

December 2023

HOUSING NEEDS ANALYSIS

Town of Durham, New Hampshire



Prepared by:

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Housing Needs Analysis
Town of Durham, New Hampshire
December 2023

Prepared for:



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SUMMARY OF FINDINGS

1. Demographic

- Durham is a college town as it is home to the University of New Hampshire's main campus. It has disproportionate shares of non-family households (45.8%) and renter households (40.5%), much higher than the region and the state.
- The most notable population gains since 2011 have occurred in the 18-24 age cohort in Census Tract 802.04 near the Madbury town line. According to UNH officials, the addition of new student apartments has created opportunities for in-commuting students to move into local student housing.
- The recent loss of over 900 jobs due to COVID-19 could hinder the Town's growth prospects as it lags behind the rest of the country in job recovery.

2. Housing Characteristics

- Durham has a comparatively expensive housing market, with the values of homes and gross monthly rents on par with the State of New Hampshire.
- Durham's rental market caters primarily to student households, which have a much higher ability to pay for housing because they rent by the bed, rather than by the unit, which drives up gross potential rent for local landlords.
- This has made it difficult for the construction of workforce housing that is affordable for homeowners making 100% of the Area Median Income (AMI) or for renters making 60% of the AMI.
- To meet its workforce housing objectives over the next twenty years, the town will have to encourage diverse types of housing, smaller housing, and higher densities to reduce its average cost.

3. Housing Market Trends

- The Town of Durham's housing market largely consists of older single-family homes built before 2000. However, since 2010, residential development interest has been shifting towards commercial student housing and assisted/independent senior living, as the town has seen more of these projects developed. Durham has also seen increasing densities in new housing developments.
- However, Durham's housing market has not been delivering new housing that meets the workforce housing affordability requirement nor is affordable to a broader section of the population in recent years. New homes average at least half a million in value, and rents are often around \$3,000 to \$4,000 per unit monthly.

4. Housing Affordability Supply-Demand Gap

- In addition to the lack of new workforce housing in Durham in recent years, the Town also faces an overall shortage of existing workforce housing.
- On the ownership side, there is a gap of 67 homes for four-person households earning at or below 100% of AMI in the FHA home buying scenario in Durham.
- The shortage of workforce housing units is more severe on the rental side in Durham. There was a shortage of 603 rental workforce housing units for three-person renter households earning at or below 60% of AMI in Durham in 2021.

5. University of New Hampshire Enrollment and the Housing Production Goal Model Adjustment

- Enrollments at the University of New Hampshire (UNH) have been declining especially since 2019. UNH representatives indicated that future enrollment at UNH will remain similar to the level today.
- UNH students, living both on-campus and off-campus, were assumed to not contribute to the population net growth and assumed to remain constant in the Fair Share Model. However, it is worth noting that if the university's future enrollment and/or UNH-owned student housing inventory changes, it will have an impact on Durham's housing capacity and supply-demand dynamics.
- After adjusting for the impact of off-campus UNH students and off-campus student-occupied housing on Durham's housing market, Durham's updated housing production goal for non-student residents in 2040 should be close to 455 units.
- If Durham wishes to develop new workforce housing, ownership workforce housing should most likely be single-family homes between 1,000 and 1,500 square feet or townhomes between 1,500 and 2,000 square feet with two bedrooms and two bathrooms. The sale price will likely be around \$200/SF. Workforce rental housing units will be most cost-effective in the form of multi-family apartments to lower the per-unit development costs. Note that these workforce rental units should prioritize the non-student population.

6. Land Capacity for Future Development

- Future single-family developments are most suitable in Census Tract 801. New developments should be prioritized in the Rural (R) district in Census Tract 801, rather than in the coastal areas along Oyster River or Little Bay.
- Multi-family developments are, in most cases, more suitable for Census Tracts 802.02, 802.03, and 802.04 due to the availability of water and sewer infrastructure, and easier access to resources such as grocery stores, banks, transit routes, and jobs. Priority areas are generally in the northwestern corner of Durham, and north of Route 4/Piscataqua Road.
- Durham should consider zoning changes to lower the minimum usable area requirement for Conservation Subdivisions, and to allow multi-unit development in more areas that are deemed suitable for workforce housing development.

1 DEMOGRAPHIC TRENDS

A. INTRODUCTION TO NH WORKFORCE HOUSING LAW

The following report details various demographic and housing-related data as it relates to a housing needs analysis for the Town of Durham, New Hampshire. The State of New Hampshire has instituted statewide policies to address the growing need for workforce housing. New Hampshire's Workforce Housing Law (RSA 674:58-61) requires every New Hampshire municipality that exercises the power to adopt land use ordinances and regulations to provide "reasonable and realistic opportunities for the development of workforce housing."¹

That law codified the principles established in the 1991 *Britton v. Chester* case, which challenged the constitutionality of the Town of Chester's zoning ordinances. In that case, the state Supreme Court held that when exercising its authority to regulate the use of land through zoning, every state municipality must provide a reasonable and realistic opportunity for the development of affordable housing. The Court stated that regional needs are relevant in determining a jurisdiction's proportionate or "fair share" of affordable housing—although the Court did not define fair share.

The NH law defines workforce housing as:

- Ownership housing—affordable to households with income equal to or less than 100% of the Area Median Income (AMI) for a 4-person household, as published by the U.S. Department of Housing and Urban Development (HUD) for the MSA or county in which the municipality is located.
- Renter housing—affordable to households with income equal to or less than 60% of the Area Median Income (AMI) for a 3-person household, as published by HUD for the MSA or county in which the municipality is located.
- Affordable means housing costs, including utilities and combined mortgage loan debt, property taxes, and required insurance, which do not exceed 30 percent of a household's gross annual income.
- Housing developments that exclude minor children from more than 20% of the units, or in which more than 50% of the units have fewer than 2 bedrooms, do not constitute workforce housing.

The Workforce Housing Law does not define how much workforce housing must be developed in a municipality, nor does it prescribe a method for estimating that number. Instead, the law provides guidance, which was utilized in developing the Fair Share Housing Production Model in 2022 and is described in the remainder of this report.

To address the State's future workforce housing needs, a Fair Share Housing Production Model was created to assist New Hampshire's Regional Planning Commissions (RPCs) and municipalities in determining the housing production needed to meet current and future demand. The report was created by Root Policy Research, an economic and planning consulting firm specializing in housing needs assessments and housing market analyses. The Fair Share Housing Production Model and its

accompanying report are tools created for the state’s Regional Planning Commissions (RPCs) and are designed to guide municipalities in evaluating their housing production needs.

B. LIMITATIONS OF STATEWIDE HOUSING PRODUCTION MODEL

The housing production model is not a perfect substitute for current and local conditions and that other factors and data points should be taken into consideration—including current vacancy rates, waiting lists in assisted housing developments, and current market data regularly provided by New Hampshire Housing—when development applications are evaluated.

As with most statewide models of this type, it is very difficult to come up with a projection methodology that will apply perfectly to every community. Places like Durham, NH are unique and do not look like other NH communities. The demographics of the community are different, and the economy is different. As such, it should not be surprising if the results are different.¹

RKG Associates, Inc. was retained by the Town of Durham to conduct a housing needs assessment that examines the housing production model’s projections out to 2040 and compares against more localized data that may either support or refute the findings. However, RKG’s objective was not to change the housing production model’s methodology or inner workings. The model is widely accepted by NH regional planning commissions and communities and creates the foundation for a statewide policy to increase workforce housing over time. Its goals and objectives are laudable. The following analysis points out adjustments in the modeling results that seem reasonable given Durham’s unique characteristics within its region.

C. RECENT DEMOGRAPHIC TRENDS

1. Population Trends (2011-2021)

The Town of Durham is unique on many levels. Most striking is the town’s population, which includes a large student population at the University of New Hampshire, which makes up the urban core of the community. Beyond the urban core, which is defined by Main Street, Mill Road, and Madbury Road, the town mostly consists of rural areas, except for a number of single family subdivisions and where natural landscapes are prominent, as are protected open spaces and conversation areas.

For the purposes of this analysis, RKG Associates broke the town’s population into four different census tracts, which comprise the Town of Durham. This provides a better sense of how the town’s population distributes throughout its boundaries and how it may differ between census tracts. In 2021, Durham’s population of 15,410, had grown by 902 residents or 6.2% since 2011 (Table 1-1). This rate of growth was equal to the study region and

**Table 1-1
Population Trends (2011-2021)
Town of Durham, NH-Study Region-State of NH**

Geographic Area	2011	2016	2021	2011-2021 Change	
	Count	Count	Count	Actual Chg.	% Chg.
Durham town	14,508	15,934	15,410	902	6.2%
Study Region	146,345	149,848	155,600	9,255	6.3%
New Hampshire	1,315,911	1,327,503	1,372,175	56,264	4.3%
Census Tract 801	2,559	3,041	2,411	(148)	-5.8%
Census Tract 802.02	2,301	2,547	2,171	(130)	-5.6%
Census Tract 802.03	6,511	5,728	6,020	(491)	-7.5%
Census Tract 802.04	3,137	4,618	4,808	1,671	53.3%

Source: American Community Survey (2021) and RKG Associates, Inc., 2023

¹ New Hampshire Regional Planning Commissions Fair Share Housing Production Model Report, Root Policy Research, pp. 1-2

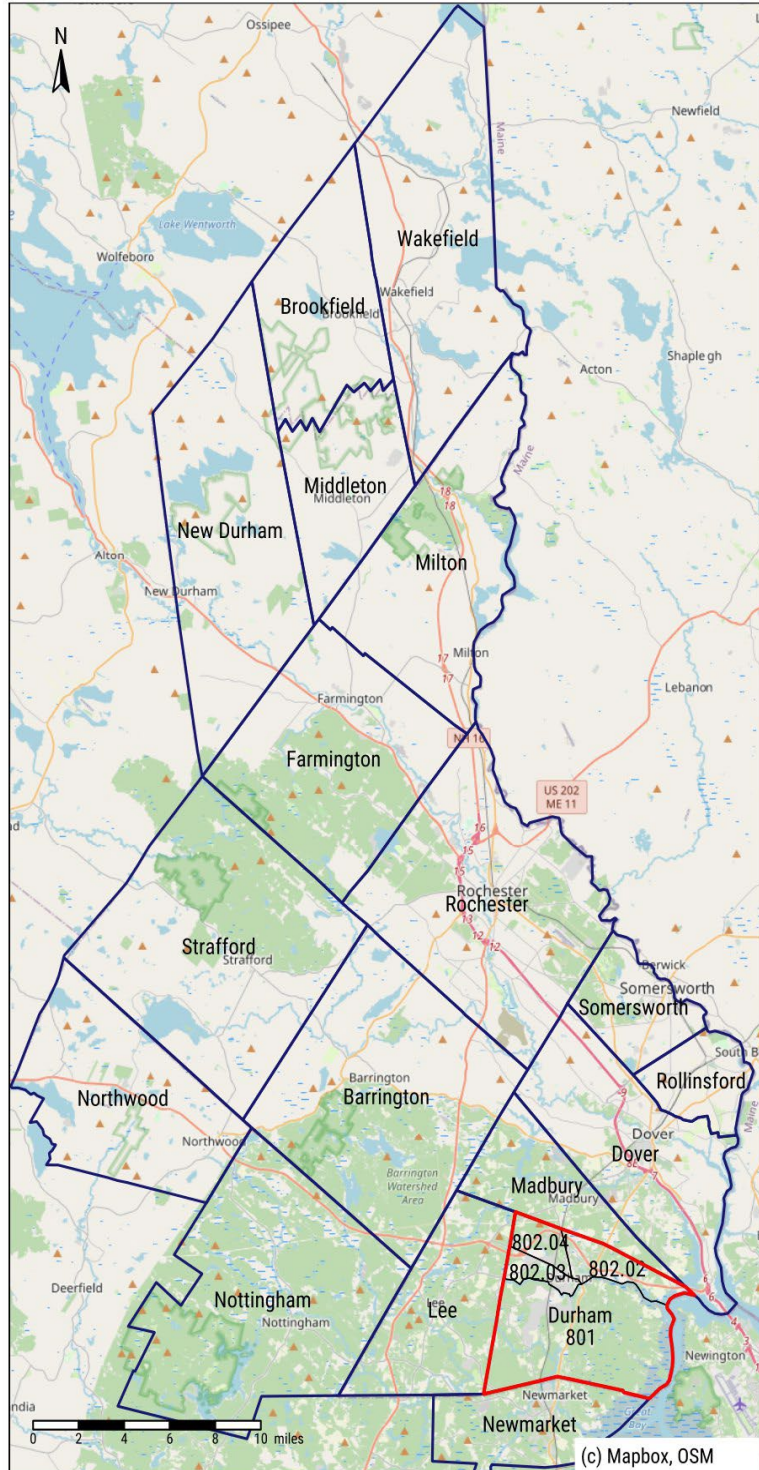
faster than the state's growth rate (4.3%) during the 10 years. A growth rate under 1% annually would be considered slow to moderate growth, depending on the location, but Durham's population has changed at an annual rate of 0.63% since 2011. Typically, the U.S. Census counts college students as part of the local population because they spend most of the year in their college community rather than their hometown. By way of comparison, the U.S. Census Bureau estimates that Durham's population who were enrolled in college or graduate school stood at 10,666 in 2020 (which includes students living on- and off-campus in Durham), or approximately 70% of the town's 2021 population. Note that the 2020 number instead of the 2021 estimate (which was the latest data available at the time this analysis was conducted) was used because it is less skewed by the COVID-19 pandemic according to the Census and New Hampshire's Office of Planning and Development.

The data source, the American Community Survey (ACS), is an annual data program through the U.S. Census Bureau that provides annual estimates of census data between Decennial Censuses. The Durham data was compared against a larger study region shown in Map 1-1, which includes all the same communities highlighted in the SRPC '23 Regional Housing Needs Assessment Data Snapshot, prepared by the Strafford Regional Planning Commission (Map 1-1).

The only census tract in Durham that has experienced increased

Map 1-1

Study Area, Durham Town, New Hampshire Census Tracts and Seacoast Region

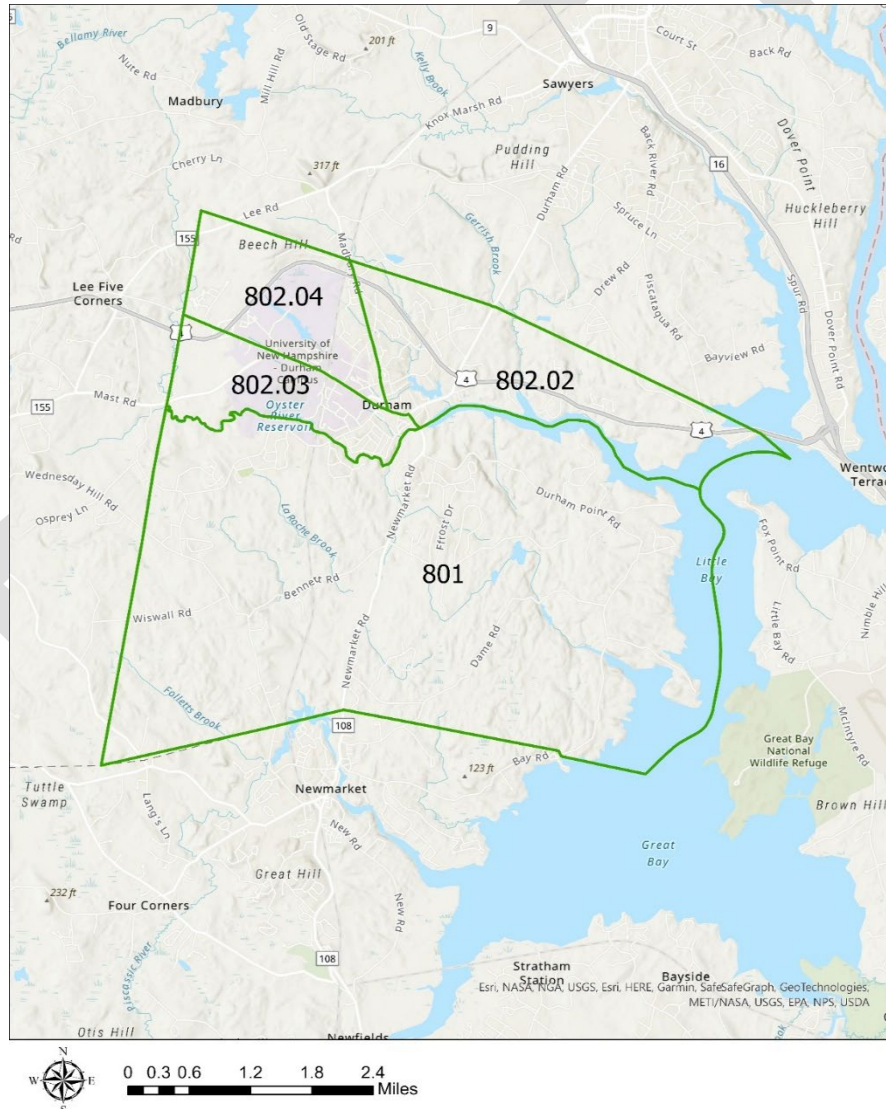


Source: U.S. Census Bureau and RKG Associates, Inc., 2023

population over the past decade was Census Tract 802.04, which is on the northern edge of the Town at its border with the Town of Madbury (Map 1-2). Over the last decade, a number of off-campus student housing developments have been constructed in this census tract. Some developments are sizable, such as the Cottages at Durham and Rivers Edge Apartments. While not all new population growth in the census tract was from new student housing, much of it was.

It should be noted that the 2021 ACS estimates occurred during the middle of the COVID-19 pandemic when universities across the country were dealing with rapid shifts in student enrollment, alterations to student living spaces, and the transition from in-person to virtual instruction methods. Between 2019 and 2021, UNH's student enrollment dropped from 12,102 to 11,487, a decline of 5%. However, student housing dropped from 7,036 student beds in 2019 to 6,200 in 2021, a decline of 11.9%. While the number of student beds has increased by 461 beds in the past couple of years, enrollment has continued to drop. During this turbulent period, the town's student population was in flux, and may take several years to return to normal. These unprecedented events impacted Durham to a much greater extent than either the study region or the state.

Map 1-2
Town of Durham, NH Census Tracts



Source: U.S. Census, and RKG Associates, Inc., 2023

2. Population Age Distribution

The population age distribution shows the various age cohorts and their representation in the census tract population. As might be expected, the largest share of the student population aged 18 to 24 is in Census Tracts 802.03 and 802.04. Whereas only 9.1% of the state's population is in the 18 to 24 age cohort, the Town of Durham has 65.9% of its population in this cohort (Table 1-2). While roughly 6,612 students live on campus in dormitories or university-sponsored housing according to UNH, the remaining student population is living off-campus (4,054 students) in complexes that are privately owned in Durham. In addition, some students live in small, private apartment buildings or accessory dwelling units (ADU). Accessory dwelling units are living units constructed as an addition to a single-family home or as a detached living unit. These units are often used to house aging family members, in-laws, or adult children. In Durham, they are often used to house upperclassmen or graduate students in a rental apartment setting. As will be discussed later in this report, it is a violation of the town's zoning ordinance for more than three unrelated persons to occupy an ADU or other type of dwelling unit in most zoning districts.

Table 1-2
Population Age Distribution
Town of Durham, Study Region and State of NH (2011-2016-2021)

	2011		2016		2021		2011-2021 Change	
	Count	Percent	Count	Percent	Count	Percent	Actual Chg.	% Chg.
Durham town								
Total	14,508	100.0%	15,934	100.0%	15,410	100.0%	902	6.2%
Under 18	1,520	10.5%	1,546	9.7%	1,302	8.4%	(218)	-14.3%
18 to 24 years	8,483	58.5%	9,943	62.4%	10,154	65.9%	1,671	19.7%
25 to 34 years	534	3.7%	478	3.0%	584	3.8%	50	9.4%
35 to 44 years	797	5.5%	884	5.5%	758	4.9%	(39)	-4.9%
45 to 54 years	1,360	9.4%	939	5.9%	711	4.6%	(649)	-47.7%
55 to 64 years	883	6.1%	933	5.9%	675	4.4%	(208)	-23.6%
65+ years	931	6.4%	1,211	7.6%	1,226	8.0%	295	31.7%
Study Region								
Total	146,345	100.0%	149,848	100.0%	155,600	100.0%	9,255	6.3%
Under 18	30,335	20.7%	29,130	19.4%	28,248	18.2%	(2,087)	-6.9%
18 to 24 years	21,501	14.7%	22,446	15.0%	21,945	14.1%	444	2.1%
25 to 34 years	16,964	11.6%	18,374	12.3%	21,320	13.7%	4,356	25.7%
35 to 44 years	20,374	13.9%	17,648	11.8%	18,112	11.6%	(2,262)	-11.1%
45 to 54 years	23,043	15.7%	21,929	14.6%	19,428	12.5%	(3,615)	-15.7%
55 to 64 years	16,908	11.6%	19,594	13.1%	22,054	14.2%	5,146	30.4%
65+ years	17,220	11.8%	20,727	13.8%	24,493	15.7%	7,273	42.2%
New Hampshire								
Total	1,315,911	100.0%	1,327,503	100.0%	1,372,175	100.0%	56,264	4.3%
Under 18	290,900	22.1%	266,979	20.1%	260,615	19.0%	(30,285)	-10.4%
18 to 24 years	123,591	9.4%	128,180	9.7%	125,454	9.1%	1,863	1.5%
25 to 34 years	144,004	10.9%	154,495	11.6%	171,559	12.5%	27,555	19.1%
35 to 44 years	185,779	14.1%	159,325	12.0%	160,635	11.7%	(25,144)	-13.5%
45 to 54 years	223,299	17.0%	210,225	15.8%	187,228	13.6%	(36,071)	-16.2%
55 to 64 years	173,170	13.2%	197,914	14.9%	216,548	15.8%	43,378	25.0%
65+ years	175,168	13.3%	210,385	15.8%	250,136	18.2%	74,968	42.8%
Census Tract 801 (as a percentage of town population)								
Total	2,559	17.6%	3,041	19.1%	2,411	15.6%	(148)	-5.8%
Under 18	625	4.3%	745	4.7%	528	4.7%	(97)	-15.5%
18 to 24 years	157	1.1%	240	1.5%	184	1.2%	27	17.2%
25 to 34 years	142	1.0%	156	1.0%	225	1.5%	83	58.5%
35 to 44 years	371	2.6%	331	2.1%	320	2.1%	(51)	-13.7%
45 to 54 years	515	3.5%	464	2.9%	326	2.1%	(189)	-36.7%
55 to 64 years	366	2.5%	496	3.1%	293	1.9%	(73)	-19.9%
65+ years	383	2.6%	609	3.8%	535	3.5%	152	39.7%
Census Tract 802.02 (as a percentage of town population)								
Total	2,301	15.9%	2,547	16.0%	2,171	14.1%	(130)	-5.6%
Under 18	379	2.6%	480	3.0%	398	2.6%	19	5.0%
18 to 24 years	731	5.0%	744	4.7%	501	3.3%	(230)	-31.5%
25 to 34 years	120	0.8%	49	0.3%	144	0.9%	24	20.0%
35 to 44 years	208	1.4%	373	2.3%	312	2.0%	104	50.0%
45 to 54 years	290	2.0%	269	1.7%	150	1.0%	(140)	-48.3%
55 to 64 years	261	1.8%	274	1.7%	127	0.8%	(134)	-51.3%
65+ years	312	2.2%	358	2.2%	539	3.5%	227	72.8%
Census Tract 802.03 (as a percentage of town population)								
Total	6,511	44.9%	5,728	35.9%	6,020	39.1%	(491)	-7.5%
Under 18	360	2.5%	233	1.5%	225	1.5%	(135)	-37.5%
18 to 24 years	4,955	34.2%	4,716	29.6%	5,184	33.6%	229	4.6%
25 to 34 years	237	1.6%	240	1.5%	144	0.9%	(93)	-39.2%
35 to 44 years	128	0.9%	135	0.8%	73	0.5%	(55)	-43.0%
45 to 54 years	461	3.2%	139	0.9%	164	1.1%	(297)	-64.4%
55 to 64 years	213	1.5%	92	0.6%	127	0.8%	(86)	-40.4%
65+ years	157	1.1%	173	1.1%	103	0.7%	(54)	-34.4%
Census Tract 802.04 (as a percentage of town population)								
Total	3,137	21.6%	4,618	29.0%	4,808	31.2%	1,671	53.3%
Under 18	156	1.1%	88	0.6%	151	1.0%	(5)	-3.2%
18 to 24 years	2,640	18.2%	4,243	26.6%	4,285	27.8%	1,645	62.3%
25 to 34 years	35	0.2%	33	0.2%	71	0.5%	36	102.9%
35 to 44 years	90	0.6%	45	0.3%	53	0.3%	(37)	-41.1%
45 to 54 years	94	0.6%	67	0.4%	71	0.5%	(23)	-24.5%
55 to 64 years	43	0.3%	71	0.4%	128	0.8%	85	197.7%
65+ years	79	0.5%	71	0.4%	49	0.3%	(30)	-38.0%

Source: ACS 2021 and RKG Associates, Inc., 2023

The fastest growing age cohort in Durham has been persons aged 18 to 24, which increased by 19.7% during the past decade. Other cohorts experiencing growth included 25-to-34-year-olds (9.4%) and persons over 65 years old (31.7%). As mentioned previously, the 18 to 24 age cohort is primarily responsible for nearly all the growth in Census Tract 802.04, which experienced an increase of 1,645 new population in this group alone, for a growth rate of 62.3% during the 10 years.

