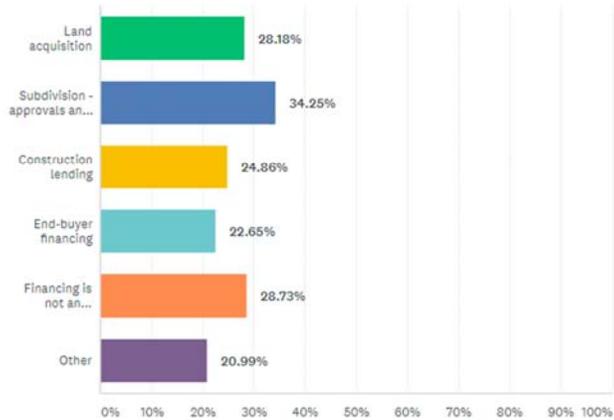
Answered: 246 Skipped: 48



Home Development Survey

If you believe financing is an impediment, which part of financing is most problematic? Check all that apply.

Answered: 181 Skipped: 113



Impediments to Housing Development

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

Some Solutions

- Workforce Housing Law (2008)
 - Codified 1991 NH Supreme Court decision (*Britton v. Chester*)
 - Requires all municipalities to provide a “reasonable and realistic opportunity” for the development of workforce housing
 - Defined: affordable at 30% cost burden for a renter family of 3 at 60%AMI or an owner family of 4 at 100%AMI
 - Accelerated appeal
 - Chief impact has been on the adoption of local workforce housing codes
- Accessory Dwelling Unit Law (2016)
 - Requires all municipalities to allow an attached ADU in any zoning district where single-family dwellings are allowed

NEW HAMPSHIRE'S WORKFORCE HOUSING LAW

RSA 674:58 through 61

THE LAW'S CORE MEANING

- All municipalities must provide reasonable and realistic opportunities for the development of workforce housing, including rental and multi-family housing.
- The collective impact of all local land use regulations adopted under RSA 674 shall be considered to determine if such opportunities exist (a facial test).
- Workforce housing of some type must be allowed in a majority of land area where residential uses are permitted (but not necessarily multi-family in a majority of such areas).
- Existing housing stock shall be accounted for to determine if a municipality is providing its “fair share” of current and reasonably foreseeable regional need for workforce housing.
- Reasonable restrictions may be imposed for environmental protection, water supply, sanitary disposal, traffic safety, and fire and life safety protection.

LAND USE BOARD PROCESS

- As part of the application, the developer must notify the board in writing that a workforce housing development is being proposed—the applicant must invoke the statute.
- Planning board RSA 676:4 plat review (or other process) proceeds as normal, but discussions of cost should be part of this.
- Upon approval with conditions, the board notifies the applicant of the conditions, who then has at least 30 days to identify the cost impact of the conditions upon the economic viability of the project. The board may then modify its conditions accordingly.

APPEALS

- To superior court if application is denied or has conditions that have a substantial adverse effect on the project's viability. Burden is on developer to show how the municipality's actions violated the Workforce Housing statute (an as-applied test).
- Hearing on the merits within 6 months; compulsory appointment of a qualified referee if the court is too busy
- “Builder's Remedy” shall include affordability restrictions on workforce housing units, as determined by negotiation between the parties, or by the court if an impasse is reached.

DEFINITIONS

- Workforce housing—housing that's “affordable” for
 - Renter family of 3 making 60% of Area Median Income.
 - Owner family of 4 making 100% of Area Median Income.
 - Does not include age-restricted housing.
 - Does not include developments with >50% of units having less than 2 bedrooms.
- Affordable—no more than 30% of income should be spent on housing (rent + utilities; or mortgage principal and interest, taxes, and insurance).
- Reasonable and realistic opportunities
 - Economically viable workforce housing.
 - Collective impact of land use ordinances and regulations.
 - Natural features and market considerations may be beyond the control of a municipality.
- Multi-family housing—5 or more dwelling units.

Effective Date: January 1, 2010 (extended from July 1, 2009 by Chapter 157, Laws of 2009)

5.2019

2019 Workforce Housing Purchase and Rent Limits, [RSA 674:58 - 61](#)

This is an update to information that New Hampshire Housing provided to the Legislature in 2008 as it deliberated on the Workforce Housing statute. The purpose of this table is to assist municipalities in implementing the NH Workforce Housing statute, RSA 674:58 - 61. This analysis incorporates statutory requirements, and includes reasonable market assumptions for the targeted households' income levels such as interest rate, downpayment, mortgage term, taxes, and insurance. Please note that this table provides information about the estimated **maximum** affordable amounts for purchase and rent.

Ownership		Renters	
100% of 2019 HUD Median Area Income Family of four		60% of 2019 HUD Median Area Income Adjusted for a family of three	
Income	Estimated Maximum Affordable Purchase Price ¹	Income	Estimated Maximum Affordable Monthly Rent ²

HUD Metropolitan Fair Market Rent Areas (HMFA):

Boston-Cambridge-Quincy MA-NH	\$113,300	\$397,000	\$61,180	\$1,530
Hillsborough Co. NH (Part)	\$89,700	\$278,500	\$48,440	\$1,210
Lawrence, MA-NH	\$102,100	\$335,000	\$55,130	\$1,380
Manchester, NH	\$88,600	\$293,000	\$47,840	\$1,200
Nashua, NH	\$102,900	\$336,500	\$55,570	\$1,390
Portsmouth-Rochester, NH	\$94,300	\$312,500	\$50,920	\$1,270
Western Rockingham Co, NH	\$109,500	\$363,000	\$59,130	\$1,480

County Fair Market Rent Areas (Non Metro):

Belknap County	\$77,800	\$263,500	\$42,010	\$1,050
Carroll County	\$68,800	\$248,000	\$37,150	\$930
Cheshire County	\$77,300	\$233,000	\$41,740	\$1,040
Coos County	\$61,200	\$182,500	\$33,050	\$830
Grafton County	\$89,900	\$292,000	\$48,550	\$1,210
Merrimack County	\$92,700	\$293,500	\$50,060	\$1,250
Sullivan County	\$73,600	\$221,500	\$39,740	\$990

¹ Estimated maximum price using 30% of income, 5% down payment, 30 year mortgage at 4.31%, 0.5 points, PMI, and estimated 2019 taxes for the area and hazard insurance.

² Estimated maximum gross monthly rental cost (rent + utilities), using 30% of income.