The presence of student households aged 18 to 24 are mostly clustered in Census Tracts 802.03 and 802.04 closest to campus but much fewer students are in Census Tract 802.02 or 801 in the eastern and southern part of town. This is largely due to the greater distance from campus and the lack of housing types mostly desired by students.

The growth of Durham seniors is interesting since the senior portion of the population (8%) in 2021 was less than half the state population at 18.2%. And while it has grown rapidly since 2011 (31.7%), it is still lagging the study region and the state at over 42% (Table 1-2).

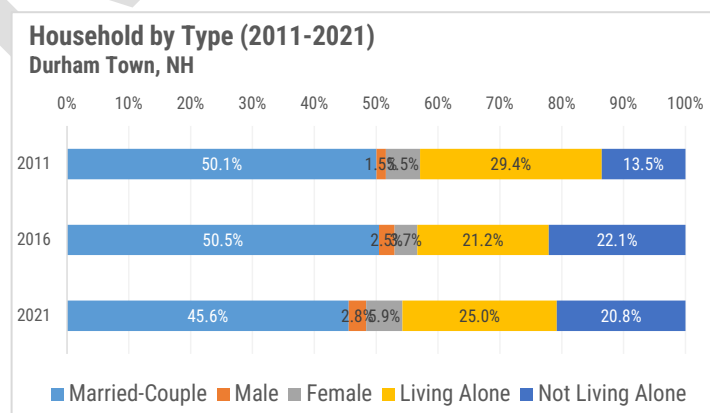
Seniors are often attracted to college towns due to the abundance of arts, sports, and cultural activities in the community. Durham’s recent senior housing growth is attributable to the expansion of senior housing communities at RiverWoods Durham and Harmony Homes by the Bay. These are large continuing-care senior and assisted living communities.

In terms of prime household-forming age cohorts, mostly persons aged 34 to 44 and 45 to 54, the town has seen a 32% decline in these two groups since 2011. The 45 to 54 age cohort has experienced a much greater loss of population, declining from 1,360 to 711 persons over 10 years for a loss of 47.7%. The importance of this population as it relates to housing demand is significant. Many people start to form families during their early thirties and purchase homes. Their children will enter the Oyster River School District, which is very well regarded in NH’s seacoast region and across the state. However, as they move into the next age cohort, they seem to be leaving the town. This could be reflecting a mismatch between household incomes and the cost and availability of ownership housing in Durham. This same trend is present within the study region and the state, but the rate of population loss is less than in Durham (Table 1-2). In the future, this drop in the home-buying population could impact the demand for new ownership housing in Durham, which has a larger renter population.

3. Households by Type

The distribution of Durham households is unique in the region. With a large number of college students, a disproportionate share (45.8%) of households are non-family households (Figure 1-1). Typically, this includes unrelated people living together in the same unit. These numbers do not include people living in group quarters such as college dormitories, nursing homes, prisons, or other institutional settings.

Figure 1-1



Source: American Community Survey, 2021

The share of family households in Durham was 54.2% in 2021, which is comprised of related individuals. By comparison, the region (63.7%) and the state (65.2%) have much higher percentages of family households. At the census tract level, the percentage of family households ranges from a low of 24.8% in Census Tract 802.04 to a high of 77.9% in Census Tract 801, which includes Durham’s southern half.

In terms of current trends in household types, Durham has experienced a decline in married-couple households and a slight increase in single-parent households since 2011. The reference to male and female in Figure 1-1 refers male and female headed households rather than married couple households. The number of people not living alone has increased from 13.5% in 2011 to 20.8% in 2021. This could be an indicator that the rising price of Durham housing is making it more difficult for people to live alone and they are seeking roommates to share the cost of housing. Based on UNH’s on-campus parking permit data, the number of parking permits issued over the past decade has declined as more student housing has become available in town. This suggests that some students who were living out of town and commuting to UNH are now living in town in a shared living arrangement with roommates. Most of these changes occurred between 2011 and 2016.

4. Households by Type and Tenure

Another household characteristic that drives the demand for housing is household tenure, or more commonly referred to as owner-occupied and renter-occupied households. In Durham, roughly 59.5% of households own the home they live in, while 40.5% are renter-occupied households. This varies quite a bit from the region, which is comprised of 68.3% owner-occupied households, and the state, which has 71.6% owner-occupied households.

Durham is likely to have a greater demand for rental housing in the future to meet the growing demand. As will be discussed later in this analysis, the region’s housing needs analysis prepared by the Strafford Regional Planning Commission is also weighted toward

additional rental housing in the future to meet future “workforce” housing needs. That does not mean that Durham will not have demand for additional single-family housing, but it may be comparatively less than the demand for multi-family housing products.

Table 1-3

Household by Type by Tenure and Age of Householder (2011-2021)
Town of Durham, NH-Study Region-State of NH

	2011		2016		2021		2011-2021 Change	
	Count	Percent	Count	Percent	Count	Percent	Actual Chg.	% Chg.
Durham town								
Total	3,344	100.0%	3,234	100.0%	2,904	100.0%	(440)	-13.2%
Owner-Occupied	2,022	60.5%	1,834	56.7%	1,728	59.5%	(294)	-14.5%
Family households	1,708	84.5%	1,588	86.6%	1,334	45.9%	(374)	-21.9%
Married-couple family	1,532	75.8%	1,462	79.7%	1,175	40.5%	(357)	-23.3%
Other family	176	8.7%	126	6.9%	159	5.5%	(17)	-9.7%
Nonfamily household	314	15.5%	246	13.4%	394	13.6%	80	25.5%
Householder living alone	284	14.0%	234	12.8%	325	11.2%	41	14.4%
Householder not living alone	30	1.5%	12	0.7%	69	2.4%	39	130.0%
Renter-Occupied	1,322	39.5%	1,400	43.3%	1,176	40.5%	(146)	-11.0%
Family households	201	15.2%	244	17.4%	241	20.5%	40	19.9%
Married-couple family	142	10.7%	170	12.1%	148	12.6%	6	4.2%
Other family	59	4.5%	74	5.3%	93	7.9%	34	57.6%
Nonfamily household	1,121	84.8%	1,156	82.6%	935	79.5%	(186)	-16.6%
Householder living alone	699	52.9%	453	32.4%	400	34.0%	(299)	-42.8%
Householder not living alone	422	31.9%	703	50.2%	535	45.5%	113	26.8%
Study Region								
Total	56,018	100.0%	57,397	100.0%	61,102	100.0%	3,705	6.5%
Owner-Occupied	38,767	69.2%	38,347	66.8%	41,736	68.3%	3,389	8.8%
Family households	29,120	75.1%	28,785	75.1%	31,295	75.0%	2,510	8.7%
Married-couple family	25,073	64.7%	24,945	65.1%	26,531	63.6%	1,586	6.4%
Other family	4,047	10.4%	3,840	10.0%	4,764	11.4%	924	24.1%
Nonfamily household	9,647	24.9%	9,562	24.9%	10,441	25.0%	879	9.2%
Householder living alone	7,322	18.9%	7,439	19.4%	8,059	19.3%	620	8.3%
Householder not living alone	2,325	6.0%	2,123	5.5%	2,382	5.7%	259	12.2%
Renter-Occupied	17,251	30.8%	19,050	33.2%	19,366	31.7%	316	1.7%
Family households	7,435	43.1%	8,290	43.5%	7,638	39.4%	(652)	-7.9%
Married-couple family	3,877	22.5%	4,656	24.4%	4,741	24.5%	85	1.8%
Other family	3,558	20.6%	3,634	19.1%	2,897	15.0%	(737)	-20.3%
Nonfamily household	9,816	56.9%	10,760	56.5%	11,728	60.6%	968	9.0%
Householder living alone	6,375	37.0%	6,832	35.9%	7,828	40.4%	996	14.6%
Householder not living alone	3,441	19.9%	3,928	20.6%	3,900	20.1%	(28)	-0.7%
New Hampshire								
Total	514,869	100.0%	521,373	100.0%	540,498	100.0%	25,629	5.0%
Owner-Occupied	373,342	72.5%	368,553	70.7%	387,149	71.6%	13,807	3.7%
Family households	284,109	76.1%	275,985	74.9%	286,701	74.1%	2,592	0.9%
Married-couple family	245,159	65.7%	235,043	63.8%	245,470	63.4%	311	0.1%
Other family	38,950	10.4%	40,942	11.1%	41,231	10.6%	2,281	5.9%
Nonfamily household	89,233	23.9%	92,568	25.1%	100,448	25.9%	11,215	12.6%
Householder living alone	70,928	19.0%	72,747	19.7%	78,926	20.4%	7,998	11.3%
Householder not living alone	18,305	4.9%	19,821	5.4%	21,522	5.6%	3,217	17.6%
Renter-Occupied	141,527	27.5%	152,820	29.3%	153,349	28.4%	11,822	8.4%
Family households	63,931	45.2%	70,491	46.1%	65,509	42.7%	(1,578)	-2.5%
Married-couple family	34,014	24.0%	38,843	25.4%	36,472	23.8%	2,458	7.2%
Other family	29,917	21.1%	31,648	20.7%	29,037	18.9%	(880)	-2.9%
Nonfamily household	77,596	54.8%	82,329	53.9%	87,840	57.3%	10,244	13.2%
Householder living alone	57,521	40.6%	61,132	40.0%	65,368	42.6%	7,847	13.6%
Householder not living alone	20,075	14.2%	21,197	13.9%	22,472	14.7%	2,397	11.9%

Source: American Community Survey, 2021

RKG believes the loss of 440 households and the increase of 902 population since 2011 can be partially explained in a couple of ways. The rise of senior households living in retirement facilities or group quarters would remove them from the household count but not from the population estimates. At the same time, Covid-related conditions caused many people, mostly student households to leave Durham, due to the mandatory suspension of in-class instruction. This probably resulted in a temporary loss of households but not the loss of student population, which would still claim Durham as their place of residence. This can also be seen in the rapid increase in unit vacancies during 2021.

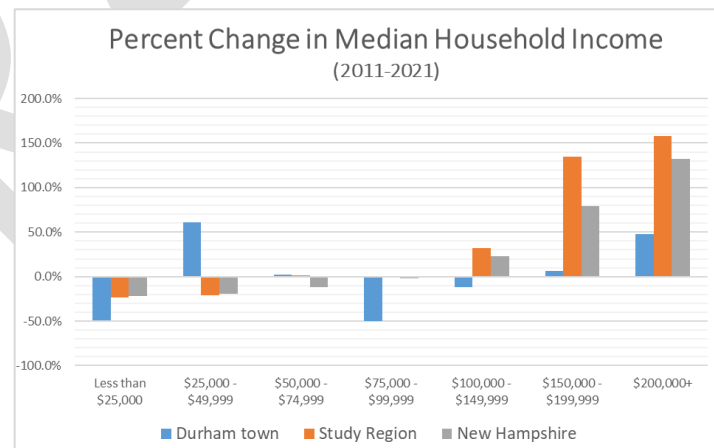
The largest decline in housing tenure was in owner-occupied households, particularly married couples who have declined in Durham over the past 10 years at a rate of 23.3%. This is counter to the trends for owner-occupied housing at the regional and state levels, which have experienced growth. At the same time, Durham’s renter-occupied households declined by 11% during the same period, driven mostly by nonfamily households where people were living alone. It is difficult to know all the reasons for the decline in these households, but many people chose to relocate during the COVID-19 pandemic. After an initial lull in real estate sales activity, residential sales accelerated quickly and home prices surged in various regions of the country, resulting in equity value gains for many homeowners.

Many homeowners were motivated to sell their homes, after a period of rapid value appreciation and many moved to other parts of the country because remote working arrangements allowed them to make those choices. At the same time, some student renters likely moved back into their parents’ homes when virtual instruction was preferred over in-person instruction as the COVID-19 virus spread throughout the country in several waves. Whether these tenure characteristics will remain is difficult to predict but the transition back to in-classroom instruction will likely alter the town’s renter-occupied tenure numbers if they have not already changed over the past two years.

5. Median Household Income

Median household income in Durham has increased from \$63,888 in 2011 to \$87,396 in 2021, or a difference of \$18,063 (26.1%) over ten years. Those median income figures were 4.7% higher than the state’s median income (\$83,449) in 2023, despite the sizable percentage of student households. Over the past decade, the town experienced a decline in several income categories, including less than \$25,000 (-49.5%), \$75,000-\$99,999 (-49.5%), and \$100,000-\$149,999 (-12.3%). At the regional and state level, most losses occurred in the lower income categories below \$75,000 per year.

Figure 1-2



Source: American Community Survey, 2021

Figure 1-2 indicates the number of households making \$25,000 to \$49,999 and those making above \$150,000 per year have experienced an increase in the number of households since 2011. However, at all other income ranges, the number of households has remained stable or decreased since 2011.

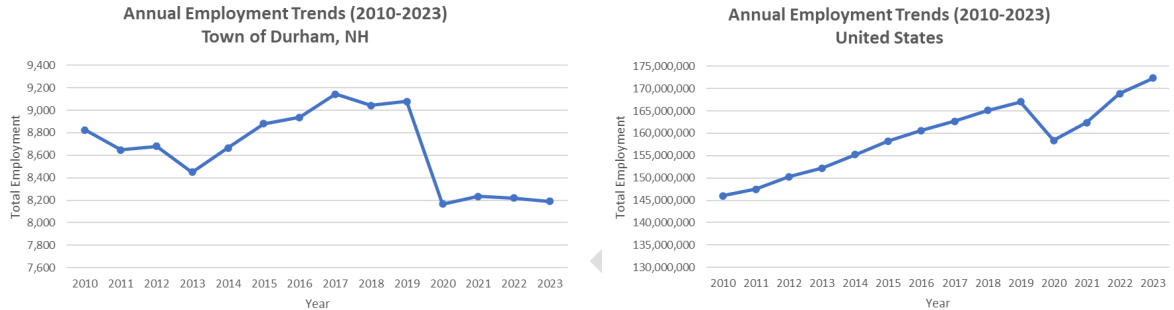
6. Economic Base Trends

Since 2010, the Town of Durham has experienced a loss of 634 jobs or 7% over thirteen years. During that period, employment peaked at 9,143 jobs in 2017 and then started to decline slightly until 2019. Once COVID-19 hit in March 2020, Durham’s employment dropped from 9,079 to 8,166, for a net loss

of 913 jobs or 10% in one year (Figure 1-3). While a similar employment loss occurred throughout the country, as large parts of the economy were shut down for an extended period, Durham has not yet recovered from those COVID-era job losses three years later. The United States replaced the COVID job losses in 2022 and current employment is 3.2% higher than 2019 employment levels (Table 1-3).

Durham's largest local job losses during COVID-19 occurred in two primary industries: state government (-349 jobs) and eating and drinking establishments (-333 jobs), which were effectively closed except

Figure 1-3



Source: EMSI/Lightcast and RKG Associates, Inc., 2023

for takeout service. The State government in Durham is effectively UNH's Durham campus, and other industries experiencing job losses included educational services (-81 jobs), accommodations (-68 jobs), and Nursing and Residential Care Facilities (-38 jobs).

D. IMPLICATIONS

Demographic and economic trends over the past ten years show signs of turbulence, due mostly to the effects of COVID-19, which disrupted roughly 70% of the town's population related to UNH student households starting in March 2020. While that population is still recovering its losses, the town's owner-occupied households also lost population, which is counter to regional and statewide trends, where both owner-and renter-occupied households experienced increases. The most notable population gains since 2011 have occurred in the 18-24 age cohort in Census Tract 802.04 near the Madbury town line. According to UNH officials, the addition of new student apartments has created opportunities for in-commuting students to move into local student housing. Once Durham recovers from COVID-19, the population should continue its slow growth trajectory. Housing affordability in Durham may be hampering mid-cycle households (age cohorts: 34 to 44 and 45 to 54) from owning homes and they may be seeking ownership opportunities in places like Somersworth, Rochester, or Newmarket. Finally, the recent loss of over 900 jobs due to COVID-19 could hinder the Town's growth prospects as it lags the rest of the country in job recovery.

2 HOUSING TRENDS AND CHARACTERISTICS

A. INTRODUCTION

The following section provides an overview analysis of Durham’s housing inventory, including by type of structure, housing values, rent pricing, and other characteristics that define the local housing supply. The data included in this analysis was obtained from the 2021 ACS census update. A more detailed review of recent local residential activity from local market research is presented in Chapter 3 of the report.

B. LOCAL HOUSING CHARACTERISTICS

1. Housing Units by Type of Structure

The Town of Durham had a reported total of 3,583 housing units in 2021, according to the American Community Survey (Table 2-1). Typically, these estimates do not include those units contained in group quarters such as dormitories or assisted living or nursing facilities.

Since 2011, this total has declined by 50 units or 1.4%. The biggest losses have occurred in apartment buildings with 50 or more units (-283 units) and the largest increases have occurred in small apartment buildings with 3 or 4 units (154 units). Durham’s housing changes are quite different than the Study Region (6.6% increase) and the State of New Hampshire (4% growth), which both experienced housing unit growth during the 10-year study period. However, as

Table 2-1
Units in Structure
Town of Durham, Study Region and State of NH (2011-2016-2021)

	2011		2016		2021		2011-2021 Change	
	Count	Percent	Count	Percent	Count	Percent	Actual Chg.	% Chg.
Durham town								
Total	3,633	100.0%	3,687	100.0%	3,583	100.0%	(50)	-1.4%
1, detached	2,080	57.3%	2,046	55.5%	1,896	52.9%	(184)	-8.8%
1, attached	152	4.2%	201	5.5%	277	7.7%	125	82.2%
2	106	2.9%	309	8.4%	198	5.5%	92	86.8%
3 or 4	55	1.5%	136	3.7%	209	5.8%	154	280.0%
5 to 9	324	8.9%	334	9.1%	190	5.3%	(134)	-41.4%
10 to 19	176	4.8%	266	7.2%	306	8.5%	130	73.9%
20 to 49	249	6.9%	299	8.1%	312	8.7%	63	25.3%
50 or more	478	13.2%	85	2.3%	195	5.4%	(283)	-59.2%
Mobile home	13	0.4%	4	0.1%	0	0.0%	(13)	-100.0%
Boat, RV, van, etc.	0	0.0%	7	0.2%	0	0.0%	0	0.0%
Study Region								
Total	63,886	100.0%	64,766	100.0%	68,075	100.0%	4,189	6.6%
1, detached	38,661	60.5%	37,626	58.1%	40,127	58.9%	1,466	3.8%
1, attached	2,620	4.1%	2,688	4.2%	2,954	4.3%	334	12.7%
2	3,239	5.1%	3,935	6.1%	4,265	6.3%	1,026	31.7%
3 or 4	4,154	6.5%	4,708	7.3%	4,690	6.9%	536	12.9%
5 to 9	3,624	5.7%	3,396	5.2%	3,425	5.0%	(199)	-5.5%
10 to 19	1,662	2.6%	2,021	3.1%	2,211	3.2%	549	33.0%
20 to 49	2,744	4.3%	2,892	4.5%	3,315	4.9%	571	20.8%
50 or more	1,512	2.4%	1,428	2.2%	1,638	2.4%	126	8.3%
Mobile home	5,649	8.8%	6,065	9.4%	5,443	8.0%	(206)	-3.6%
Boat, RV, van, etc.	21	0.0%	7	0.0%	7	0.0%	(14)	-66.7%
New Hampshire								
Total	611,916	100.0%	620,729	100.0%	636,480	100.0%	24,564	4.0%
1, detached	389,227	63.6%	394,161	63.5%	403,000	63.3%	13,773	3.5%
1, attached	31,228	5.1%	32,839	5.3%	34,704	5.5%	3,476	11.1%
2	35,690	5.8%	35,000	5.6%	35,681	5.6%	(9)	0.0%
3 or 4	35,629	5.8%	35,410	5.7%	34,364	5.4%	(1,265)	-3.6%
5 to 9	29,355	4.8%	29,403	4.7%	29,322	4.6%	(33)	-0.1%
10 to 19	18,492	3.0%	19,411	3.1%	19,708	3.1%	1,216	6.6%
20 to 49	25,305	4.1%	26,842	4.3%	30,652	4.8%	5,347	21.1%
50 or more	10,837	1.8%	11,536	1.9%	14,524	2.3%	3,687	34.0%
Mobile home	36,034	5.9%	36,008	5.8%	34,313	5.4%	(1,721)	-4.8%
Boat, RV, van, etc.	119	0.0%	119	0.0%	212	0.0%	93	78.2%

Source: American Community Survey, 2021 and RKG Associates, Inc.

was stated in Chapter 1, the 2021 ACS numbers are likely reflecting changes occurring in the Durham housing market during a very turbulent COVID-19 period. Much of Durham’s new off-campus student housing development came on-line during this period, but much of that new development is captured in the change in units in structures containing 3 to 4 units, as well as those structures with 10 to 49 units. However, it is important to note that the ASC survey tracks the number of new housing units by the number of units in a structure. Since 2008, only Madbury Commons at 17-21 Madbury Road has constructed a building with 50 or more apartment units. The town has been tracking the number of new student units, as well as the number of student beds since 2008.

Not surprisingly, the Town’s largest share of housing is classified as detached and attached single-family homes, accounting for 60.6% of all housing units. However, this is several percentage points less than the region (63.2%) and the State of NH at 68.8%. Attached single family homes include such living units as townhouses, cottages home and similar units that share a common wall and are physically attached and sometimes share a common driveway to their garages.

A unique aspect of Durham’s housing market is that a much larger share of this traditional ownership housing supply is classified as renter-occupied housing. As such, the owner of the home may no longer live on-site, but the home is being rented to other people. This often happens in vibrant college rental markets where some people convert their homes to investment properties and move to another location. In the case of Durham, the data might also be capturing the influence of Accessory Dwelling Units (ADUs) on the Durham housing supply, where 20.2% of traditional single-family homes are renter-occupied, as compared to roughly 8% at the regional and state level. Single family homes, which are traditionally owner-occupied in most communities totaled 2,050 units in 2021. The number of those units reported as renter-occupied was 414 units in 2021 or 20.2% of the total (Table 2-2). In the case of many ADUs, the owner may be living on-site in the main home and renters are occupying the ADU.

Table 2-2
Unit in Structure by Tenure
Town of Durham, NH (2011-2016-2021)

	2011		2016		2021		2011-2021 Change	
	Count	Percent	Count	Percent	Count	Percent	Actual Chg.	% Chg.
Durham town								
Owner-Occupied	2,022	100.0%	1,834	100.0%	1,728	100.0%	(294)	-14.5%
1, detached	1,806	89.3%	1,677	91.4%	1,546	89.5%	(260)	-14.4%
1, attached	100	4.9%	93	5.1%	90	5.2%	(10)	-10.0%
2	40	2.0%	53	2.9%	63	3.6%	23	57.5%
3 or 4	0	0.0%	6	0.3%	0	0.0%	0	0.0%
5 to 9	41	2.0%	0	0.0%	18	1.0%	(23)	-56.1%
10 to 19	0	0.0%	5	0.3%	0	0.0%	0	0.0%
20 to 49	5	0.2%	0	0.0%	0	0.0%	(5)	-100.0%
50 or more	17	0.8%	0	0.0%	11	0.6%	(6)	-35.3%
Mobile home	13	0.6%	0	0.0%	0	0.0%	(13)	-100.0%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Renter-Occupied	1,322	100.0%	1,400	100.0%	1,176	100.0%	(146)	-11.0%
1, detached	205	15.5%	244	17.4%	244	20.7%	39	19.0%
1, attached	29	2.2%	79	5.6%	170	14.5%	141	486.2%
2	17	1.3%	158	11.3%	109	9.3%	92	541.2%
3 or 4	55	4.2%	100	7.1%	117	9.9%	62	112.7%
5 to 9	238	18.0%	248	17.7%	88	7.5%	(150)	-63.0%
10 to 19	114	8.6%	210	15.0%	147	12.5%	33	28.9%
20 to 49	203	15.4%	288	20.6%	148	12.6%	(55)	-27.1%
50 or more	461	34.9%	62	4.4%	153	13.0%	(308)	-66.8%
Mobile home	0	0.0%	4	0.3%	0	0.0%	0	0.0%
Boat, RV, van, etc.	0	0.0%	7	0.5%	0	0.0%	0	0.0%

Source: American Community Survey, 2021 and RKG Associates, Inc., 2023

Regarding the decline of owner-occupied single-family homes and the increase in renter-occupied single-family homes over the past decade, some single-family units may have changed their classification from owner-occupied to renter-occupied.

2. Housing Vacancy Trends

According to the 2021 ACS, the Town of Durham had a housing vacancy rate of 19% in 2021, or 679 units. In 2011, the vacancy rate was only 8%, which was lower than the Study Region and the State at that time. The 2021 vacancy rate is much higher than the region (10.2%) and the State of NH (15.1%), which reinforces earlier findings that COVID's impacts on the town were more severe than those felt regionally and statewide.

As shown in Table 2-3, more than 90% of the housing vacancies in 2021 were in Census Tracts 802.02 (257 units), 802.04 (182 units), and 802.03 (169 units). RKG believes much of the housing vacancy reported during that year was related to student displacement due to the COVID-19 pandemic, as most vacant units were classified as "rented, not occupied."

This suggests occupants were under lease agreements but were not occupying their Durham units and had likely moved back to their parents' residence while UNH was dealing with changes related to virtual instruction and changing housing restrictions.

It should be emphasized that according to a recent market study completed by Jeffery Donahoe Associates in 2023, the market for off-campus apartments is very tight with extremely low vacancy, indicating that at least the rental market is recovering from higher Covid market vacancies.

3. Home Value Comparison

Based on ACS 2021 data, Durham's home values are higher, on average, than either the Study Region or the State of NH. These higher values contribute to the town's diminishing supply of affordably priced housing or workforce housing. As shown in Figure 2-1, roughly 66% of the Town's ownership housing is valued between \$250,000 and \$499,999. It should be noted that these home value estimates are not specific to a type of housing (e.g., single-family homes) and are derived from survey responses based on the homeowners' sense of their current market value. This is not reflective of local assessed values or

Table 2-3

Housing Vacancy by Status

Town of Durham, Study Region and State of NH (2011-2016-2021)

	2011		2016		2021		2011-2021 Change	
	Count	Percent	Count	Percent	Count	Percent	Actual Chg.	% Chg.
Durham town								
Total Housing Units	3,633	100.0%	3,687	100.0%	3,583	100.0%	(50)	-1.4%
Total Vacant Units	289	8.0%	453	12.3%	679	19.0%	390	134.9%
For rent	71	24.6%	147	32.5%	174	25.6%	103	145.1%
Rented, not occupied	76	26.3%	166	36.6%	352	51.8%	276	363.2%
For sale only	28	9.7%	13	2.9%	0	0.0%	(28)	-100.0%
Sold, not occupied	0	0.0%	0	0.0%	0	0.0%	0	0.0%
For seasonal, recreational, or occasional use	68	23.5%	5	1.1%	9	1.3%	(59)	-86.8%
For migrant workers	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other vacant	46	15.9%	122	26.9%	144	21.2%	98	213.0%
Census Tract 801								
Total Housing Units	938	100.0%	1,246	100.0%	989	100.0%	51	5.4%
Total Vacant Units	22	2.3%	119	9.6%	71	7.2%	49	222.7%
For rent	11	50.0%	0	0.0%	31	43.7%	20	181.8%
Rented, not occupied	0	0.0%	27	22.7%	10	14.1%	10	0.0%
For sale only	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Sold, not occupied	0	0.0%	0	0.0%	0	0.0%	0	0.0%
For seasonal, recreational, or occasional use	11	50.0%	0	0.0%	0	0.0%	(11)	-100.0%
For migrant workers	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other vacant	0	0.0%	92	77.3%	30	42.3%	30	0.0%
Census Tract 802.02								
Total Housing Units	1,040	100.0%	1,213	100.0%	1,216	100.0%	176	16.9%
Total Vacant Units	161	15.5%	161	13.3%	257	21.1%	96	59.6%
For rent	50	31.1%	94	58.4%	79	30.7%	29	58.0%
Rented, not occupied	52	32.3%	67	41.6%	169	65.8%	117	225.0%
For sale only	28	17.4%	0	0.0%	0	0.0%	(28)	-100.0%
Sold, not occupied	0	0.0%	0	0.0%	0	0.0%	0	0.0%
For seasonal, recreational, or occasional use	0	0.0%	0	0.0%	9	3.5%	9	0.0%
For migrant workers	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other vacant	31	19.3%	0	0.0%	0	0.0%	(31)	-100.0%
Census Tract 802.03								
Total Housing Units	1,336	100.0%	709	100.0%	709	100.0%	(627)	-46.9%
Total Vacant Units	52	3.9%	53	7.5%	169	23.8%	117	225.0%
For rent	0	0.0%	0	0.0%	38	22.5%	38	0.0%
Rented, not occupied	0	0.0%	5	9.4%	60	35.5%	60	0.0%
For sale only	0	0.0%	13	24.5%	0	0.0%	0	0.0%
Sold, not occupied	0	0.0%	0	0.0%	0	0.0%	0	0.0%
For seasonal, recreational, or occasional use	45	86.5%	5	9.4%	0	0.0%	(45)	-100.0%
For migrant workers	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other vacant	7	13.5%	30	56.6%	71	42.0%	64	914.3%
Census Tract 802.04								
Total Housing Units	319	100.0%	519	100.0%	669	100.0%	350	109.7%
Total Vacant Units	54	16.9%	120	23.1%	182	27.2%	128	237.0%
For rent	10	18.5%	53	44.2%	26	14.3%	16	160.0%
Rented, not occupied	24	44.4%	67	55.8%	113	62.1%	89	370.8%
For sale only	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Sold, not occupied	0	0.0%	0	0.0%	0	0.0%	0	0.0%
For seasonal, recreational, or occasional use	12	22.2%	0	0.0%	0	0.0%	(12)	-100.0%
For migrant workers	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other vacant	8	14.8%	0	0.0%	43	23.6%	35	437.5%

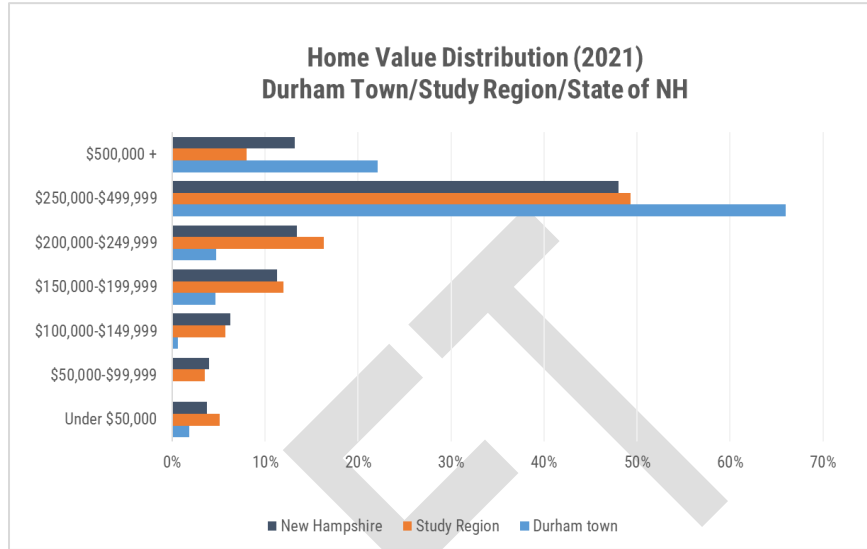
Source: American Community Survey, 2021 and RKG Associates, Inc., 2023

residential market values, and they do not reflect current home values, which have likely increased over the past two years.

In comparison, only 49.3% of the region's homes and 48.0% of NH homes were priced in this same range in 2021. The same is true for homes valued above \$500,000 which accounted for 22% of Durham's housing supply in 2021, but only 8% of the region's supply and 13.2% of the state's supply (Figure 2-1).

On a median home value basis, Durham's median value (\$404,200) appears to be in line with the state's median average value of \$405,200 in 2021.

Figure 2-1



Source: ACS 2021 and RKG Associates, Inc., 2023

4. Gross Monthly Rent Comparison

Durham's large and active rental housing market has monthly gross rents like the State of NH median of roughly \$1,200 per month (Table 2-4). What is different about Durham's rental housing market, which is true of most college towns, is local rents are derived on a per-bed basis. In other words, landlords rent their apartments based on the number of beds and not by the unit size or number of bedrooms. That means that a conventional two-bedroom apartment, which might rent to two people for \$2,000/month in another town, could be rented to

Table 2-4

Monthly Gross Rent
Town of Durham, Study Region and State of NH (2021)

	2011		2016		2021		2011-2021 Change	
	Count	Percent	Count	Percent	Count	Percent	Actual Chg.	% Chg.
Durham town								
Total Rental Housing Units	1,322	100.0%	1,400	100.0%	1,176	100.0%	(146)	-11.0%
With Cash Rent	1,172	88.7%	1,385	98.9%	1,108	94.2%	(64)	-5.5%
Less than \$500	190	16.2%	118	8.5%	63	5.7%	(127)	-66.8%
\$500-\$999	572	48.8%	630	45.5%	256	23.1%	(316)	-55.2%
\$1,000-\$1,499	204	17.4%	184	13.3%	414	37.4%	210	102.9%
\$1,500-\$1,999	112	9.6%	297	21.4%	127	11.5%	15	13.4%
\$2,000 or More	94	8.0%	156	11.3%	248	22.4%	154	163.8%
No Cash Rent	150	11.3%	15	1.1%	68	6.1%	(82)	-54.7%
Median Gross Rent	\$820		\$981		\$1,203		\$383	46.7%
Study Region								
Total Rental Housing Units	17,251	100.0%	19,050	100.0%	19,366	100.0%	2,115	12.3%
With Cash Rent	16,682	96.7%	18,563	97.4%	18,824	97.2%	2,142	12.8%
Less than \$500	1,802	10.8%	1,671	9.0%	1,547	8.2%	(255)	-14.2%
\$500-\$999	7,698	46.1%	7,936	42.8%	4,041	21.5%	(3,657)	-47.5%
\$1,000-\$1,499	5,491	32.9%	6,732	36.3%	7,906	42.0%	2,415	44.0%
\$1,500-\$1,999	1,311	7.9%	1,530	8.2%	3,912	20.8%	2,601	198.4%
\$2,000 or More	380	2.3%	694	3.7%	1,418	7.5%	1,038	273.2%
No Cash Rent	569	3.3%	487	2.6%	542	2.8%	(27)	-4.7%
New Hampshire								
Total Rental Housing Units	141,527	100.0%	152,820	100.0%	153,349	100.0%	11,822	8.4%
With Cash Rent	135,132	95.5%	146,360	95.8%	147,400	96.1%	12,268	9.1%
Less than \$500	15,686	11.6%	13,814	9.4%	12,219	8.3%	(3,467)	-22.1%
\$500-\$999	59,223	43.8%	56,517	38.6%	34,064	23.1%	(25,159)	-42.5%
\$1,000-\$1,499	44,753	33.1%	53,223	36.4%	57,828	39.2%	13,075	29.2%
\$1,500-\$1,999	11,524	8.5%	17,723	12.1%	30,219	20.5%	18,695	162.2%
\$2,000 or More	3,946	2.9%	5,083	3.5%	13,070	8.9%	9,124	231.2%
No Cash Rent	6,395	4.5%	6,460	4.2%	5,949	3.9%	(446)	-7.0%
Median Gross Rent	\$956		\$1,021		\$1,212		\$256	26.8%

Source: ACS 2021 and RKG Associates, Inc., 2023

four college students at a rate of \$1,000 per bed or \$4,000 per month for the combined occupants.

This market factor creates an incentive for landlords and property owners to rent to students rather than conventional renters because their gross monthly rent can be twice as much. As a result, this can drive up rents to the point that most conventional renters cannot compete financially against student renters. While most people view college students as having less income or a lower ability to pay, many have their rent paid by their parents or through student loans. This means they have a much greater ability to pay rent than other people in the rental market. Over time, lower rental rates increase to reflect market competition and inflationary influences. Also, despite what appears to be a loss of rental properties in Durham, RKG believes a number of renter-occupied units were simply vacant at the time of the survey, as many students were displaced due to COVID-19. The gross monthly rent pricing question can only apply to those units that are currently occupied.

C. IMPLICATIONS

On a regional basis, the Town of Durham has a fairly expensive housing market. The values of homes and gross monthly rents are on par with the State of New Hampshire. The level of vacant housing in 2021 was higher than either the Study Region or the state, but that is believed to be the result of Covid-related impacts at the height of the pandemic. RKG believes that the town's housing market is still trying to recover from those events, particularly as it relates to student housing, both on- and off-campus.

The town's higher housing cost structure is making it difficult for the construction of housing that is affordable for homeowners making 100% of area median income (AMI) or for renters making 60% of (AMI). These are the state's median housing income goals for new workforce housing. While most new ownership housing in Durham is priced too high to accommodate these income levels, the rental market caters primarily to student households, which have a much higher ability to pay for housing because they rent by the bed, rather than by the unit, which drives up gross potential rent for local landlords. To meet its workforce housing objectives over the next twenty years, the town will have to encourage diverse types of housing, smaller housing and at higher densities in order to reduce its average cost.

3 RESIDENTIAL MARKET TRENDS

A. INTRODUCTION

To assess the Town of Durham’s future housing needs, the consultants analyzed Durham’s residential market to understand what has been built, the pace of development, and the changes in price points of homes for sale and for rent. These data points supplement the housing characteristics data from the American Community Survey with more up-to-date information, and they represent the supply side of Durham’s housing market since 2000.

Comparing supply-side data with the housing demand projections later in this report should inform Durham officials regarding how they can encourage new development that offers more choice in types of housing, housing options at different price levels, and housing that meets the definition of “workforce” housing in the future. We highlight where gaps exist between the existing housing supply and demand at different housing price points and median household income levels. The process can assist the Town in deciding its future housing efforts to ensure that Durham’s future housing supply will meet its projected housing demands. Note that New Hampshire’s Workforce Housing Law (RSA 674:58-61) defines workforce housing as homes affordable to four-person owner households earning at or below 100% of AMI, and rental units affordable to three-person renter households earning at or below 60% of AMI. These AMI thresholds are examined in this study as the State’s future housing production projections emphasize the development of workforce housing for municipalities.

B. RESIDENTIAL DEVELOPMENT TRENDS

1. Methodology

RKG Associates utilized the Town of Durham’s 2023 property assessment records to analyze the residential development trends in the town since 2000. The consultants excluded vacant residential lands and residential lands with ancillary structures from this study. The 2023 property assessment records of Durham were retrieved online in November 2023.

The number of housing units and beds (for student housing) were estimated by RKG because these data points are not available in the property assessment records. The unit/bed count figures presented in this study were estimated based on data provided by the Town of Durham, the University of New Hampshire (UNH), and the occupancy data and bedroom counts from the town’s 2023 property assessment records. In addition, the bed count estimates were used for commercial student housing, dormitories, and Fraternity/Sorority housing in this study. This is because college students tend to rent/occupy these housing types by the bed, instead of by the unit, like other conventional apartment renters.

Readers should also be mindful that “apartment” in this study refers to market-rate non-student commercial apartments, whereas “commercial student housing” refers to commercial apartments that are almost exclusively marketed to and occupied by college students. Furthermore, “UNH Land with Dormitory” refers to parcels owned by the University of New Hampshire with dormitories along with other university buildings. Therefore, the assessed values of these parcels represent the combined values of all UNH buildings developed on these lands, including but not limited to the dormitories. However, the

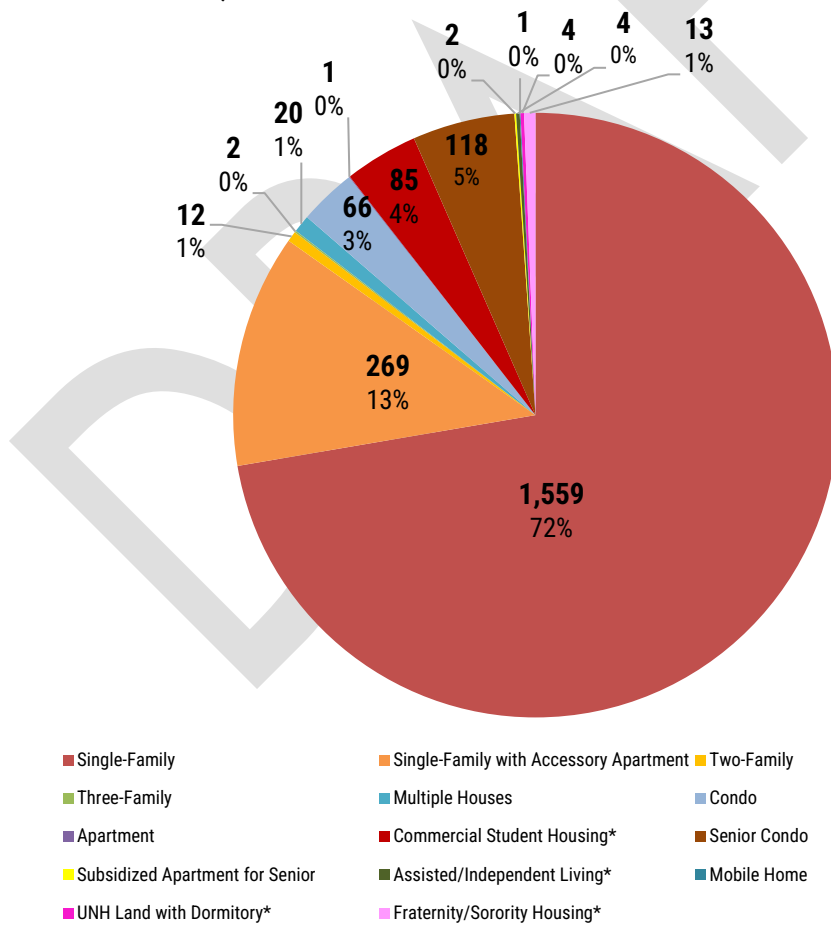
“living area” figures for “UNH Land with Dormitory” only refer to the living areas of the dormitories on these parcels. In addition, each condominium unit has its separate property assessment records, so the figures under “Number of Parcels” and “Number of Buildings” represent the number of units for condominiums. Condominium units do not have individual land value in the property assessment data as multiple condominium units tend to share a common land.

2. Distribution of Residential Parcels/Records

The data show that single-family homes are the primary housing type in Durham, accounting for 1,559 parcels/assessment records, which is 72% of the total, followed by single-family homes with accessory apartments (269 parcels, 12% of the total), and senior condominiums (118 records/units, 6% of the total). Commercial student housing accounts for 85 parcels/records, which is 4% of the total (Figure 3-1). Each of the 14 categories of housing shown below the figure is depicted in the figure in a clockwise direction starting with Single-Family. Note that Three-Family, Apartment, and Mobile Homes are difficult to discern in the figure because the percentage of those uses is so low.

Figure 3-1

Residential Parcels/Records by Type (2023) Town of Durham, NH

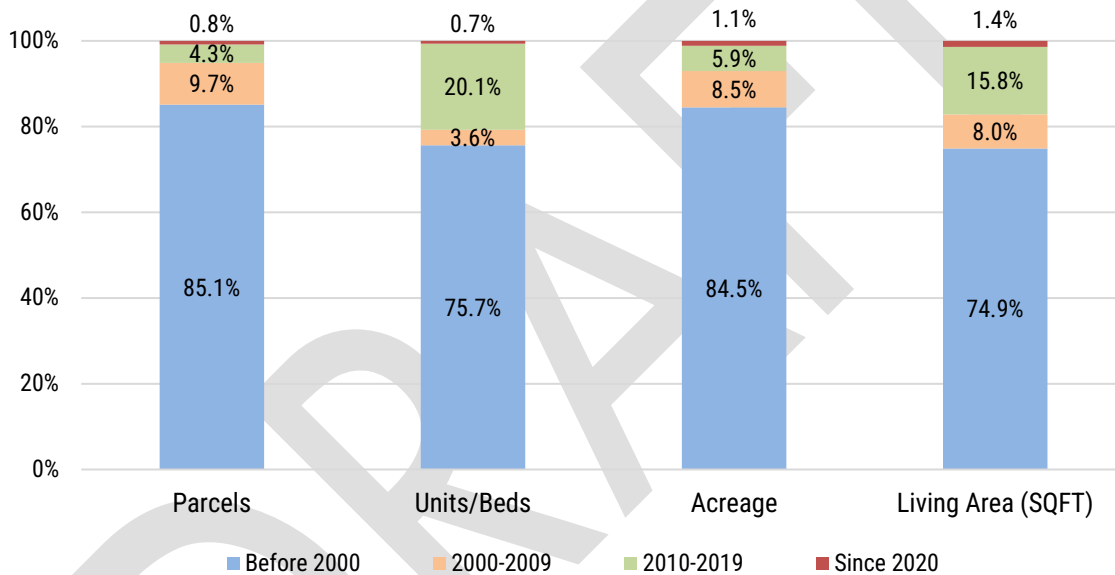


Source: Town of Durham Property Assessment, Town of Durham, University of New Hampshire, and RKG Associates, Inc., 2023

3. Residential Development Trends (2000-2023)

When analyzing the town’s residential development trends by “structure year built,” most of Durham’s housing was developed before 2000 and thus accounts for 85.1% of all parcels/assessment records, and 74.9% of the total living area in terms of building square footage. However, though only 4.3% of the residential parcels were developed between 2010 and 2019, this period contributed 20.1% of the total units/beds and 15.8% of the total living square footage. This suggests that development densities have been increasing for new housing projects in Durham since 2010. The town has roughly 13,143 housing units/beds totaling 8.42 million square feet of living spaces. Among them, 2,727 units/beds (20.7% of the total) and 1.4 million square feet of living areas (17.1% of the total) were built since 2010 (Figure 3-2).

Figure 3-2
Residential Development Trend (2023)
 Town of Durham, NH



Source: Town of Durham Property Assessment, Town of Durham, University of New Hampshire, and RKG Associates, Inc., 2023

Recent housing developments since 2000 consist of single-family homes, single-family homes with accessory dwelling units, multiple houses, condominiums, senior condominiums, commercial student housing, assisted/independent senior living, and subsidized apartments for seniors. Two-family homes, three-family homes, non-student apartments, mobile homes, dormitories, and fraternity/sorority housing were all built before 2000. Commercial student housing comprises the largest living area (760,121 square feet) for those built between 2010 and 2019, and subsidized apartments for seniors accounted for the most living spaces (63,886 square feet) among housing developments delivered since 2020. In comparison, single-family homes contributed the largest living areas among housing built before 2000. This resonates with the previous findings that housing densities have been increasing in Durham in recent years.

In addition, single-family homes built in recent years have been larger and more expensive on a per-square-foot basis. For example, single-family homes built before 2000 averaged 2,160 square feet per home, while those built since 2020 have averaged 3,000 square feet. The average assessed improvement value has also increased from \$168/SF before 2000 to \$219/SF for those constructed

since 2020. However, the owner-occupied workforce housing that Durham needs generally consists of smaller homes with more modest prices affordable to four-person households earning at or below 100% of the AMI (area median income). This means that the current Durham housing market is not delivering what the town needs in terms of additional workforce housing because a 3,000-square-foot home at \$219/SF would exceed \$657,000 in improvement value alone. This is priced significantly higher than what a four-person household earning 100% of AMI (\$106,600 annually) could afford (maximum \$336,063), which will be discussed further in the next chapter (Table 3-1).

DRAFT

Table 3-1
Residential Development Trends (2023)
Town of Durham, New Hampshire

Year Built	No. of Parcels	No. of Buildings	Housing Units/Bed Counts*	Land Acreage	Living Area (SQFT)	Living Area Per Unit/Bed	Assessed Land Value	Assessed Improvement Value	Assessed Total Value	Avg. Assessed Land Value/Acre	Avg. Assessed Improvement Value/SF
Before 2000	1,835	1,989	9,943	4,945	6,306,044		\$763,393,979	\$1,585,622,100	\$2,349,018,079	\$154,379	\$251
1,390	1,401	1,390	3,447	3,002,938	2,160	\$316,461,313	\$504,261,700	\$820,723,013	\$91,815	\$168	
248	264	508	655	594,144	1,170	\$54,714,449	\$99,337,300	\$154,051,949	\$83,572	\$167	
12	12	24	13	31,115	1,296	\$2,464,600	\$3,855,200	\$6,319,800	\$191,798	\$124	
2	2	6	4	5,363	894	\$420,100	\$861,400	\$1,281,500	\$112,627	\$161	
15	34	34	184	65,050	1,913	\$5,746,885	\$11,578,200	\$17,324,785	\$31,252	\$178	
60	60	60	4	84,858	1,414	\$24,348,200	\$1,715,800	\$26,064,000	\$0	\$287	
1	2	10	14	8,778	878	\$771,332	\$1,171,500	\$2,487,132	\$54,588	\$195	
72	93	1,467	51	508,744	347	\$78,126,700	\$61,680,000	\$139,806,700	\$1,539,442	\$121	
15	15	15	0	19,657	1,310	\$0	\$3,957,600	\$3,957,600	\$0	\$201	
1	5	32	4	28,661	896	\$1,046,200	\$2,699,300	\$3,745,500	\$284,321	\$94	
1	1	24	3	9,758	407	\$278,600	\$1,164,900	\$1,443,500	\$99,464	\$119	
1	1	1,189	4	1,189	1,189	\$185,900	\$136,100	\$322,000	\$48,665	\$114	
4	86	5,940	555	1,851,631	312	\$292,028,700	\$857,289,500	\$1,149,318,200	\$526,368	\$463	
13	13	432	9	94,158	218	\$11,151,300	\$12,736,900	\$23,888,200	\$1,286,663	\$135	
2000-2009	210	217	473	497	671,909		\$42,622,181	\$131,657,700	\$174,279,881	\$85,678	\$196
115	115	326,124	2,836	\$27,072,519	\$59,922,900	\$86,995,419	\$80,932	\$184			
10	13	26,472	1,151	\$2,990,592	\$5,465,700	\$8,456,292	\$53,413	\$206			
3	7	18,710	2,673	\$1,315,844	\$3,493,900	\$4,809,744	\$17,178	\$187			
4	4	0	1,701	\$0	\$1,675,100	\$1,675,100	\$0	\$246			
4	4	161	13	\$7,283,826	\$10,074,400	\$17,358,226	\$562,892	\$156			
73	73	148,077	73	148,077	2,028	\$37,176,300	\$37,176,300	\$74,352,600	\$251	\$251	
1	1	81,332	904	\$3,959,400	\$13,849,400	\$17,808,800	\$241,280	\$170			
2010-2019	93	225	2,640	344	1,326,686		\$87,646,730	\$294,474,900	\$382,121,630	\$254,580	\$222
43	44	102,730	2,389	\$11,290,130	\$22,208,500	\$33,498,630	\$49,440	\$216			
8	10	23,317	1,457	\$2,883,300	\$4,697,200	\$7,580,500	\$452,637	\$201			
1	2	2,552	1,276	\$577,700	\$489,800	\$1,067,500	\$1,604,732	\$192			
9	136	760,121	335	\$61,623,400	\$156,139,500	\$217,762,900	\$914,294	\$205			
30	30	57,442	1,915	\$0	\$14,534,900	\$14,534,900	\$0	\$253			
2	3	380,524	1,349	\$11,272,200	\$96,405,000	\$107,677,200	\$284,006	\$253			
Since 2020	18	19	87	67	116,276		\$5,979,784	\$21,380,500	\$27,360,284	\$89,264	\$184
11	11	33,532	3,048	\$3,974,239	\$7,329,500	\$11,303,739	\$94,266	\$219			
3	3	9,808	1,635	\$1,210,535	\$1,272,700	\$2,483,235	\$312,800	\$130			
1	2	5,348	2,674	\$536,210	\$1,983,800	\$2,540,010	\$31,442	\$371			
2	2	3,702	1,851	\$0	\$893,800	\$893,800	\$0	\$241			
1	1	63,886	968	\$238,800	\$9,900,700	\$10,139,500	\$87,153	\$155			
All Years	2,156	2,450	13,143	5,854	8,420,915		\$899,644,674	\$2,033,135,200	\$2,932,779,874	\$153,689	\$241
1,559	1,571	1,559	4,052	3,465,324	2,223	\$358,798,201	\$593,722,600	\$952,520,801	\$88,554	\$171	
269	290	553	721	653,741	1,182	\$61,799,076	\$110,772,900	\$172,571,976	\$85,721	\$169	
12	12	24	13	31,115	1,296	\$2,464,600	\$3,855,200	\$6,319,800	\$191,798	\$124	
2	2	6	4	5,363	894	\$420,100	\$861,400	\$1,281,500	\$112,627	\$161	
20	45	45	279	91,660	2,037	\$8,196,339	\$17,545,700	\$25,742,039	\$29,427	\$191	
66	66	66	5	95,364	1,445	\$26,917,100	\$26,917,100	\$53,834,200	\$282	\$282	
1	2	10	14	8,778	878	\$771,332	\$1,171,500	\$2,487,132	\$54,588	\$195	
85	233	3,895	131	1,333,255	342	\$147,033,926	\$227,893,900	\$374,927,826	\$1,121,626	\$171	
118	118	118	3	225,176	1,908	\$0	\$55,668,800	\$55,668,800	\$0	\$247	
2	6	98	6	12,600,000	944	\$1,285,100	\$13,885,100	\$15,160,200	\$200,171	\$136	
4	5	396	59	471,614	1,191	\$15,510,100	\$111,419,300	\$126,929,400	\$263,329	\$236	
1	1	1,189	4	\$136,100	1,189	\$322,000	\$136,100	\$458,100	\$114	\$114	
4	86	5,940	555	\$292,028,700	312	\$857,289,500	\$857,289,500	\$1,714,579,000	\$526,368	\$463	
13	13	432	9	94,158	218	\$11,151,300	\$12,736,900	\$23,888,200	\$1,286,663	\$135	

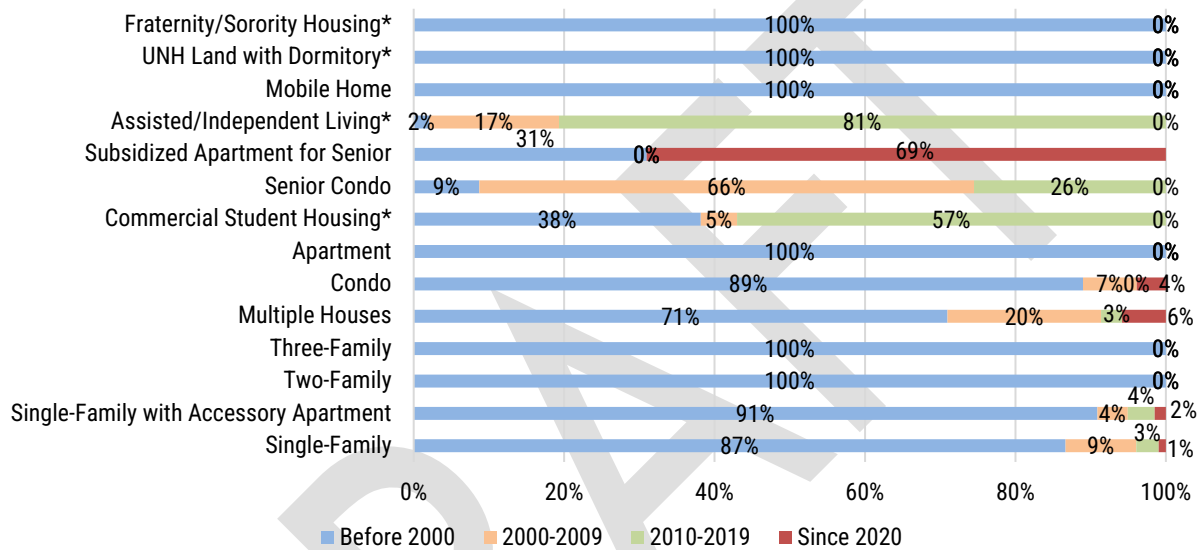
Data Source: Town of Durham 2023 Property Assessment Data, and RKG Associates, Inc., 2023
 Note: * For commercial student housing, dormitory, and Fraternity/Sorority housing, the numbers represent bed counts instead of housing units. For Assisted/Independent Living, the numbers represent a combination of bed counts and living units.
 Note: ** Data excludes Vacant Residential Lands, Residential Lands with Accessory Improvements, and One Property with Vacant Residential Structures

Furthermore, housing development activity has been shifting from single-family homes to commercial student housing, senior condos, and assisted/independent senior living, especially since 2010. Durham has seen more living space being built for the latter three housing types in recent years compared to the period between 2000 and 2009. For example, it is noteworthy that 57.0% of all commercial student living spaces and 80.7% of all assisted/independent senior living spaces were built between 2010 and 2019 in Durham (Figure 3-3).

Figure 3-3

Residential Development Trend by Living Area (SQFT) (2023)

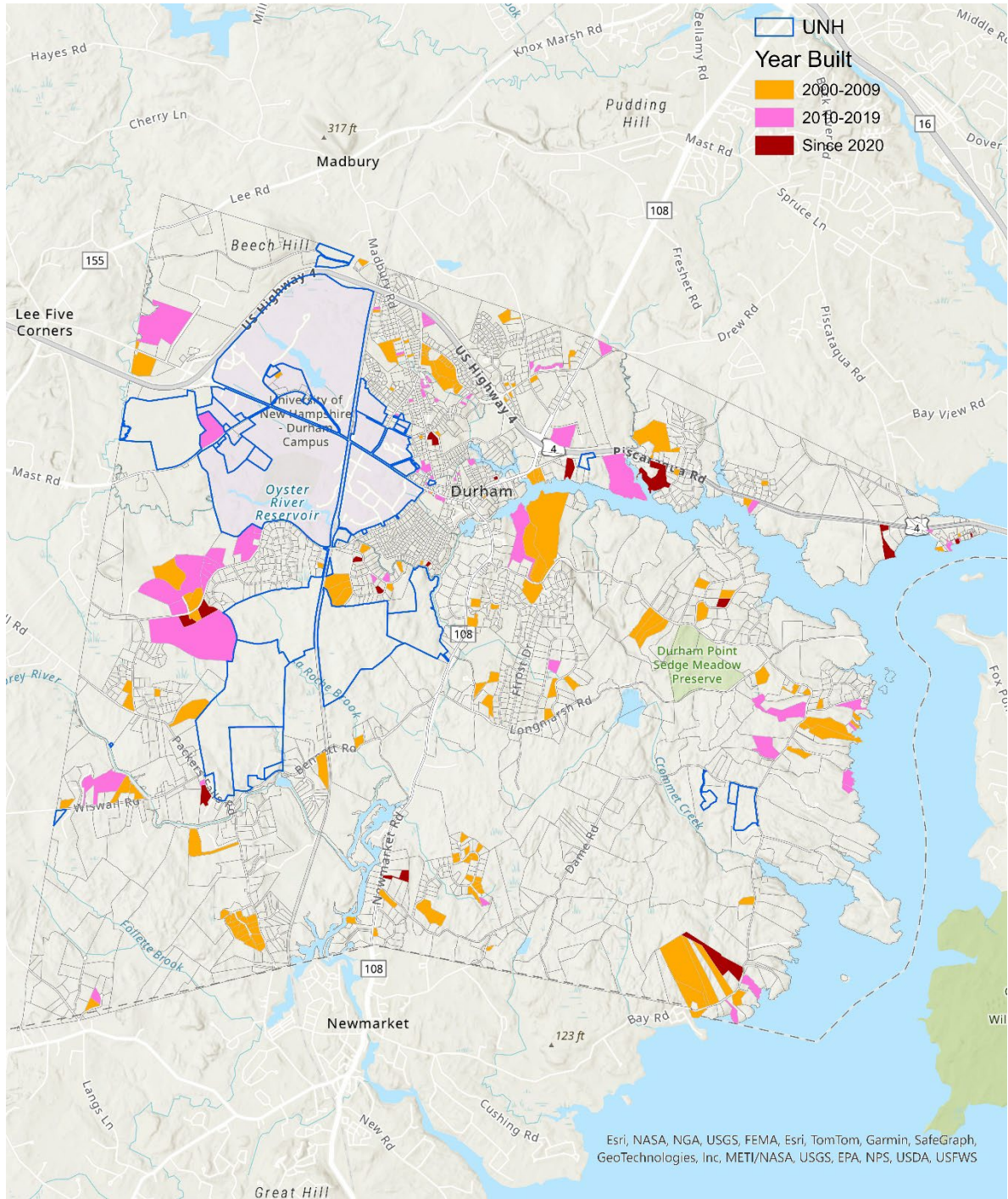
Town of Durham, NH



Source: Town of Durham Property Assessment, Town of Durham, University of New Hampshire, and RKG Associates, Inc., 2023

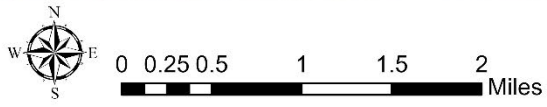
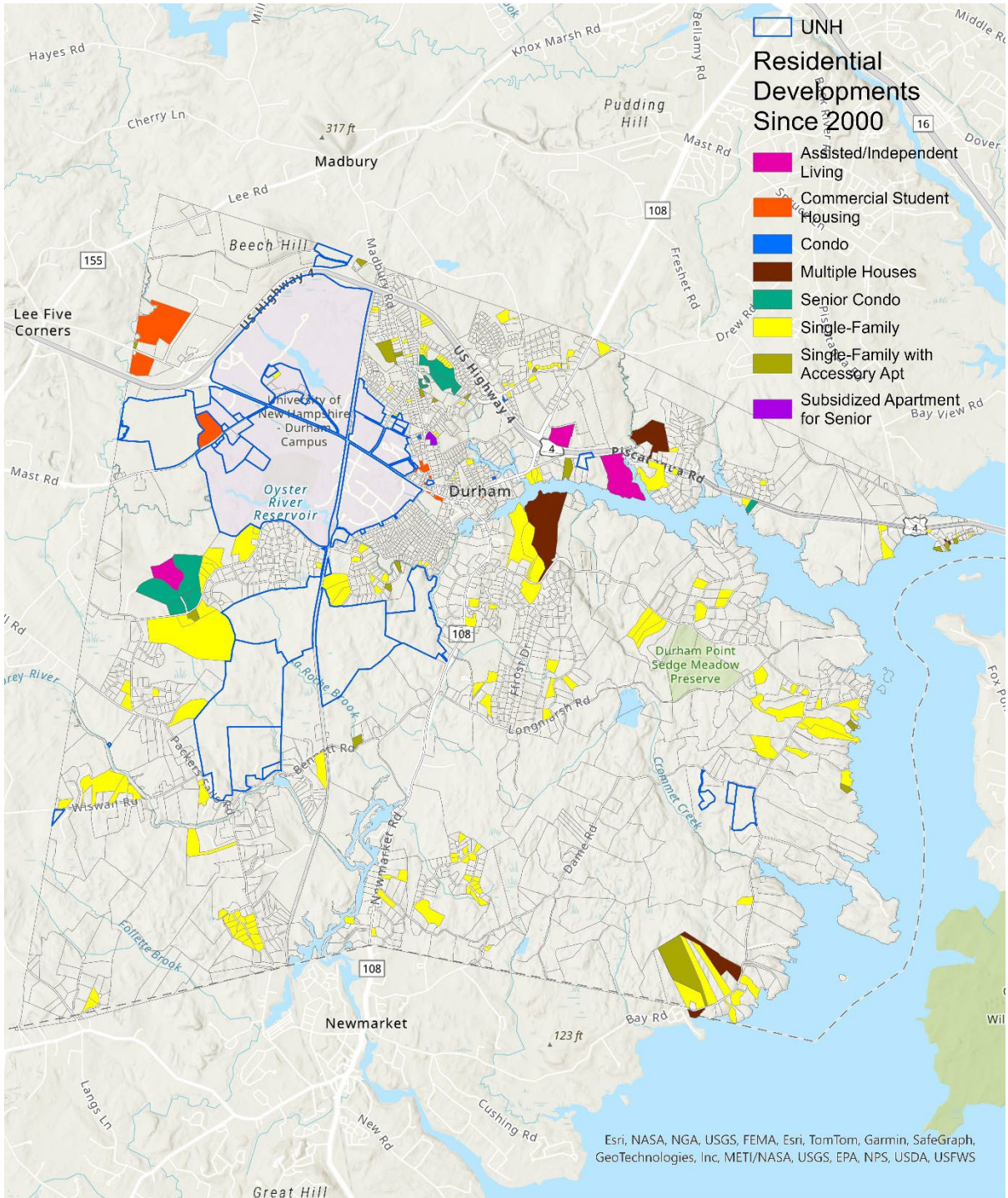
The consultants also mapped Durham’s residential developments by year built using GISPro. See Map 3-1. Residential developments built since 2000 by type were also mapped (Map 3-2). The largest commercial student housing developments were built to the west of the university and in the downtown area. Note that the size of the parcels depicted does not necessarily correlate to the size of the project as some of these developments involved only a single-family house on a large lot.

Map 3-1
New Residential Developments Since 2000
Town of Durham, NH



Source: RKG Associates, Inc., 2023

Map 3-2
New Residential Developments Since 2000 by Type
Town of Durham, NH



Source: RKG Associates, Inc., 2023

C. OWNERSHIP HOUSING SALES ACTIVITY

1. Redfin Home Sales by Type (March 2020 -2023)

RKG Associates obtained and analyzed home sale data from Redfin.com going back to March 2020. March 2020 is when Covid-19 conditions started a period of sheltering in place and the U.S. economy experienced a severe contraction as businesses shut down or changed their public-facing practices. The country's real estate markets also stopped for a period as people were uncertain about the potential spread of the virus through direct personal contact. Shortly after this slow-down period, real estate activity increased dramatically, residential sales started to accelerate in numbers and home prices increased rapidly.

Using this pivotal date allowed the consultants to isolate post-Covid home sales trends using market data that provides a more detailed understanding of the town's recent home sales activity since the start of the COVID-19 pandemic. Sales data of vacant lands and apartments with five or more units are excluded.

According to Redfin, 337 homes have been sold in Durham since March 2020, and among them, 272 (81%) were single-family homes, 21 (6.2%) were townhomes, 31 (9.2%) were condos/co-ops, nine (2.7%) were two-to-four-family homes, and four are other housing types. A total of 163 (48.3%) homes were sold for between \$250,00 and \$499,999 since March 2020, followed by 112 (33.2%) homes sold for between half a million and \$749,000. When looking at single-family homes above 3,000 square feet, which are common among new homes built since 2020, most of them sold for more than \$500,000. This price point is not affordable for four-person households earning at or below 100% of AMI (\$106,600 annually). Homes sold between \$250,000 and \$499,999 are usually below 2,500 or even below 2,000 square feet, and they are more common among older homes built before 2000 (Table 3-2).

Table 3-2
Homes Sold Since March 2020 by Sale Price and Size
Town of Durham, NH

	Less than \$100K	\$100K-\$249K	\$250K-\$499K	\$500K-\$749K	\$750K-\$999K	\$1M+	Total
Single Family Residential	5	11	116	98	30	12	272
Less than 1,000 SF		1	3				4
1,000 SF-1,499 SF		2	16	1			19
1,500 SF-1,999 SF	2	4	38	15	1		60
2,000 SF-2,499 SF	2	2	34	27	5	1	71
2,500 SF-2,999 SF	1	1	17	28	7		54
3,000 SF+		1	8	27	17	11	64
Townhouse		2	17	2			21
1,000 SF-1,499 SF		1	4				5
1,500 SF-1,999 SF		1	12				13
2,000 SF-2,499 SF			1	2			3
Condo/Co-op	1		24	6			31
1,000 SF-1,499 SF			14				14
1,500 SF-1,999 SF	1		6				7
2,000 SF-2,499 SF			2	3			5
2,500 SF-2,999 SF			2	3			5
Multi-Family (2-4 Unit)			3	5	1		9
1,500 SF-1,999 SF			3				3
2,000 SF-2,499 SF				2	1		3
3,000 SF+				3			3
Other			3	1			4
Less than 1,000 SF			2	1			3
2,000 SF-2,499 SF			1				1
Total	6	13	163	112	31	12	337

Source: Redfin, and RKG Associates, Inc., 2023

This reinforces the previous finding that the local housing market is not delivering workforce housing that meets the New Hampshire definition (affordable to four-person households earning at or below 100% of AMI). Based on RKG’s estimate owner-occupied workforce housing should be priced below \$336,063. To get to that price point would require homes to be built between 1,000 and 1,500 square feet for single-family homes or 1,500 and 2,000 square feet for townhomes or condominiums according to recent housing values per square foot.

In terms of the sale price on a per-square-foot basis, nearly half (49.9%) of the homes sold since March 2020 in Durham were sold for between \$200/SF to \$299/SF, while 30.0% were sold for between \$100/SF and \$199/SF. Townhomes that are condos/co-ops were sold for higher sale prices per square foot than single-family homes, with 57.1% of the townhomes and 67.7% of the condos/co-ops sold during this period for between \$200/SF to \$299/SF, compared to 47.4% for single-family homes. Single-family homes between 1,000 and 1,500 square feet were mostly sold for \$200/SF to \$299/SF. Among townhomes between 1,500 and 2,000 square feet, seven were sold for \$100/SF to \$199/SF, and another six were sold for between \$200/SF to \$299/SF (Table 3-3).

Table 3-3
Homes Sold Since March 2020 by Average Sold Price, Size, and Sold Price Per Square Foot
Town of Durham, NH

	Less than 1,000 SF	1,000 SF- 1,499 SF	1,500 SF- 1,999 SF	2,000 SF- 2,499 SF	2,500 SF- 2,999 SF	3,000 SF+	Total
AVERAGE SOLD PRICE							
Single Family Residential	\$308,750	\$365,684	\$434,072	\$513,580	\$590,395	\$828,442	\$572,916
Townhouse		\$264,400	\$348,900	\$530,000			\$354,652
Condo/Co-op		\$333,464	\$423,833	\$475,200	\$512,400		\$404,983
Multi-Family (2-4 Unit)			\$419,967	\$675,000		\$652,300	\$582,422
Other	\$432,044			\$474,933			\$442,767
SOLD PRICE PER SQUARE FOOT							
Single Family Residential	4	19	60	71	54	64	272
Less than \$100/SF			4	4	2	3	13
\$100/SF-\$199/SF		1	13	21	20	28	83
\$200/SF-\$299/SF	2	10	29	34	27	27	129
\$300/SF-\$399/SF		5	12	10	5	1	33
\$400/SF+	2	3	2	2		5	14
Townhouse		5	13	3			21
\$100/SF-\$199/SF		1	7	1			9
\$200/SF-\$299/SF		4	6	2			12
Condo/Co-op		14	7	5	5		31
Less than \$100/SF			1				1
\$100/SF-\$199/SF			1	2	3		6
\$200/SF-\$299/SF		11	5	3	2		21
\$300/SF-\$399/SF		3					3
Multi-Family (2-4 Unit)			3	3		3	9
\$100/SF-\$199/SF			1			2	3
\$200/SF-\$299/SF			2	2		1	5
\$300/SF-\$399/SF				1			1
Other	3			1			4
Less than \$100/SF	3						3
\$200/SF-\$299/SF				1			1
Total	7	38	83	83	59	67	337

Source: Redfin, and RKG Associates, Inc., 2023

2. Home Sale Characteristics

In terms of the physical characteristics of the sold homes, single-family homes between 1,000 and 1,500 square feet usually have two bedrooms, and townhomes between 1,500 and 2,000 square feet most typically have three bedrooms. Two-bedroom single-family homes average 1,616 square feet per unit, and two-bedroom townhouses average 1,738 square feet. The average size of a three-bedroom single-family home is 2,182 square feet, and 1,590 square feet for a three-family townhome according to Redfin.com.

Durham’s future owner-occupied workforce housing should be similar to homes of these sizes. In addition, as previously discussed, homes both built and sold in Durham in recent years are becoming larger, with the average size of single-family homes sold since March 2020 in Durham being above 2,500 square feet. These larger homes most likely do not meet the workforce housing affordability requirements to be affordable for four-person households earning at or below 100% of AMI with a sale price of at least \$200 per square foot. Townhomes and condos/co-ops sold during this time have smaller sizes than single-family homes, averaging between 1,600 and 1,700 square feet (Table 3-4). Similarly, the future workforce housing that Durham plans for most likely should also have two bathrooms according to the

Table 3-4
Number of Homes Sold Since March 2020 by Bedroom Count and Size
Town of Durham, NH

	1 Bed	2 Beds	3 Beds	4 Beds	5+ Beds	N/A	Total
Single Family Residential	1	19	86	128	38		272
Less than 1,000 SF	1	1	2				4
1,000 SF-1,499 SF		8	7	4			19
1,500 SF-1,999 SF		6	26	25	3		60
2,000 SF-2,499 SF		3	28	28	12		71
2,500 SF-2,999 SF			16	31	7		54
3,000 SF+		1	7	40	16		64
Average Size (SQFT)	880	1,616	2,182	2,724	2,975		2,504
Townhouse		7	14				21
1,000 SF-1,499 SF		2	3				5
1,500 SF-1,999 SF		3	10				13
2,000 SF-2,499 SF		2	1				3
Average Size (SQFT)		1,738	1,590				1,639
Condo/Co-op		15	15		1		31
1,000 SF-1,499 SF		10	3		1		14
1,500 SF-1,999 SF		3	4				7
2,000 SF-2,499 SF		1	4				5
2,500 SF-2,999 SF		1	4				5
Average Size (SQFT)		1,479	1,966		1,280		1,708
Multi-Family (2-4 Unit)				1	8		9
1,500 SF-1,999 SF				1	2		3
2,000 SF-2,499 SF					3		3
3,000 SF+					3		3
Average Size (SQFT)				1,995	2,691		2,614
Other				1		3	4
Less than 1,000 SF						3	3
2,000 SF-2,499 SF				1			1
Average Size (SQFT)				2,174			2,174
Total	1	41	115	130	47	3	337

Source: Redfin, and RKG Associates, Inc., 2023

types of homes that have been sold since March 2020 in the town and are similar to workforce housing in terms of prices and sizes (Table 3-5).

Table 3-5
Homes Sold Since March 2020 by Bathroom Count and Size
Town of Durham, NH

	0	1	1.5	2	2.5	3	3.5	4	4.5	5	6	Total
Single Family Residential	11	21	62	90	34	33	9	9	2	1		272
Less than 1,000 SF		3		1								4
1,000 SF-1,499 SF		4	4	11								19
1,500 SF-1,999 SF		4	10	29	10	5	1		1			60
2,000 SF-2,499 SF			5	15	41	5	3	2				71
2,500 SF-2,999 SF			2	6	27	9	5	2	3			54
3,000 SF+					12	15	24	5	5	2	1	64
Townhouse			4	5	12							21
1,000 SF-1,499 SF			2	3								5
1,500 SF-1,999 SF			2	2	9							13
2,000 SF-2,499 SF					3							3
Condo/Co-op			2	16	11	1	1					31
1,000 SF-1,499 SF			2	11	1							14
1,500 SF-1,999 SF				4	2		1					7
2,000 SF-2,499 SF					5							5
2,500 SF-2,999 SF				1	3	1						5
Multi-Family (2-4 Unit)				4		3		2				9
1,500 SF-1,999 SF				1		1		1				3
2,000 SF-2,499 SF				3								3
3,000 SF+						2		1				3
Other	3					1						4
Less than 1,000 SF	3											3
2,000 SF-2,499 SF						1						1
Total	3	11	27	87	113	39	34	11	9	2	1	337

Source: Redfin, and RKG Associates, Inc., 2023

D. RENTAL APARTMENT MARKET

1. Rental Market Inventory

The American Community Survey 2021 5-Year Estimates indicate that the Town of Durham had 1,176 renter-occupied units in 2021, 536 units (45.6%) were multi-family structures with five or more units. As Durham is home to the University of New Hampshire, the town’s rental market is predominately student housing focused. According to the 2023 Market and Demand Analysis for Graduate Student and Family Housing completed by the Jeffrey Donohoe Associates for the University of New Hampshire, most housing units in Durham “are rented on a per-bed or per-bedroom basis.” “When combined with larger unit sizes of up to six bedrooms, average monthly rent and average monthly rent per square foot are high.” This study also mentions that “within the Town of Durham, there are more than 1,200 rental units, supporting an estimated 4,300 beds.”

2. Off-Campus Student Rental Housing

Estimating how many rental housing units off-campus are student-occupied in Durham is difficult, as students scatter across all housing types off-campus in the town. Surveying smaller residences that are privately owned for this purpose is especially challenging. According to Durham’s and UNH’s knowledge,

anecdotally, many Accessory Dwelling Units (ADUs) attached to single-family homes and smaller residences are occupied by students, but there is no data as to how many such units are student-occupied. However, staff from the Town of Durham and the University of New Hampshire collaborated and updated the estimates of bed counts/occupants in off-campus student-occupied housing in December 2023. Note that this data only includes two ADUs. The consultants then utilized this data to estimate the number of students living in ADUs or other smaller residences that were not counted in the Durham/UNH student housing data. Note that according to Durham’s zoning regulations, no more than three unrelated persons can occupy an ADU.

Based on the data from the American Community Survey (ACS) 2020 5-Year Estimates and UNH, the consultant calculated that the number of UNH students living off-campus in Durham is 4,054. Note that as there is no 2023 data for UNH college/graduate school students living in Durham, the consultants used the Durham population enrolled in college/graduate school from ACS to approximate this number. Also note that though the latest data for Durham’s total population enrolled in college/graduate schools is as of 2021 according to ACS, the 2020 data is used in this study because it was gathered before most college students nationwide were ordered or urged to leave campus due to the Covid-19 pandemic. The 2020 data better reflects the college student population living in Durham in a normal situation, excluding much of the impacts of the COVID-19 pandemic. In addition, the latest data of UNH students living on the Durham campus is as of Fall 2023, which reflects a post-Covid situation that is not skewed by the pandemic as much.

According to the Town of Durham’s and UNH’s 2023 estimates, 3,883 occupants are living in major off-campus student-occupied housing in Durham (excluding boarding houses and fraternity/sorority housing, which are considered group quarters). This means that the remaining 171 students live off-campus in ADUs or smaller residences such as single-family homes or townhomes that were not counted by the Town and UNH in the estimates. Assuming an average of two students per unit (lower for ADUs and higher for single-family houses) the number of off-campus student-occupied ADUs/other smaller residences (excluding the two ADUs already counted by the Town of Durham and UNH) is approximately 85 units. Note that this is only a rough estimate and given the data limitation (there is no 2023 data for UNH college/graduate school students living in Durham), this result is subject to error (Table 3-6).

Table 3-6
Student Housing Estimates

Town of Durham, New Hampshire	
Durham Total Population Enrolled in College/Grad School (ACS 2020 5-Year)	10,666
UNH 2023 Total Durham On-Campus Student Population	6,612
Durham Off-Campus Student Population	4,054
Major Off-Campus Student Housing Occupants (Town of Durham/UNH data)	3,883
Off-Campus Students Living in ADUs/Other Small Residences	171
Off-Campus Student-Occupied ADUs/Other Small Residences	85

Source: American Community Survey, University of New Hampshire, Town of Durham, and RKG Associates, Inc., 2023

Using the findings from the 2023 Market and Demand Analysis for Graduate Student and Family Housing and Durham’s 2023 property assessment data, the consultants identified eight major rental apartment properties in Durham, all of which are student housing. They include Torrington Properties/Campus Flats (multiple sites), Madbury Commons, the Lodges at West Edge, University Downtown

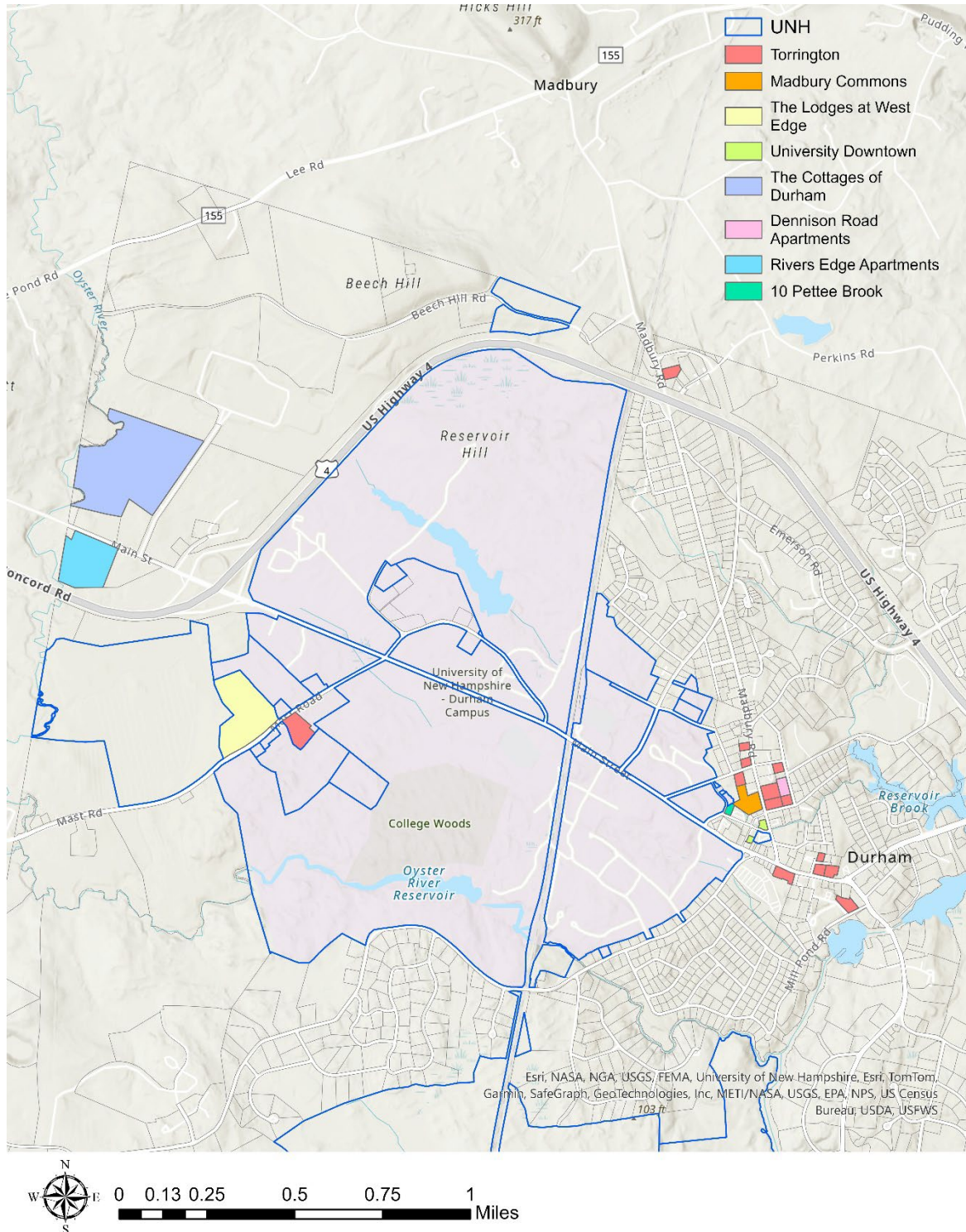
Table 3-7
Major Rental Study Housing Apartments
Town of Durham, NH

Name	Year Built	No. of Units	No. of Beds
Torrington Properties/Campus Flats	1920-2014	360	768
Madbury Commons	2015	185	732
The Lodges at West Edge	2014	142	460
University Downtown	2012	N/A	96
The Cottages	2012	141	619
Dennison Road Apartments	1947	26	71
Rivers Edge Apartments	2009	N/A	114
10 Pettee Brook	2013	N/A	68

Source: Town of Durham Property Assessment, 2023 Market and Demand Analysis for Graduate Student and Family Housing, CoStar, and RKG Associates, Inc., 2023

(Jenkins Court and 9 Madbury Road), the Cottages, the Dennison Road Apartments, Rivers Edge Apartments, and 10 Pettee Brook. These major apartments cluster west of the UNH campus and in the downtown area, totaling 2,928 beds (Table 3-7, Map 3-3).

Map 3-3
Location of Major Off-Campus Student Housing



3. Durham Apartment Rents

The 2023 Market and Demand Analysis for Graduate Student and Family Housing conducted by Jeffrey Donohoe Associates also interviewed property owners and managers of the major student housing apartments in Durham to survey rent rates and occupancy rates. According to this study, Torrington, the largest landlord in Durham, charges \$875 to \$950 per bed per month for its properties. In addition, Torrington currently has an agreement with UNH to have 50 beds reserved for graduate students at 260 Mast Road for \$800 per bed per month.

The 2023 Market and Demand Analysis for Graduate Student and Family Housing also mentioned that “Madbury Commons indicates that they were 98% pre-leased for the 2023/2024 academic year by the end of January 2023. All leases have guarantors.”

The consultants also obtain rental apartment data from CoStar, a U.S.-based provider of information, analytics, and marketing services to the commercial real estate property industry. Among the 16 rental apartment properties that CoStar tracks, only Madbury Commons and Dennison Road Apartments have detailed rent information. As Madbury Commons was built in 2015 as the newest rental student housing apartment in Durham, its rent levels most likely represent the top-of-the-market rent rates in the town (Table 3-8). Dennison Road Apartments, owned by the same party as Madbury Commons, likely represents rents at the lower range of the scale given it is one of the oldest complexes in Durham.

Table 3-8
Effective Rent, Madbury Commons and Dennison Road Apartments
Town of Durham, NH

Name	Avg Effective/Unit	Avg Effective/SF	Studio Effective Rent/Bed	1 Bedroom Effective Rent/Bed	2 Bedroom Effective Rent/Bed	3 Bedroom Effective Rent/Bed	4 Bedroom Effective Rent/Bed
Madbury Commons	\$4,538	\$4.76	\$0	\$0	\$1,130	\$1,130	\$1,130
Dennison Road Apartments	\$2,014	\$1.99	\$1,023	\$1,706	\$910	\$796	\$768

Source: CoStar Group, and RKG Associates, Inc., 2023

E. IMPLICATIONS

The Town of Durham’s housing market largely consists of older single-family homes built before 2000. However, since 2010, residential development interest has been shifting towards commercial student housing and assisted/independent senior living, as the town has seen more of these projects developed. Durham has also seen increasing densities in new housing developments. This is a positive trend for the potential for workforce housing development, which usually requires higher densities to achieve cost-effectiveness.

However, the data also suggests that Durham’s housing market has not been delivering new housing that meets the workforce housing affordability requirement nor is affordable to a broader section of the population in recent years. Newly constructed homes are becoming larger and are generally above 3,000 square feet, with an assessed improvement value above \$650,000, which is out of reach for most buyers, certainly for buyers of workforce housing.

In addition, Redfin data of past home sales since March 2020 in Durham resonates with this finding. It also shows that according to Durham’s current home sale market, if the Town wants to increase the supply of owner-occupied workforce housing units, they most likely should be single-family homes between 1,000 and 1,500 square feet or townhomes between 1,500 and 2,00 square feet with two bedrooms and two bathrooms. The sale price will likely be around \$200/SF.

In addition, the town's rental market is dominated by college students and student housing, which usually charge around \$1,000 per bed per month. This means that rents would be around \$3,000 to \$4,000 per unit monthly. This has made affordable rental options available to non-student renters very minimal in Durham, if any. Also, as almost all multi-family apartments in Durham are exclusively student housing, these non-student rental options are most likely in ADUs and smaller residences such as older single-family homes with limited amenities. The Town needs to actively increase the supply of rental options affordable to three-person non-student households earning at or below 60% of AMI if it wishes to expand opportunities for the workforce to live here. The most cost-effective approach to lower development cost per unit is to build higher-density multi-family apartments.

DRAFT

4 HOUSING AFFORDABILITY GAP ANALYSIS

A. METHODOLOGY

The consultants analyzed the housing affordability equilibrium in the Town of Durham and its four census tracts to understand any gap or surplus of housing supply for households at different household income levels. This was done by comparing Durham’s household incomes to the town’s housing costs and calculating the town’s housing supply and demand mismatch. This section enables the consultants and readers to further understand Durham’s level of housing affordability and where the housing shortage exists in terms of price points and income levels. The consultants utilized the latest available U.S. Census American Community Survey (ACS) 2021 5-Year Estimates to obtain the home values, gross rents, and household incomes by tenure data. Although the older census data does not always track current market values and income levels, they are the only reliable source for this detailed housing and income data.

The consultants converted the household incomes into Area Median Income (AMI) levels set by the U.S. Department of Housing and Urban Development (HUD) and calculated the number of households at each AMI level, as well as the number of housing units that are affordable for households within the Town’s AMI ranges (Table 4-1). It should be noted that “affordable” here is defined as the members of a household paying no more than 30% of their annual household income on housing costs. For homeowners, housing costs include mortgage payments, private mortgage insurance costs, real estate taxes, insurance costs, and condominium fees (for condominium owners only). For renters, housing costs include both gross rent and utility costs. Note that New Hampshire’s Workforce Housing Law (RSA 674:58-61) defines workforce housing as homes affordable to four-person owner households earning at or below 100% of AMI, and rental units affordable to three-person renter households earning at or below 60% of AMI. Therefore, these AMI thresholds are examined in this study as the State’s future housing production projections emphasize the development of workforce housing for municipalities. In addition, 60% of AMI is used instead of 50% of AMI as a threshold for renter households.

Table 4-1

**HUD Area Median Income (AMI) Limits
Town of Durham, New Hampshire**

AMI Threshold	Owner Household (4-Person)	
	Lower Limit	Upper Limit
FY2016		
Extremely Low Income and Below	\$0	\$25,000
Extremely Low Income-50% of AMI (Very Low Income)	\$25,001	\$41,700
51%-80% of AMI (Low Income)	\$41,701	\$65,700
81%-100% of AMI	\$65,701	\$83,400
101%-120% of AMI	\$83,401	\$100,080
121% of AMI and Above	\$100,081	
FY2021		
Extremely Low Income and Below	\$0	\$32,000
Extremely Low Income-50% of AMI (Very Low Income)	\$32,001	\$53,300
51%-80% of AMI (Low Income)	\$53,301	\$79,900
81%-100% of AMI	\$79,901	\$106,600
101%-120% of AMI	\$106,601	\$127,920
121% of AMI and Above	\$127,921	

Source: Department of Housing and Urban Development (HUD) & RKG Associates, Inc., 2023

**HUD Area Median Income (AMI) Limits
Town of Durham, New Hampshire**

AMI Threshold	Renter Household (3-Person)	
	Lower Limit	Upper Limit
FY2016		
Extremely Low Income and Below	\$0	\$22,500
Extremely Low Income-60% of AMI	\$22,501	\$45,060
61%-80% of AMI (Low Income)	\$45,061	\$59,150
81%-100% of AMI	\$59,151	\$75,100
101%-120% of AMI	\$75,101	\$90,120
121% of AMI and Above	\$90,121	
FY2021		
Extremely Low Income and Below	\$0	\$28,800
Extremely Low Income-60% of AMI	\$28,801	\$57,600
61%-80% of AMI (Low Income)	\$57,601	\$71,950
81%-100% of AMI	\$71,951	\$96,000
101%-120% of AMI	\$96,001	\$115,200
121% of AMI and Above	\$115,201	

Source: Department of Housing and Urban Development (HUD) & RKG Associates, Inc., 2023

The analysis compares housing supply and demand and calculates the gaps/surplus between housing unit supply and the number of households at each AMI level in the four submarkets. As the *NH RSA 674:58-61* and the Fair Share Housing Production Model used 3-person households for renters, and 4-person households for owners, this section also follows the same assumption. The AMI levels vary by the size of the household, so the more people in the household, the higher the household income level. The difference in the AMI thresholds between 2016 and 2021 is largely a reflection of the impact of inflation on the median household income levels over the five years.

B. HOUSING DEMAND BY AREA MEDIAN INCOME (AMI)

In the Town of Durham, owner households concentrate more towards the upper end of the income range, with 67.1% of them earning above 100% of AMI in 2021 and only 10.7% earning at or below 50% of AMI (categorized as very low income). In comparison, the majority of the Town's renter households cluster on the lower end of the income ladder, with 77.5% earning at or below 60% of AMI in 2021, totaling 912 households in the Town. This is not surprising as Durham is home to the University of New Hampshire, and college students have a significant presence, especially among the Town's renter households. The data also suggests that the Town's homeowners mainly consist of higher-income households. This distribution varies on the Census Tract level (Map 4-1), which will be discussed below. Note that the inclusion of "4-person" and "3-person" in the table is only a reference to the income thresholds given in Table 4-1 and not to the actual size of the Durham households.

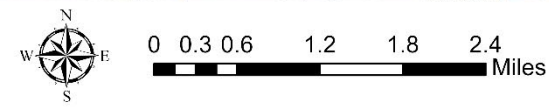
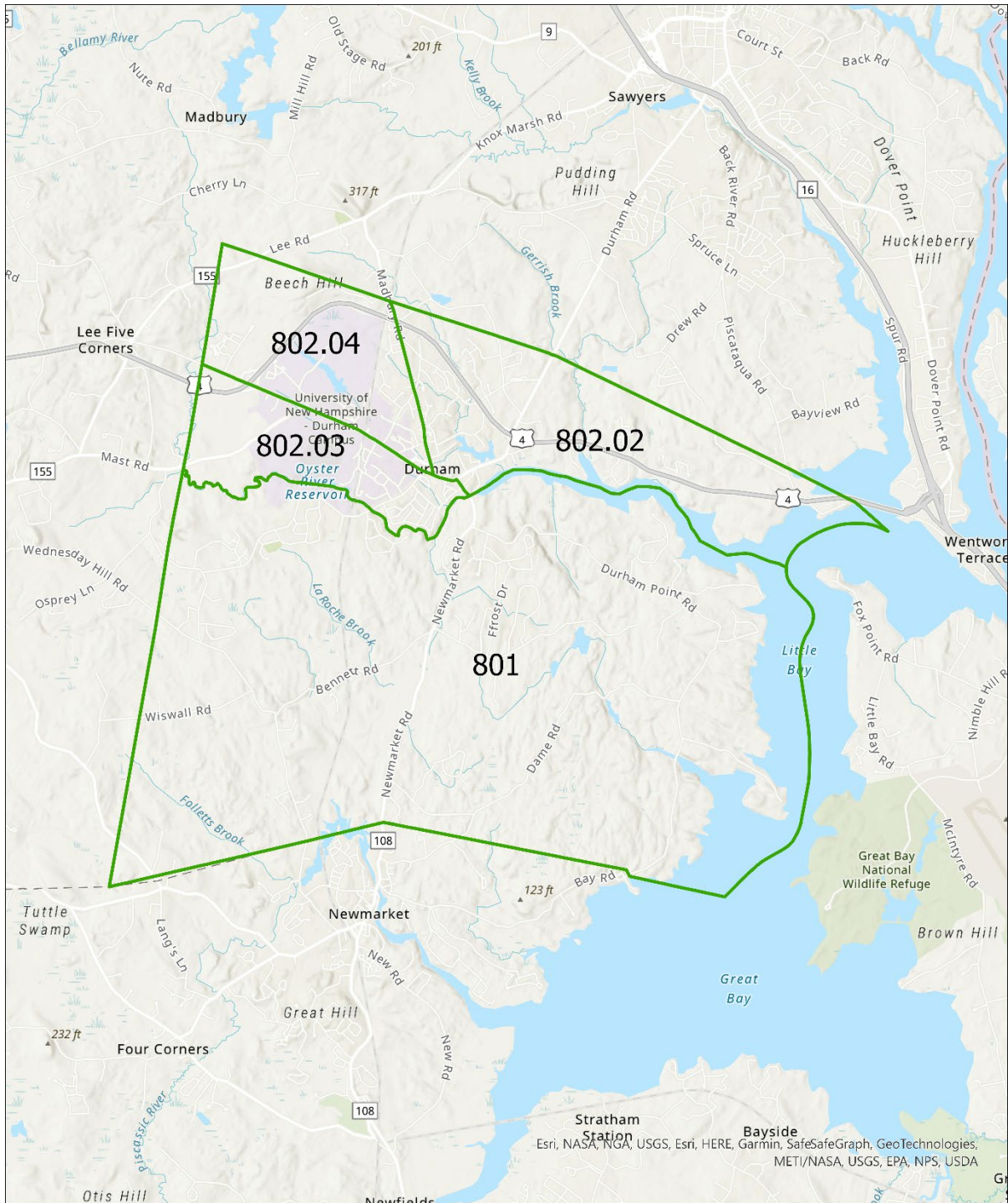
Table 4-2

Household by Tenure by HUD AMI Income Threshold Town of Durham, New Hampshire (2016 and 2021 ACS Estimates)			Household by Tenure by HUD AMI Income Threshold Town of Durham, New Hampshire		
AMI Threshold	Owner Household (4-Person)		AMI Threshold	Renter Household (3-Person)	
	Count	Percent		Count	Percent
2016			2016		
Total	1,834	100.0%	Total	1,400	100.0%
Extremely Low Income and Below	31	1.7%	Extremely Low Income and Below	659	47.1%
Extremely Low Income to 50% of AMI (Very Low Income)	99	5.4%	Extremely Low Income to 60% of AMI	378	27.0%
51%-80% of AMI (Low Income)	218	11.9%	61%-80% of AMI (Low Income)	110	7.9%
81%-100% of AMI	193	10.5%	81%-100% of AMI	104	7.4%
101%-120% of AMI	182	9.9%	101%-120% of AMI	48	3.4%
121% of AMI and Above	1,111	60.6%	121% of AMI and Above	101	7.2%
2021			2021		
Total	1,728	100.0%	Total	1,176	100.0%
Extremely Low Income and Below	100	5.8%	Extremely Low Income and Below	547	46.5%
Extremely Low Income to 50% of AMI (Very Low Income)	85	4.9%	Extremely Low Income to 60% of AMI	365	31.0%
51%-80% of AMI (Low Income)	184	10.6%	61%-80% of AMI (Low Income)	91	7.7%
81%-100% of AMI	198	11.5%	81%-100% of AMI	50	4.3%
101%-120% of AMI	158	9.1%	101%-120% of AMI	22	1.9%
121% of AMI and Above	1,003	58.0%	121% of AMI and Above	101	8.6%

Source: HUD AMI 2016-2021, ACS 2016-2021 Estimates, and RKG Associates, Inc., 2023

Source: HUD AMI 2016-2021, ACS 2016-2021 Estimates, and RKG Associates, Inc., 2023

Map 4-1
Town of Durham, NH Census Tracts



Source: U.S. Census, and RKG Associates, Inc., 2023

1. Census Tract 801

Note: We use census tracts for much of the analysis because the U.S. Census Bureau provides data by census tract. The tracts are established by the Census and may not delineate distinct sections of the town as coherently as a knowledgeable town planner would. However, this is the way that the information is provided so we do use the census tract data for part of the analysis.

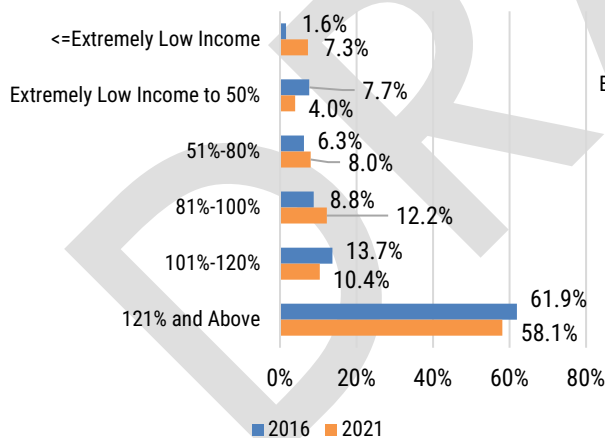
Census Tract 801 is the largest tract in Durham, covering most of the town’s rural areas. It had the second-largest number of households (918) in 2021, following Census Tract 802.02. 46.8% of Durham’s owner households lived in Census Tract 801 in 2021, which is the highest concentration across all census tracts in the town. This census tract also had the smallest number of renter households, only accounting for 9.3% of the town’s total. This is not surprising as college students have a significant presence among the town’s renter households, who usually prefer to live closer to the University of New Hampshire campus and in areas with more urban characteristics. In addition, this tract saw a decline in both owner and renter households between 2016 and 2021.

In 2021, this census tract had 255 owner-households earning at or below 100% of the AMI (31.5%), which is the largest number of owner-workforce households in Durham. In addition, renter household incomes in Census Tract 801 are declining, with 69.7% of its renter households earning at or below 80% of AMI, compared to 47.6% in 2016. It also had 59 renter households earning at or below 60% of AMI in 2021, accounting for 54.1% of the total. However, it still had 26.6% of renter households earning above 100% of AMI in 2021, the highest share across all census tracts (Figure 4-1).

Figure 4-1

Owner Household by HUD Area Median Income Limit, 2016-2021

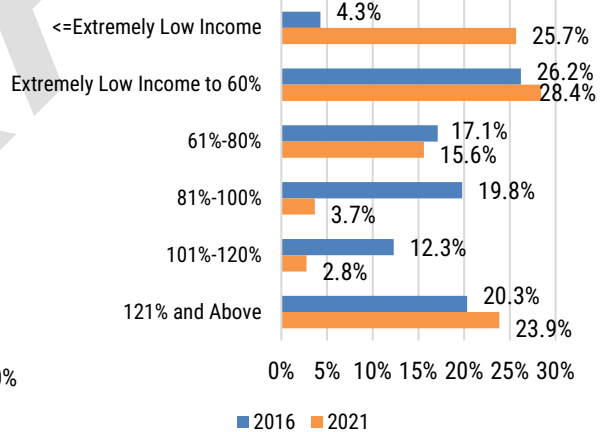
Census Tract 801, Town of Durham, NH



Source: ACS, HUD, and RKG Associates, Inc., 2023

Renter Household by HUD Area Median Income Limit, 2016-2021

Census Tract 801, Town of Durham, NH



2. Census Tract 802.02

Census Tract 802.02 had the largest number of households (959) in 2021. It had 587 owner-occupied households in 2021 (34.0% of the total), the second highest concentration in the town, rising from 564 in 2016. It also had 372 renter households, accounting for 31.6% of the total, the highest concentration of renter residents in 2021. However, this figure is lower than its 2016 renter household count of 488.

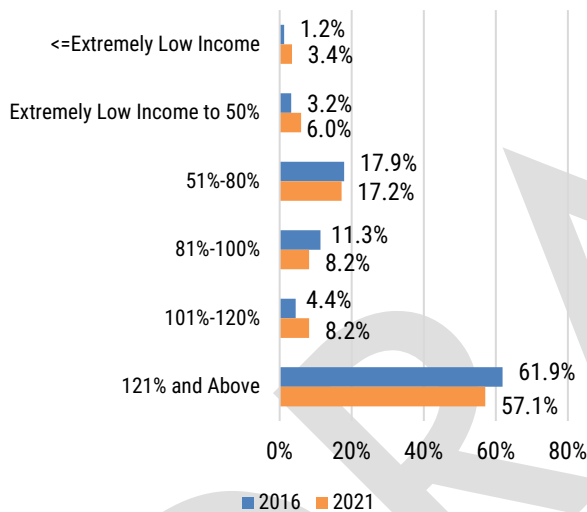
Its owner household's growth occurred for those earning at or below 50% of the AMI and between 100% and 120% of the AMI between 2016 and 2021, suggesting polarization of income levels. This census tract also has 204 owner households earning at or below 100% of AMI (34.8% of the total) in 2021, which is the second largest owner workforce household population in Durham, following Census Tract 801.

On the rental side, Census Tract 802.02 also saw 84.4% of its renter households (314 renter households) earning at or below 60% of the AMI in 2021, the largest share and number of low-income renter households potentially needing workforce housing among all census tracts, increasing from 80.3% in 2016. This is likely because UNH students who live off-campus, who usually have very low or no income, tend to rent in this neighborhood as it is close to the UNH campus. (Figure 4-2).

Figure 4-2

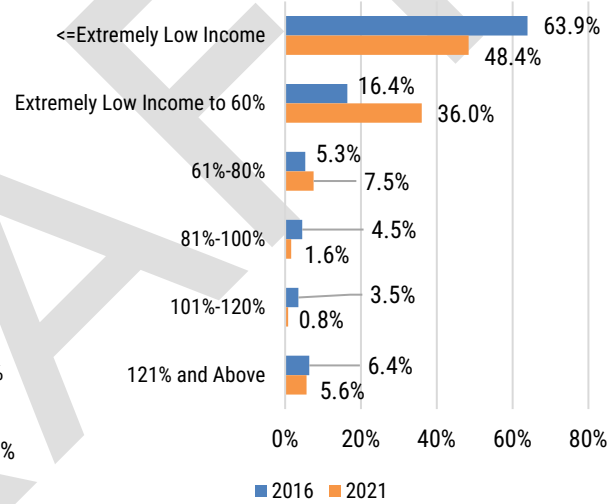
Owner Household by HUD Area Median Income Limit, 2016-2021

Census Tract 802.02, Town of Durham, NH



Renter Household by HUD Area Median Income Limit, 2016-2021

Census Tract 802.02, Town of Durham, NH



Source: ACS, HUD, and RKG Associates, Inc., 2023

3. Census Tract 802.03

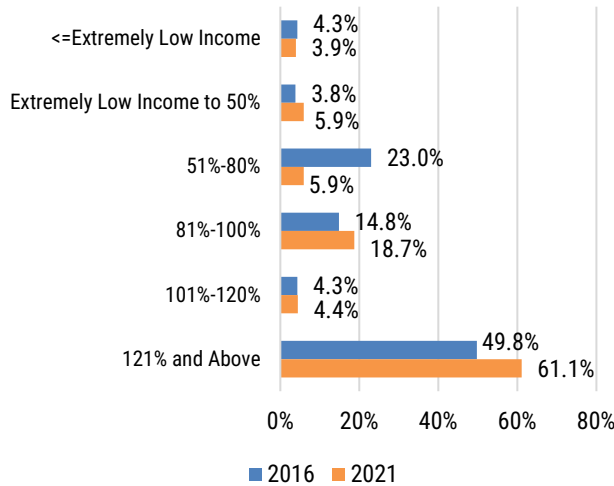
Census Tract 802.03 overlaps with the southern portion of the UNH campus and saw a decline in both its renter and owner households between 2016 and 2021. This census tract had 70 owner households earning at or below 100% of AMI, which is 34.5% of the total owner households in this tract in 2021.

On the rental side, this census tract had 337 renter households in 2021. It also had the third-largest share (78.3%) and number (264 renter households) of low-income renter households earning at or below 60% of AMI, most likely suggesting a cluster of college student renters in this tract in addition to Census Tract 802.02. However, the only growth of both renter and owner households occurred in the upper-income ranges above 100% of AMI (Figure 4-3).

Figure 4-3

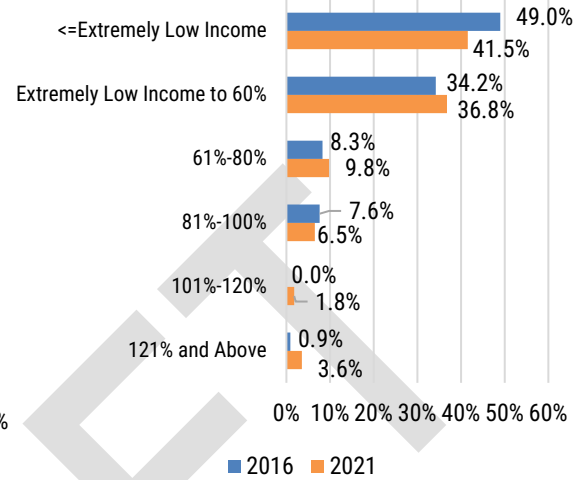
Owner Household by HUD Area Median Income Limit, 2016-2021

Census Tract 802.03, Town of Durham, NH



Renter Household by HUD Area Median Income Limit, 2016-2021

Census Tract 802.03, Town of Durham, NH



Source: ACS, HUD, and RKG Associates, Inc., 2023

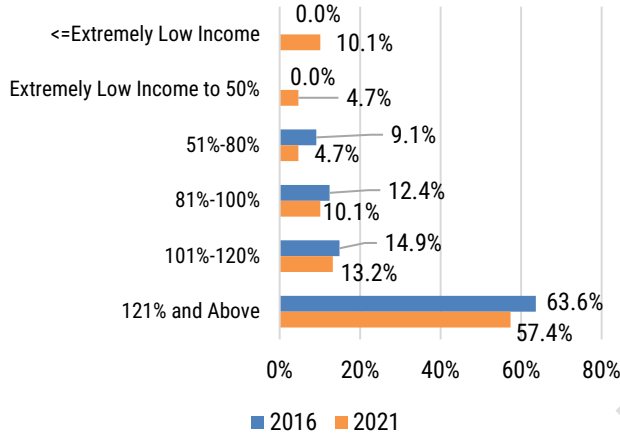
4. Census Tract 802.04

Census Tract 802.04 overlaps with the northern portion of the UNH campus. It saw growth in both its renter and owner households between 2016 and 2021. It only had 129 owner households in 2021, the smallest presence in the town, accounting for 7.5% of Durham’s total. This census tract also had 38 owner households earning at or below 100% of AMI in 2021, which is 29.5% of the total. However, proportionally more owner households in this tract have high incomes, as this tract had the highest percentage (70.5%) of owner households and the second largest share (14.5%) of renter households earning above 100% of AMI in 2021.

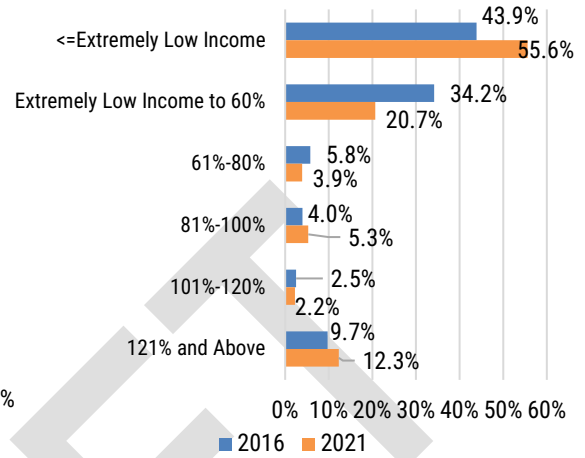
Census Tract 802.04 had 358 renter households in 2021, accounting for 30.4% of the town’s total renter households, which is the second-highest share. In addition, it had 76.3% of its renter households earning at or below 60% of AMI in 2021, which is 273 renter households potentially in need of rental workforce housing, the second largest number of such population across census tracts, following in Census Tract 802.02. Household growth between 2016 and 2021 occurred for those earning at or below 50% of AMI among owner households, while on both sides (extremely low income and below as well as above 80% of AMI) of the income ladder for renter households in this census tract. This suggests a polarization of income levels among renter households, as well as an increase of low-income owner households in Census Tract 802.04 between 2016 and 2021 (Figure 4-4).

Figure 4-4

Owner Household by HUD Area Median Income Limit, 2016-2021
Census Tract 802.04, Town of Durham, NH



Renter Household by HUD Area Median Income Limit, 2016-2021
Census Tract 802.04, Town of Durham, NH



Source: ACS, HUD, and RKG Associates, Inc., 2023

C. HOUSING SUPPLY BY AMI

The consultants researched current home mortgage rates and provided both the FHA lending and conventional lending scenarios. The residential condominium units were also parsed out and estimated based on Durham's 2023 property assessment data, which suggests that condominium units account for around 8.8% of ownership homes in the town (Table 4-3).

The consultants also referred to New Hampshire Housing's 2023 utility allowance schedule for a two-bedroom unit in an apartment for Strafford County to estimate the monthly utility costs and subtracted the utility costs when calculating the maximum affordable monthly rates. According to this calculation, rental workforce housing should charge no more than \$990 per month, which is the maximum rent affordable to a three-person household earning at or below 60% of AMI (\$57,600 annually) (Table 4-4, Figure 4-5).

Table 4-3

Owner-Occupied Housing Units by HUD AMI Income Threshold, ACS 2021 5-Year Estimates
Town of Durham, New Hampshire

AMI Threshold	Upper Income Limit	FHA BUYER						CONVENTIONAL BUYER					
		Single Family			Condo			Single Family			Condo		
		Max. Home Value	Count	Percent	Max. Home Value	Count	Percent	Max. Home Value	Count	Percent	Max. Home Value	Count	Percent
Total			1,575	91.2%		153	8.8%		1,575	91.2%		153	8.8%
Extremely Low Income and Below	\$32,000	\$100,882	29	1.8%	\$53,288	3	2.0%	\$123,217	38	2.4%	\$63,136	3	2.0%
Extremely Low Income to 50% of AMI (Very Low Income)	\$53,300	\$168,031	62	3.9%	\$120,438	1	0.7%	\$205,233	83	5.3%	\$145,152	1	0.7%
51%-80% of AMI (Low Income)	\$79,900	\$251,889	101	6.4%	\$204,296	8	5.2%	\$307,657	221	14.0%	\$247,576	14	9.2%
81%-100% of AMI	\$106,600	\$336,063	281	17.8%	\$288,469	15	9.8%	\$410,466	474	30.1%	\$350,385	34	22.2%
101%-120% of AMI	\$127,920	\$403,275	310	19.7%	\$355,682	28	18.3%	\$492,559	377	23.9%	\$432,478	37	24.2%
121% of AMI and Above			792	50.3%		98	64.1%		382	24.3%		64	41.8%

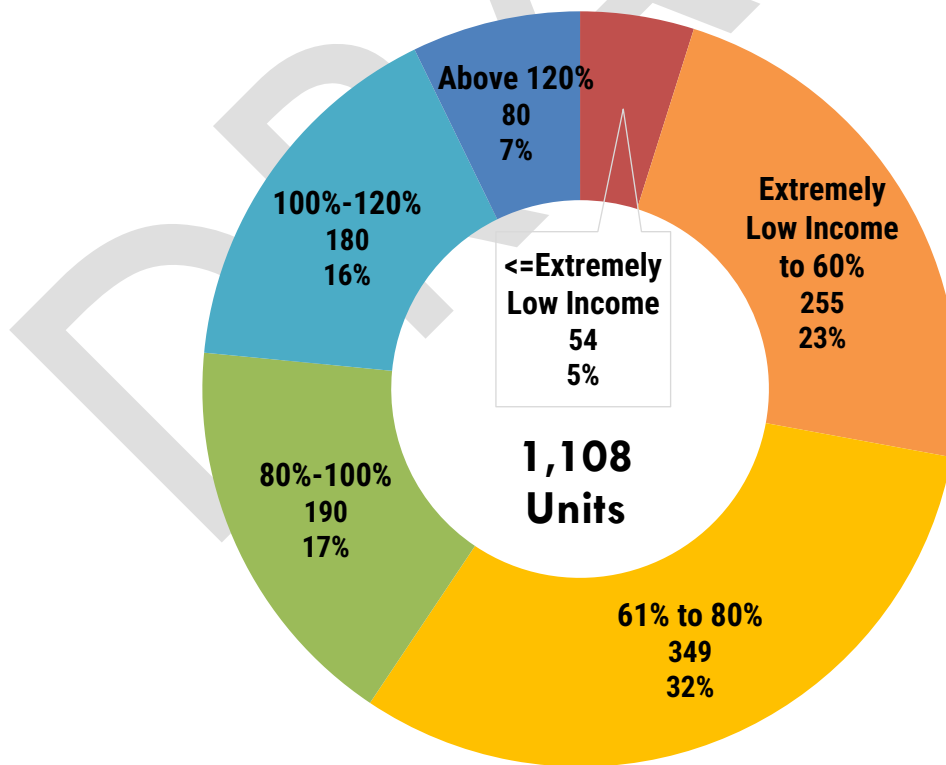
Source: American Community Survey 5-Year Estimates 2021, HUD, Town of Durham, Bankrate.com, Zillow, and RKG Associates, 2023

Table 4-4
Renter-Occupied Housing Units (with Cash Rents) by HUD AMI Income Threshold
Town of Durham, New Hampshire (ACS 2021 5-Year Estimates)

AMI Threshold	Upper Income Limit	Max. Affordable Monthly Rent	Renter-Occupied Units	
			Count	Percent
Total			1,108	100.0%
Extremely Low Income and Below	\$28,800	\$270	54	4.9%
Extremely Low Income to 60% of AMI	\$57,600	\$990	255	23.0%
61%-80% of AMI (Low Income)	\$71,950	\$1,349	349	31.5%
81%-100% of AMI	\$96,000	\$1,950	190	17.1%
101%-120% of AMI	\$115,200	\$2,430	180	16.2%
121% of AMI and Above		\$2,694+	80	7.2%

Source: HUD, ACS 2021 Estimates, and RKG Associates, Inc., 2023

Figure 4-5
Rental Housing Supply by HUD AMI
(2021 ACS 5-Year Estimates)
Town of Durham, NH



Source: ACS, HUD, and RKG Associates, Inc., 2023

Roughly 59.4% of the town's 1,108 renter-occupied units were priced affordable for households earning at or below 80% of AMI in 2021. Among them, only 27.9% (309 units) met the workforce housing definition and were priced affordable for three-person renter households earning at or below 60% of the AMI in Durham by charging no more than \$990 monthly. In comparison, 23.4% of the rental occupied units were priced appropriately for households earning above 100% of the AMI in Durham in 2021, totaling 260 units. These figures in Table 4-4 are the numbers of rental units in Durham based on the rent levels for the entire dwelling unit (rather than rents per bed or occupant).

On the ownership side, only 30.0% of the single-family homes (473 units) and 17.6% of the condos (27 units) in Durham were priced at no more than \$336,063, which is affordable for four-person households earning at or below 100% of AMI in the FHA buying scenario and considered to meet the definition of workforce housing. This totals 500 homes (28.9% of the total) that meet New Hampshire's workforce housing affordability requirement in the FHA scenario in Durham in 2021. In comparison, 50.3% of the single-family homes were priced appropriately for those earning above 120% of the AMI in the FHA buying scenario in 2021.

In the conventional buying scenario, 51.8% of the occupied single-family homes (816 homes) and 34.0% of the condominiums (52 units) met the workforce housing definition, priced affordable for those earning at or below 100% of AMI in the town in 2021, totaling 868 homes. The conventional scenario assumes that the borrower puts down a 20% downpayment and the FHA scenario assumes only a 3.5% downpayment.

D. HOUSING SUPPLY-DEMAND GAP

After subtracting the number of households (demand) from the number of ownership homes (supply), the differences show where the shortage or surplus of housing units is for the different income ranges among the census tracts in Durham. As the FHA lending scenario is more common for home buying, it will be further discussed for the ownership home supply-demand analysis. Across census tracts, supply-demand gaps exist for both the lower-priced and higher-priced rental units, which is commonly seen in many communities.

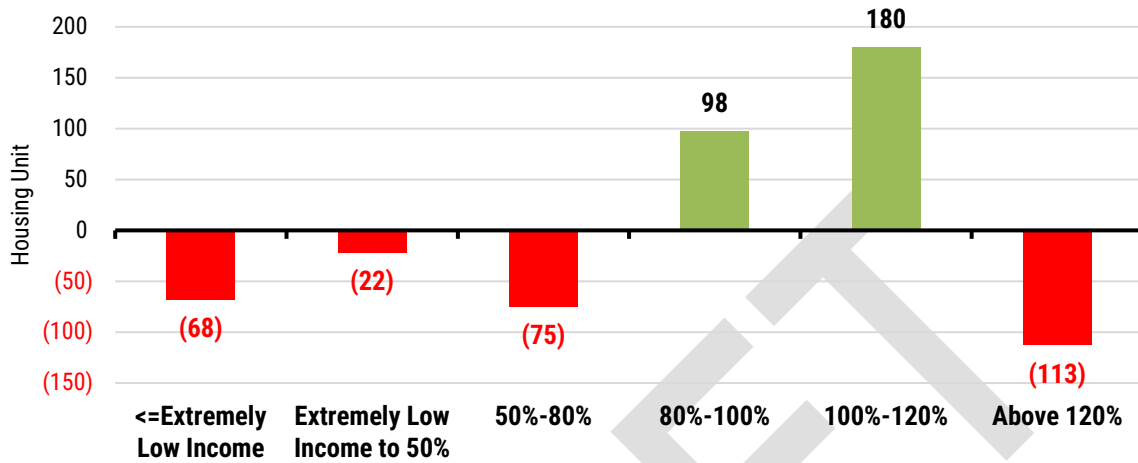
1. Town of Durham

Durham's housing affordability gap exists among both lower-value and higher-value units for both rental units and ownership homes. In the FHA homebuying scenario, there is a shortage of 165 homes for households earning at or below 80% of the AMI, and 113 homes for those earning above 120% of the AMI. In addition, Durham has a shortage of 67 workforce housing homes for four-person owner households earning at or below 100% of AMI in the FHA scenario. This indicates that Durham needs more home price diversity, especially in both the lower and upper ends of the price range (Figure 4-6).

On the rental side for units with cash rents, there is a shortage of 603 rental workforce housing units that are affordable for three-person renter households earning at or below 60% of AMI. This is not surprising as college students have a noticeable presence among renters in Durham, where, anecdotally, most rental units cater to the student population. Though college students tend to have low or no incomes, they are anecdotally able to pay market-rate rents with the financial support of their parents.

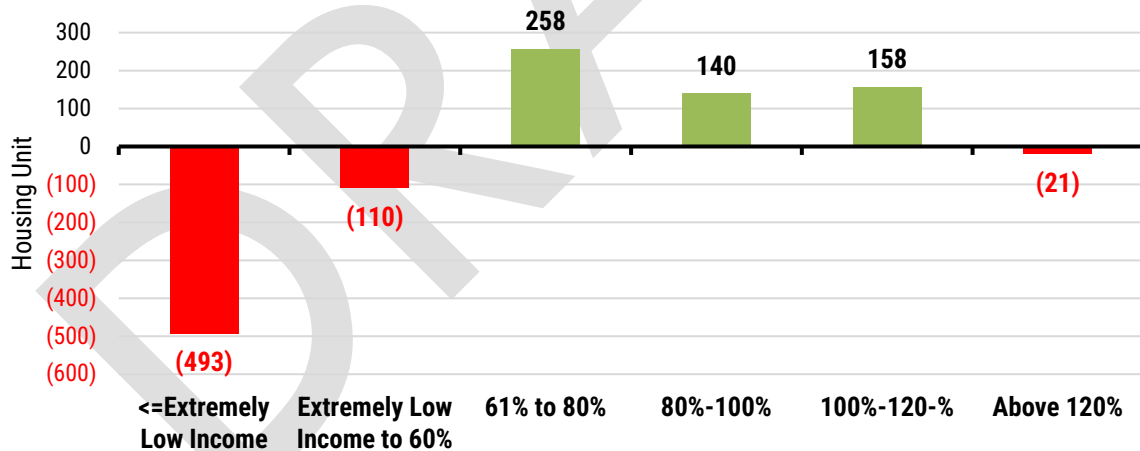
However, this usually means that low-income renters who are not students tend to have very limited rental options that are affordable in college towns like Durham, as landlords would usually prefer to rent to students at market rates. This suggests that the town needs more rental units priced affordable for renter households at the lower end of the income ladder, especially non-student households (Figure 4-7).

Figure 4-6
Ownership Housing Supply/Demand Equilibrium by HUD Income Threshold; FHA (2021)
Town of Durham, NH



Source: ACS, HUD, and RKG Associates, Inc., 2023

Figure 4-7
Rental Housing Supply/Demand Equilibrium by HUD Income Threshold (2021)
Town of Durham, NH



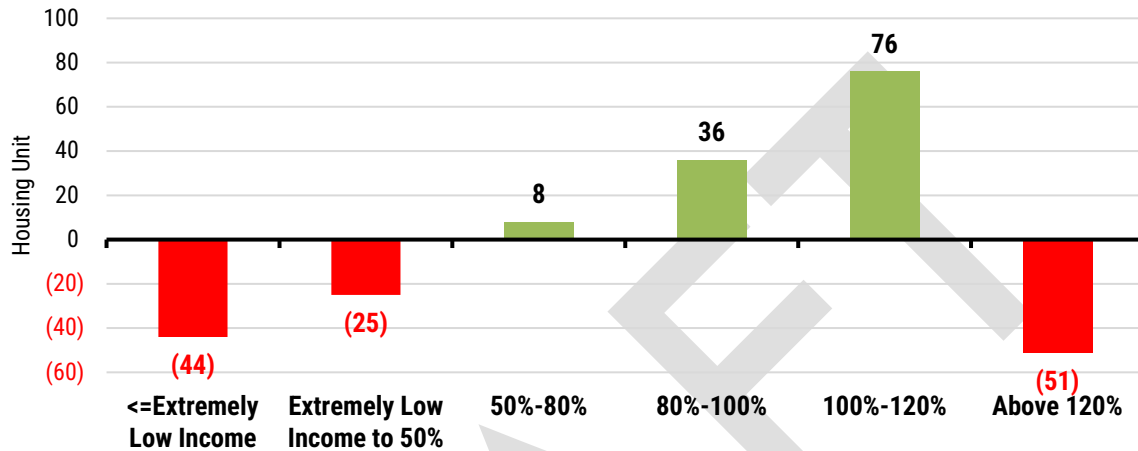
Source: ACS, HUD, and RKG Associates, Inc., 2023

2. Census Tract 801

The housing supply-demand gap exists for both lower- and higher-value ownership homes in Census Tract 801. It also has a shortage of 25 ownership workforce housing units that were priced affordable for four-person households earning at or below 100% of AMI in 2021. In addition, it has the largest shortage of homes priced affordable for households earning at or below 50% of AMI (69 units) and the second largest shortage of homes priced for those earning above 120% of AMI (51 units) across all census tracts. This indicates a potential market for new higher-priced homes that could ease the

competition for moderate-income units and a need for more homes priced affordable for households earning at or below 50% of AMI in this census tract. (Figure 4-8).

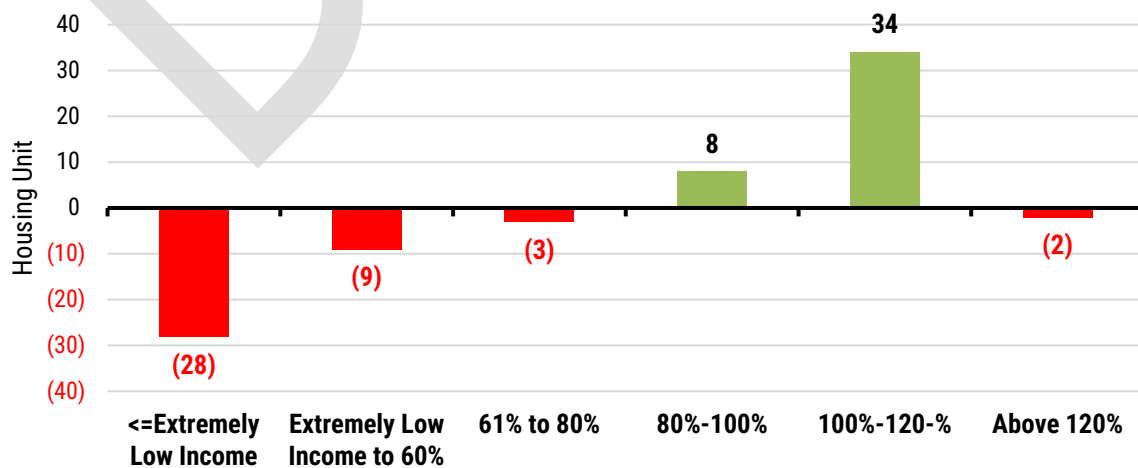
Figure 4-8
Ownership Housing Supply/Demand Equilibrium by HUD Income Threshold; FHA (2021)
 Census Tract 801, Town of Durham, NH



Source: ACS, HUD, and RKG Associates, Inc., 2023

On the rental side, there is a deficit of 37 workforce housing units for households earning at or below 60% of AMI and a deficit of two units for the highest-income households. 54.1% of renter households earned at or below 60% of AMI in 2021 in Census Tract 801, totaling 59 households, while only 22 of the rental units were priced affordable for this income range (Figure 4-9).

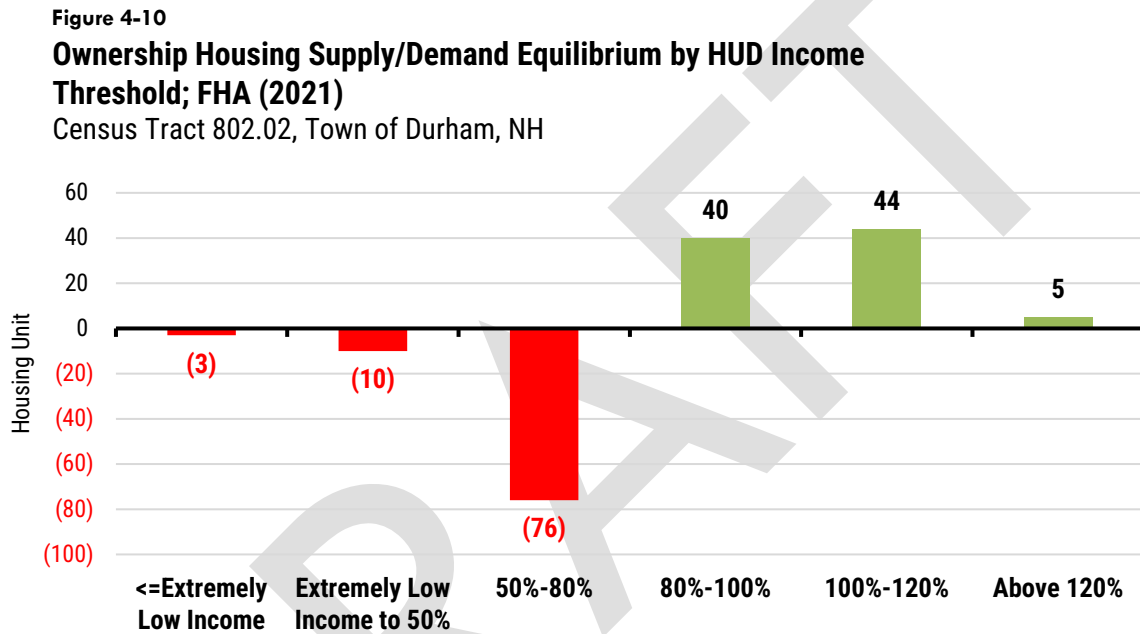
Figure 4-9
Rental Housing Supply/Demand Equilibrium by HUD Income Threshold (2021)
 Census Tract 801, Town of Durham, NH



Source: ACS, HUD, and RKG Associates, Inc., 2023

3. Census Tract 802.02

The housing supply-demand gap exists for lower-value homes in Census Tract 802.02. There is a shortage of 49 ownership workforce housing units affordable for four-person households earning at or below 100% of AMI in this census tract, the largest shortage across census tracts in Durham, followed by Census Tract 801. There is a gap of 89 homes for households earning at or below 80% of AMI, with 26.6% of owner households falling under this income range in 2021 in Census Tract 802.02, while only 11.4% of homes in this tract were priced affordable for this income range. This supply-demand gap for households earning at or below 80% of AMI is also the largest for ownership homes in the FHA buying scenario across all census tracts in Durham. In addition, this census tract is the only tract that does not have a shortage of higher-value homes across Durham (Figure 4-10).



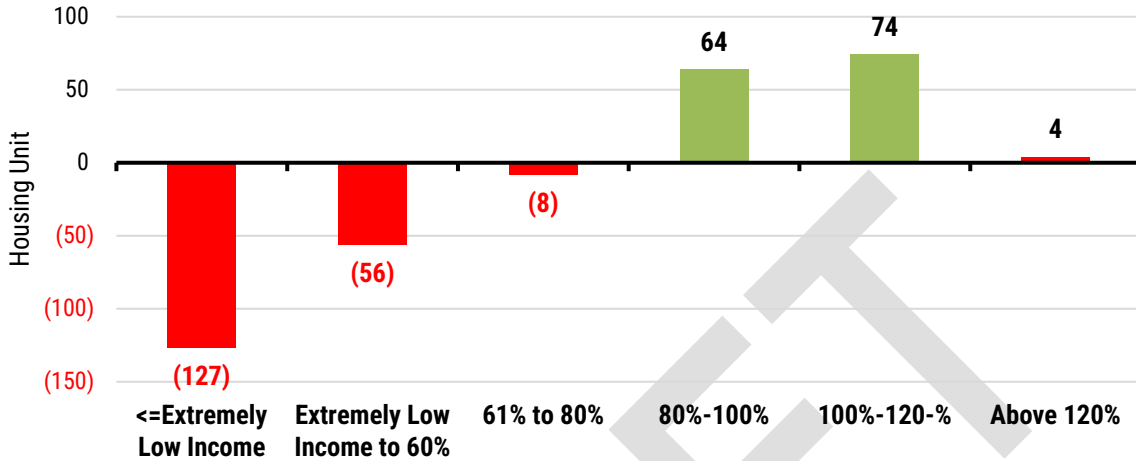
Source: ACS, HUD, and RKG Associates, Inc., 2023

There is a deficit of 183 rental workforce housing units priced affordable for households earning at or below 60% of AMI, as well as a shortage of four units for those earning above 120% of AMI. The shortage of workforce housing units in Census Tract 802.02 is the second largest across census tracts in 2021, following Census Tract 802.04. There were 314 renter households earning at or below 60% of AMI in Durham in 2021 in Census Tract 802.02, while merely 131 rental units were priced affordable for this income range. This is not surprising because as discussed above, college students have a noticeable presence among renters, especially in this census tract. In addition, college students can usually afford higher rents with the financial support of their parents. This makes the rental market extra competitive for non-student lower-income households.

This suggests that the town should create additional rental workforce housing units that charge no more than \$990 monthly in this census tract. In addition, many of these units should cater to non-student households (Figure 4-11).

Figure 4-11
Rental Housing Supply/Demand Equilibrium by HUD Income Threshold
(2021)

Census Tract 802.02, Town of Durham, NH



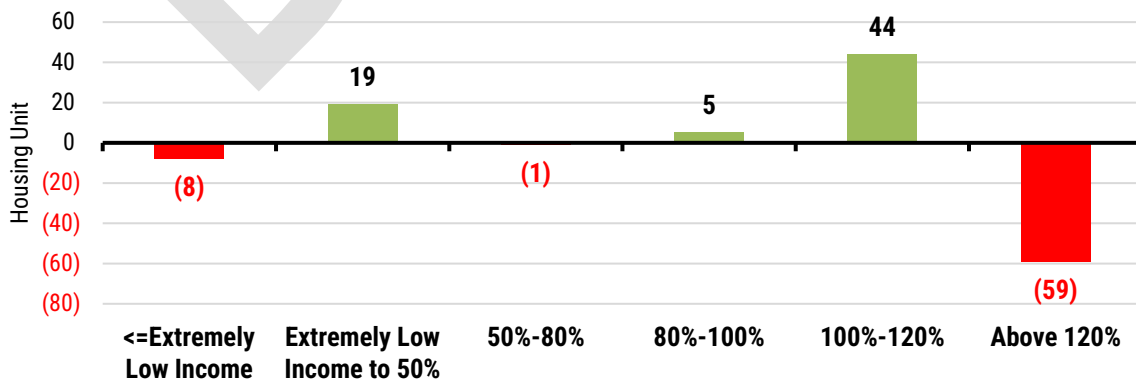
Source: ACS, HUD, and RKG Associates, Inc., 2023

4. Census Tract 802.03

The housing supply-demand gap exists for homes on both sides of the price spectrum in Census Tract 802.03. However, unlike other census tracts in Durham, there is no shortage but instead, a surplus of 15 workforce homes in Census Tract 802.03 in 2021 in the FHA buying scenario. The most noticeable gap is a shortage of 59 homes for the highest-income owners earning above 120% of AMI, which is the largest gap of homes for this income range in Durham. This indicates a potential market for new higher-priced homes that could ease the competition for moderate-income units. Around 61.1% of owner households earned above 120% of AMI in this census tract in 2021 while 32.0% of homes were priced appropriately for households in this income bracket in the FHA scenario in Census Tract 802.03 (Figure 4-12).

Figure 4-12
Ownership Housing Supply/Demand Equilibrium by HUD Income
Threshold; FHA (2021)

Census Tract 802.03, Town of Durham, NH



Source: ACS, HUD, and RKG Associates, Inc., 2023

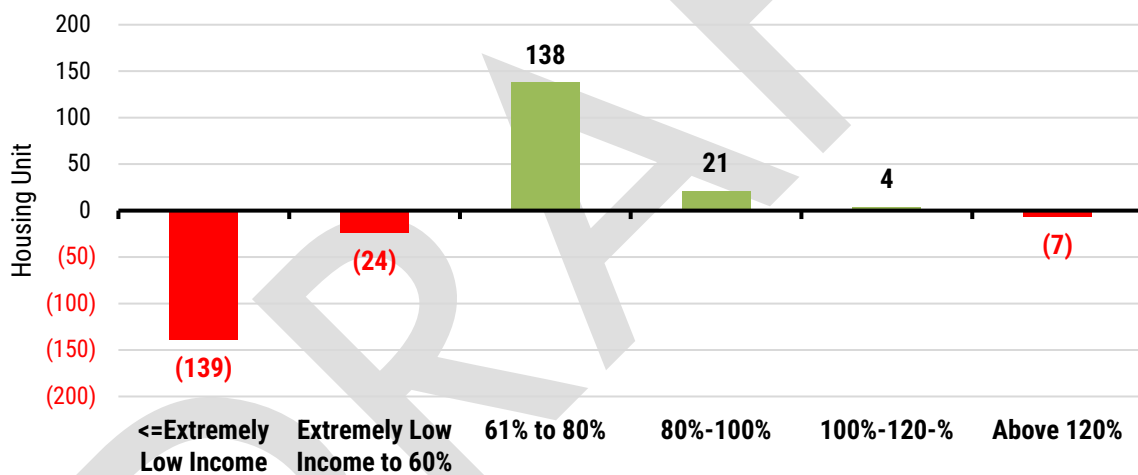
On the rental side, Census Tract 802.03 has a deficit of 163 rental workforce housing units priced affordable for three-person households. There were only 101 rental units priced affordable for 264 renter households earning at or below 60% of AMI in this census tract in 2021. It also has a shortage of seven rental units occurring at the top of the market.

As discussed above, renters tend to concentrate in Census Tracts 802.02, 802.03, and 802.04, and as college students have a significant presence among renters in Durham, the shortage of rental units for households earning at or below 60% of AMI in Census Tract 802.03 most likely highlights scarce rental options that are affordable for non-student renters in this income range. This is because college students can often pay for higher-priced rental units with the financial support of their parents.

This suggests that Durham should strive to include new rental units with rents no more than \$990 monthly, which is affordable for especially non-student households earning at or below 60% of AMI in Census Tract 802.03 in future housing developments (Figure 4-13).

Figure 4-13
Rental Housing Supply/Demand Equilibrium by HUD Income Threshold
(2021)

Census Tract 802.03, Town of Durham, NH

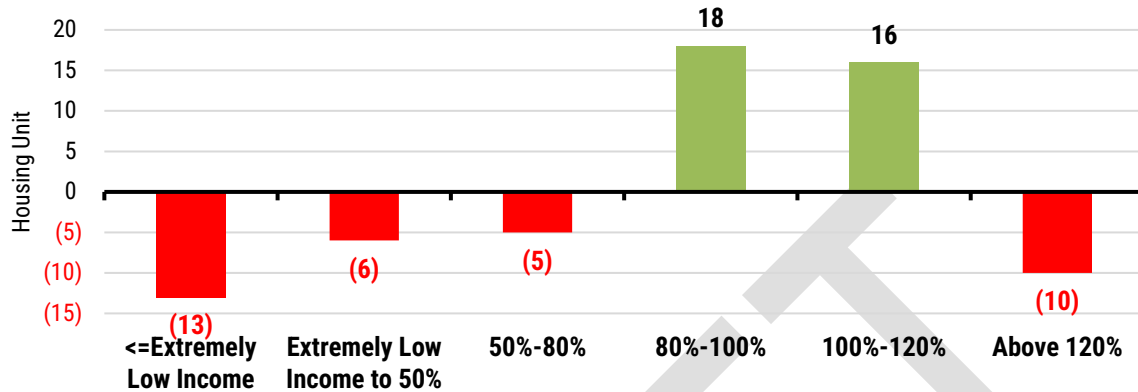


Source: ACS, HUD, and RKG Associates, Inc., 2023

5. Census Tract 802.04

Census Tract 802.04 had the smallest presence of owner households in Durham in 2021, with only 129 owner-occupied households. The supply-demand gap exists for both the lowest and the highest-priced homes. A shortage of six homes exists for the 38 owner households earning at or below 100% of the AMI as there were only 32 workforce housing homes in the FHA scenario in 2021. There is also a deficit of 10 homes for households earning above 120% of the AMI in the FHA scenario (Figure 4-14).

Figure 4-14
Ownership Housing Supply/Demand Equilibrium by HUD Income Threshold; FHA (2021)
Census Tract 802.04, Town of Durham, NH

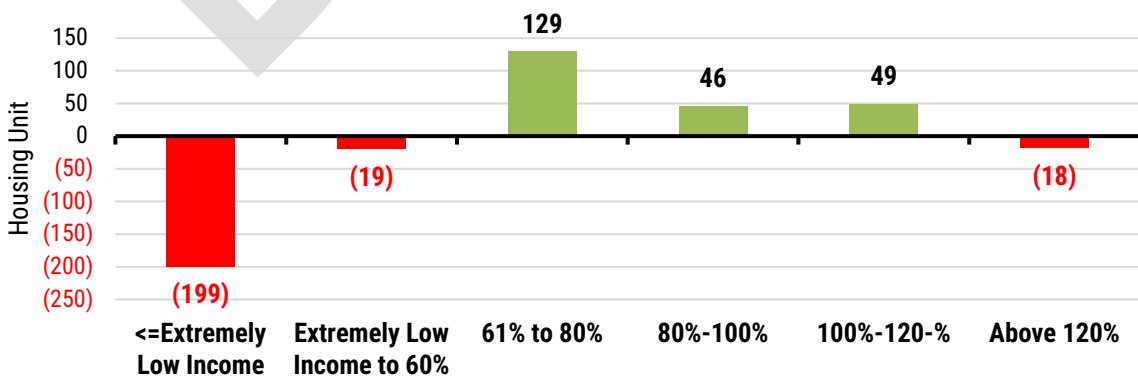


Source: ACS, HUD, and RKG Associates, Inc., 2023

Census Tract 802.04 also saw a deficit of 218 rental workforce housing units for households earning at or below 60% of the AMI, which is the largest shortage of rental workforce housing across census tracts in Durham. It also has a shortage of 18 units for renters earning above 120% of AMI. This census tract had 273 renter households earning at or below 60% of AMI in 2021, while it only had 55 rental units priced affordable for this income range, charging no more than \$990 per month. This likely suggests that the lack of rental options for low-income non-student renter households is the most severe in Census Tract 802.04.

Note that Census Tract 802.04 and Census Tract 802.03 overlap with the University of New Hampshire campus. Apart from Census Tract 802.02, college students also tend to rent in Census Tract 802.04 and Census Tract 802.03 if they live off campus, and these three census tracts have the largest amount of student rental housing according to internet research and data provided by the Town of Durham (Figure 4-15).

Figure 4-15
Rental Housing Supply/Demand Equilibrium by HUD Income Threshold (2021)
Census Tract 802.04, Town of Durham, NH



Source: ACS, HUD, and RKG Associates, Inc., 2023

When the shortage of housing occurs at the top end of the market, there is a lack of housing priced at higher levels to maximize the buying potential of higher-income households. It is assumed that people will seek to maximize their buying power when shopping for housing by limiting their spending on housing expenses to 30% of their gross annual income. However, in Durham, there are not enough homes priced at levels that would allow these highest-earning households to maximize their buying power. As such, they purchase homes that are priced below their ability to pay. It is worth noting that higher-income households are not complaining that their housing is too cheap, but they are forced to either purchase cheaper homes or find higher-value housing options that are closer to what they seek outside of the town.

However, this situation implies that higher-income households that purchase homes below the maximum of what they can afford, actually create a competitive market for housing that is considered affordable to households making less income.

This sort of competition can drive up the purchase price of housing to a point where moderate-income households can no longer compete, and they are priced out of the “for sale” market, which phenomenon is occurring nationwide. While affordable housing programs would not be targeted at higher-income households, some benefits could be realized for lower-income households if they did not have to compete for housing with households that have more housing choices and buying power.

However, on the rental side of the housing market, the shortage of rental options mostly exists for low-income households earning at or below 50% of AMI in Durham. Since many of these lower-income renter households consist of college students who can afford higher rents (through their parents' buying power), non-student renter households in this income range are particularly challenged with a lack of rental options priced affordable to their income levels. Therefore, rental units affordable to lower-income non-student renters should be the focus for Durham when the town is planning for future rental housing developments. However, note that when creating new units to fill the shortage of the 710 rental units, not all the new units should be targeting non-student renters, as some of these 710 renter households earning at or below 50% of AMI who lack affordable rental options are student-occupied households. If the Town of Durham seeks strategies to create affordable housing for parties other than students, it will diversify the community's population and provide housing for working people who are having particular difficulty finding affordable housing options in Durham.

E. IMPLICATIONS

To qualify as workforce housing, owner-occupied single-family homes should be no more than \$336,063 in the FHA home buying scenario, and rental units should cost no more than \$990 per month in Durham. The housing affordability gap analysis reveals that in addition to the lack of new workforce housing in Durham in recent years, as discussed in Chapter 3, the Town also faces an overall shortage of existing workforce housing. On the ownership side, there is a gap of 67 homes for four-person households earning at or below 100% of AMI in the FHA home buying scenario in Durham. This is most apparent in Census Tract 802.02, with a gap of 49 owner-occupied workforce housing units, followed by Census Tract 801 (a shortage of 25 owner-occupied workforce housing units).

The shortage of workforce housing units is more severe on the rental side in Durham. There was a shortage of 603 rental workforce housing units for three-person renter households earning at or below 60% of AMI in Durham in 2021. This deficit is most apparent in Census Tract 802.04 with a shortage of 218 units, followed by Census Tract 802.02.

5 UNIVERSITY OF NEW HAMPSHIRE ENROLLMENT AND STUDENT HOUSING TRENDS

A. INTRODUCTION

The Town of Durham is home to the University of New Hampshire (UNH)'s flagship campus, and therefore, has a significant presence of college students who impact the socio-economic characteristics of the town. Durham's population stood at 15,410 in 2021 according to the American Community Survey (ACS) 2021 5-Year Estimates. In comparison, UNH had 11,428 undergraduate and 2,284 graduate students enrolled at the Durham campus in the Fall of 2021, totaling 13,712 students according to the university's Institutional Research Office. However, not all students who are enrolled at the Durham campus live in Durham but are spread out throughout the region. Nonetheless, UNH students are an integral part of Durham's population. How the UNH student enrollment has changed in recent years and how the student population was included in the Fair Share Housing Production Model (Fair Share Model) developed by Root Policy Research must be examined to understand Durham's needs for workforce housing and other types of housing in the future.

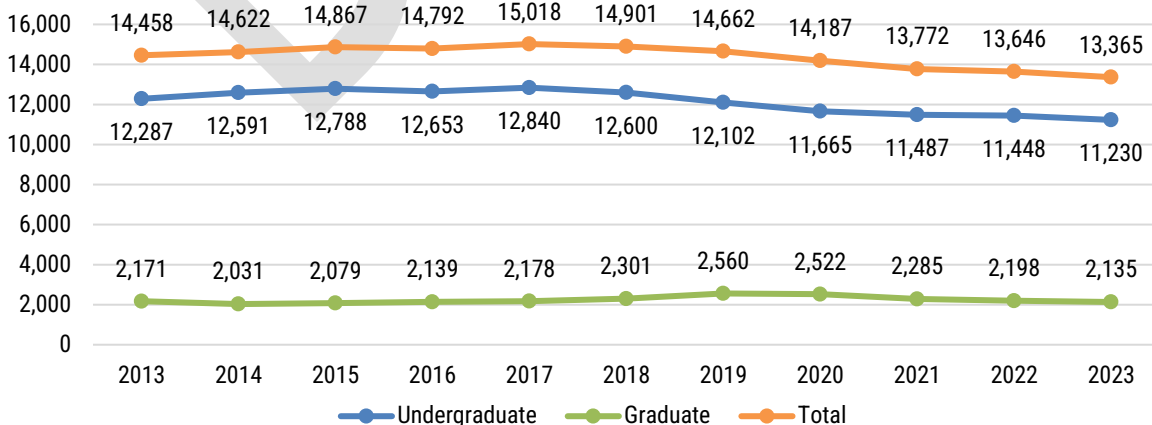
B. UNH UNDERGRADUATE AND GRADUATE ENROLLMENT TRENDS

Both the undergraduate and graduate student enrollment figures at the University of New Hampshire's Durham campus have been on a downward trend since 2019. UNH's Durham enrollment had been fluctuating between 2013 and 2018 before a steady decline from 14,662 in 2019 to 13,418 in 2023 (Figure 5-1). This decline in recent years is partially due to the impacts of the Covid-19 pandemic. Note

Figure 5-1

UNH Durham Campus Enrollment Trend (2013-2023)

Town of Durham, NH



Source: University of New Hampshire and RKG Associates, Inc., 2023

that the figures represent only degree-seeking non-online students enrolled at the Durham campus as they are more relevant to this study regarding the UNH student population and Durham housing capacity.

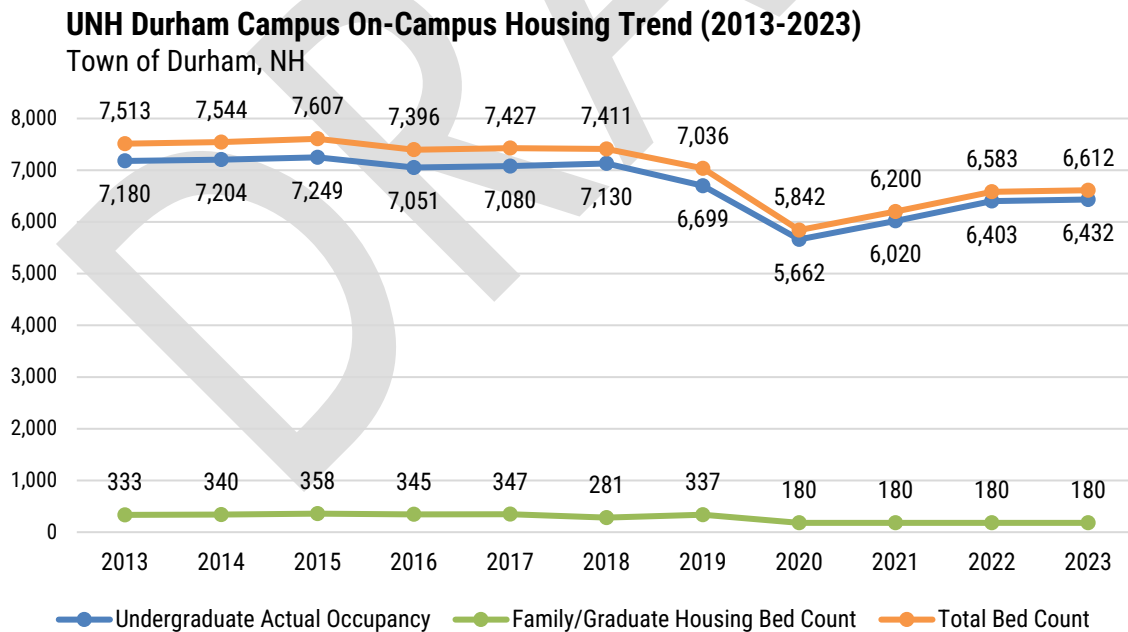
C. UNDERGRADUATE AND GRADUATE STUDENT ON-CAMPUS HOUSING TRENDS

On-campus housing capacity has been on a downward trend since 2017 before dipping to the lowest level in 2020, mostly due to pandemic-related impacts and the subsequent closure of on-campus housing properties. During the last decade, the on-campus student population peaked at 7,607 undergraduates and 359 graduate students in 2015, for a total of 7,966. By 2020, the total on-campus enrollment had dropped to 6,022 students, a reduction of 24%. As of 2023, the on-campus population had recovered to 6,792, or an increase of 12.8%.

It is important to note that family/graduate housing bed counts on campus dropped from 337 to 180 between 2019 and 2020, and it has remained unchanged since. This is due to the demolition of Forest Park in 2019, which was razed due to age and condition issues. Forest Park was an on-campus dormitory for graduate students and their dependents with approximately 97 units. In addition, Hetzel Hall (141 beds), which is an undergraduate residence hall, is currently closed for renovation and is not included in the total bed counts. These units will be available again in Fall, 2024.

Representatives from UNH also indicated that students who commute to Durham have declined because more students have been drawn to relocate to Durham due to the development of new housing options in the town, especially those privately owned and professionally managed commercial apartments specifically targeting students in recent years (Figure 5-2).

Figure 5-2



Source: University of New Hampshire and RKG Associates, Inc., 2023

D. FUTURE ENROLLMENT DISCUSSION

The University of New Hampshire indicated during conversations with the consultants that they anticipate future enrollment would be similar to current numbers over the next decade. University officials indicate that on-line and remote learning will continue to play a supplementary role going forward, and in-person teaching and learning will remain as the University's focus. The consultants inquired about the university's future plans for new student housing development led by UNH. However, the university has not yet been able to assess that need.

E. HOW STUDENT ENROLLMENT WAS HANDLED IN THE FAIR SHARE MODEL

The student population at the UNH Durham campus is counted as part of Durham's total population in the Fair Share Housing Production Model developed by Root Policy Research. However, according to RLS Demographics, which is the consultant that developed the New Hampshire population projections between 2020 and 2050, Fall of 2022 enrollment figures from the National Center of Education Statistics were used to exclude both on-campus and off-campus full-time enrolled college students from the population on the county level during the population projection.

This means that UNH students, living both on-campus and off-campus, were assumed to not contribute to the population net growth and assumed to remain constant in the Fair Share Model. This is because future college enrollment changes are difficult to predict. The county-level population projections were then allocated to towns based on each town's population share out of its corresponding county.

As UNH's representatives indicated that the university's future enrollment is predicted to remain relatively unchanged in the next ten years, the consultants believe holding the UNH student population constant in the Fair Share Model is a reasonable assumption. However, it is worth noting that if the university's future enrollment and/or UNH-owned student housing inventory changes, it will have an impact on Durham's housing capacity and supply-demand dynamics.

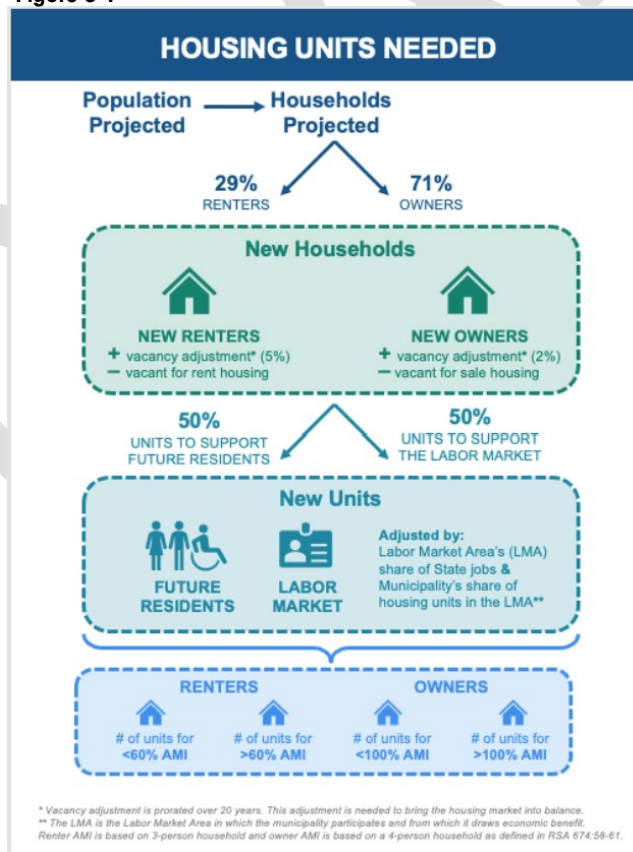
6 FAIR SHARE HOUSING PRODUCTION MODEL ADJUSTMENT

A. FAIR SHARE HOUSING PRODUCTION MODEL

The Fair Share Housing Production Model and report were created by Root Policy Research in 2022, and the effort was led by the State of New Hampshire’s Office of Planning and Development. The Strafford Regional Planning Commission utilized the results of this study and created the Strafford Regional Planning Commission 2023 Regional Housing Needs Assessment in 2023 to examine housing needs on the municipal level within the region. The Strafford Regional Planning Commission indicated that these housing production figures between 2020 and 2040 should serve as aspirational goals for Durham as it is planning for its future development and growth.

The Fair Share Model estimated the housing units needed for every five years between 2020 and 2040 based on the New Hampshire population growth projections during the same period. The projected population was then converted into households by tenure. It was assumed that 50% of the new housing units will support future residents, and the remaining half will support the labor market. The Fair Share

Figure 6-1



Source: Fair Share Housing Production Model Report, Page 9, 2023

Housing Production Model Report utilizes a graphic to illustrate the structure of the Fair Share Model (Figure 6-1).

However, some assumptions used in this model for municipal-level projections are based on figures on the state or Labor Market Area (LMA) levels. Therefore, this study utilized Durham's local data to update the housing production goal so that it more accurately reflects Durham's unique demographic and housing conditions given the town's dependence on the University of New Hampshire. In summary, the consultants adjusted model assumptions including ownership rate, job distribution, and average wage levels, as well as Durham's housing projection goals between 2020 and 2040, all of which will be further discussed below.

B. TENURE ADJUSTMENT

The Fair Share Model used a state-wide 2020 ownership rate of 71% for all municipalities within New Hampshire, including Durham. However, as Durham has a significant presence of college students who are usually in rental households when they live off-campus, the town has a higher share of renter households and a lower ownership rate compared to the State of New Hampshire. Therefore, Durham's local ownership rate of 57% was used to update the model and to account for Durham's characteristics. The data source is the American Community Survey (ACS) 2020 5-Year Estimates. Substituting the state-level tenure with Durham's local figure did not change the total housing production goals produced by the Fair Share Model, but instead, it redistributed housing production goals by tenure.

C. JOB DISTRIBUTION AND WAGE ADJUSTMENT

The Fair Share Model used the 2020 Average Employment and Wages data from the New Hampshire Employment Security. This is based on the Quarterly Census of Employment and Wages (QCEW) data from the Bureau of Labor Statistics. The job and wage data were utilized to calculate and determine how many new housing units should be priced affordable for owner households earning below 100% of the Area Median Income (AMI) and for renter households earning below 60% of the AMI.

However, the Fair Share Model used the employment distribution by industry and annual wage data on the Labor Market Area (LMA) level for all municipalities that fall within the corresponding LMA. Therefore, the consultants substituted the LMA-level data with Durham's local 2020 job distribution and wage figures from the same data source to account for Durham's local conditions. Like the tenure adjustment discussed above, the job distribution and wage adjustment did not change the total housing production goals produced by the Fair Share Model, but instead, it redistributed housing production goals by AMI levels.

Table 6-1 shows the differences between the Durham local data and the LMA-level data, both of which were obtained from the New Hampshire Employment Security.

Table 6-1
2020 Average Employment and Wages (Quarterly Census of Employment and Wages (QCEW) data)
Town of Durham, NH, and Dover-Durham Labor Market Area

NAICS Code	Industry	Durham		Dover-Durham Labor Market Area	
		Annual Average Employment	Average Annual Wage	Annual Average Employment	Average Annual Wage
11	Agriculture, Forestry, Fishing and Hunting	0%	\$0	0%	\$37,959
21	Mining, Quarrying, and Oil and Gas Extraction	0%	\$0	0%	\$84,283
23	Construction	1%	\$63,226	3%	\$63,875
31	Manufacturing	0%	\$0	10%	\$63,626
22	Utilities	0%	\$0	0%	\$0
42	Wholesale Trade	0%	\$151,330	2%	\$79,601
44	Retail Trade	2%	\$28,473	15%	\$36,656
48	Transportation and Warehousing	0%	\$0	2%	\$53,787
51	Information	1%	\$59,108	1%	\$55,061
52	Finance and Insurance	0%	\$54,739	6%	\$94,006
53	Real Estate and Rental and Leasing	1%	\$44,817	1%	\$54,247
54	Professional and Technical Services	3%	\$97,779	6%	\$105,126
55	Management of Companies and Enterprises	0%	\$0	0%	\$70,211
56	Administrative and Waste Services	2%	\$45,645	5%	\$49,413
61	Educational Services	1%	\$63,514	1%	\$49,941
62	Health Care and Social Assistance	4%	\$38,366	16%	\$64,224
71	Arts, Entertainment, and Recreation	0%	\$0	1%	\$20,975
72	Accommodation and Food Services	6%	\$18,728	8%	\$21,049
81	Other Services, Except Public Administration	1%	\$33,724	3%	\$38,477
	Total Government	75%	\$71,863	20%	\$60,006

Source: NH Employment Security, 2023

D. FINAL ADJUSTED HOUSING NEEDS PROJECTION

Table 6-2 shows the updated housing production goal results broken down by tenure and AMI after adjusting the tenure, job distribution, and annual wage data as discussed above. Note that the slight differences between the original and adjusted figures are due to number rounding issues.

Table 6-2
Housing Production Goal
Town of Durham, NH

	2025							2040						
	Owners	Below 100 %	Above 100 %	Renters	Below 60 %	Above 60 %		Owners	Below 100 %	Above 100 %	Renters	Below 60 %	Above 60 %	
	2025	AMI	AMI	2025	AMI	AMI		2040	AMI	AMI	2040	AMI	AMI	
RKG Adjusted	257	150	38	112	107	64	43	773	441	113	327	333	206	127
Original	256	171	52	119	85	47	38	771	507	154	353	264	153	112

Source: Root Policy Research and RKG Associates, Inc., 2023

Note that though the Fair Share Model excluded the college student population from the population growth projection, it has not excluded all the impacts of UNH students or student-occupied housing on Durham's housing needs. College students with jobs were counted as part of the employment figures

used in the Fair Share Model to allocate the state-level housing production goal to the Labor Market Area. In addition, off-campus student-occupied housing units were counted by the Census as part of Durham’s housing unit count, which was used by the Fair Share Model to allocate the LMA-level housing production goal to Durham. Note that including off-campus student housing in the housing unit count data used in the Fair Share Model inflates Durham’s workforce housing unit share out of the LMA.

The consultants developed an approach to account for the impact of student-occupied housing on Durham’s housing production goal by utilizing the American Community Survey 5-Year Estimates, as well as enrollment and student housing data provided by the University of New Hampshire (UNH). The share of off-campus students in Durham out of the town’s total off-campus population (including off-campus students) was calculated and used to adjust the total housing production goal (Table 6-3).

Table 6-3
Student Share Out of Total Off-Campus Population
Town of Durham, New Hampshire

Durham Total Population Enrolled in College/Grad School (ACS 2020 5-Year)	10,666
UNH 2023 Total Durham On-Campus Student Population	6,612
Durham Off-Campus Student Population	4,054
Durham Total Population (ACS 2020 5-Year)	16,476
Durham Population Excluding On-Campus Students	9,864
Off-Campus Student Share	41.1%

Source: American Community Survey, University of New Hampshire, and RKG Associates, Inc., 2023

After adjusting for the impact of off-campus UNH students and off-campus student-occupied housing on Durham’s housing market, Durham’s updated housing production goal in 2040 should be close to 773 * (1-41.1%) = 455 units. Note that this is merely a rough approach to estimate Durham’s real workforce housing needs for non-student residents.

E. IMPLICATIONS

To qualify as workforce housing, owner-occupied single-family homes should be no more than \$336,063 in the FHA home buying scenario, and rental units should cost no more than \$990 per month in Durham. These price points are the maximum prices that are affordable to four-person owner households earning at or below \$106,600 annually (100% of AMI) and three-person renter households earning at or below \$57,600 per year (60% of AMI).

Findings from previous chapters suggest that Durham currently has a shortage of workforce housing for both owner-occupied and renter households, with the deficit of workforce rental units more severe, especially in Census Tracts 802.04, 802.02, and 802.03. In addition, Durham has not seen new construction of workforce housing in recent years. The town’s current rental market is dominated by student housing and college students who can afford to pay rent at around \$1,000 per bed, which is higher than market rates on a per-unit basis. Durham’s newly developed homes are becoming larger (above 3,000 square feet) and are usually above \$500,000. According to Redfin’s data of past home sales since March 2020 in Durham, homes sold for around \$336,063 are most likely between 1,000 and 1,500 square feet with two bedrooms and two bathrooms.

All these data points suggest that the Town of Durham should take initiatives to increase the supply of workforce housing for both for-sale homes and rental units. Ownership workforce housing should most likely be single-family homes between 1,000 and 1,500 square feet or townhomes between 1,500 and 2,000 square feet with two bedrooms and two bathrooms. The sale price will likely be around \$200/SF. Workforce rental housing units will be most cost-effective in the form of multi-family apartments to lower

the per-unit development costs. Note that these workforce rental units should prioritize the non-student population.

Durham's 2023 property assessment data also reveals that the 11 single-family homes built since 2020 average \$337 total assessed value per building square foot. Assuming future new home developments in Durham also follow this total value per square foot figure, it means that given Durham's current housing market conditions, if the Town of Durham wants to develop new workforce housing valued at or below \$336,063, the new home must be no more than 997 square feet, which is small for a single-family home. If a new home is bigger than 997 square feet, its housing value will be more than \$336,063 unless there are public or private subsidies for the development process. However, note that this \$337 total assessed value per square foot consists of land value as well. As these 11 new single-family homes delivered since 2020 in Durham average 6.2 acres of land per home, these larger lands contributed to a higher total assessed value per building square foot. In this case, increasing development densities by building more homes on smaller lots can help deliver more building square footage for the same total home value. For example, if the Town wants to develop a sizable single-family home of around 1,500 square feet valued at no more than \$336,063, then the land area per home must be no more than 0.09 acre or 3,784 square feet. Similarly, the Town can also consider developing other forms of higher-density homes such as townhouses and condominiums to lower the total home prices.

7 LAND CAPACITY ANALYSIS

A. INTRODUCTION

RKG Associates conducted a parcel-level development capacity analysis for the Town of Durham based on a buildable land analysis completed by the Strafford Regional Planning Commission (SRPC) in 2023. This study examined Durham's buildable lands by development priority/potential based on their existing land uses, size, zoning, and whether they have access to water, sewer, or both.

This study also analyzed the geographic distribution of these buildable lands to determine whether they are in Durham's urban/suburban areas (including Census Tracts 802.02, 802.03, and 802.04) versus the rural part of Durham (Census Tract 801). These data points help inform local decision-makers which parcels in Durham are most likely to support future residential development of all types.

B. LAND CAPABILITY METHODOLOGY

This study is built upon the geospatial data, assumptions, and findings produced by the SRPC 2023 buildable land analysis. Buildable lands are defined by SRPC as those that:

- Are currently zoned to allow for some type of residential uses;
- Have no physical infrastructure on the lands (residences, public roads, etc.);
- Do not have conservation lands;
- Do not have wetlands;
- Do not have water bodies;
- Do not have steep slopes greater than 20%.

SRPC then categorized these lands by whether they are within 500 feet of water and/or sewer infrastructure. Note that SRPC's buildable lands do not follow parcel boundaries. Therefore, some buildable lands identified by SRPC are vacant land areas that are part of existing developed lots. For example, if a 10-acre single-family lot had eight acres of undeveloped land, and it met the buildable land criteria, all eight acres would be considered buildable. In theory, the owner could build an accessory unit or perhaps subdivide the larger lot into several buildable lots in the future.

RKG Associates examined SRPC's buildable lands on the parcel level and came up with four major categories representing the development potential of these lands. Each major category was then further categorized based on whether the buildable lands have access to water and/or sewer infrastructure. The four major categories include:

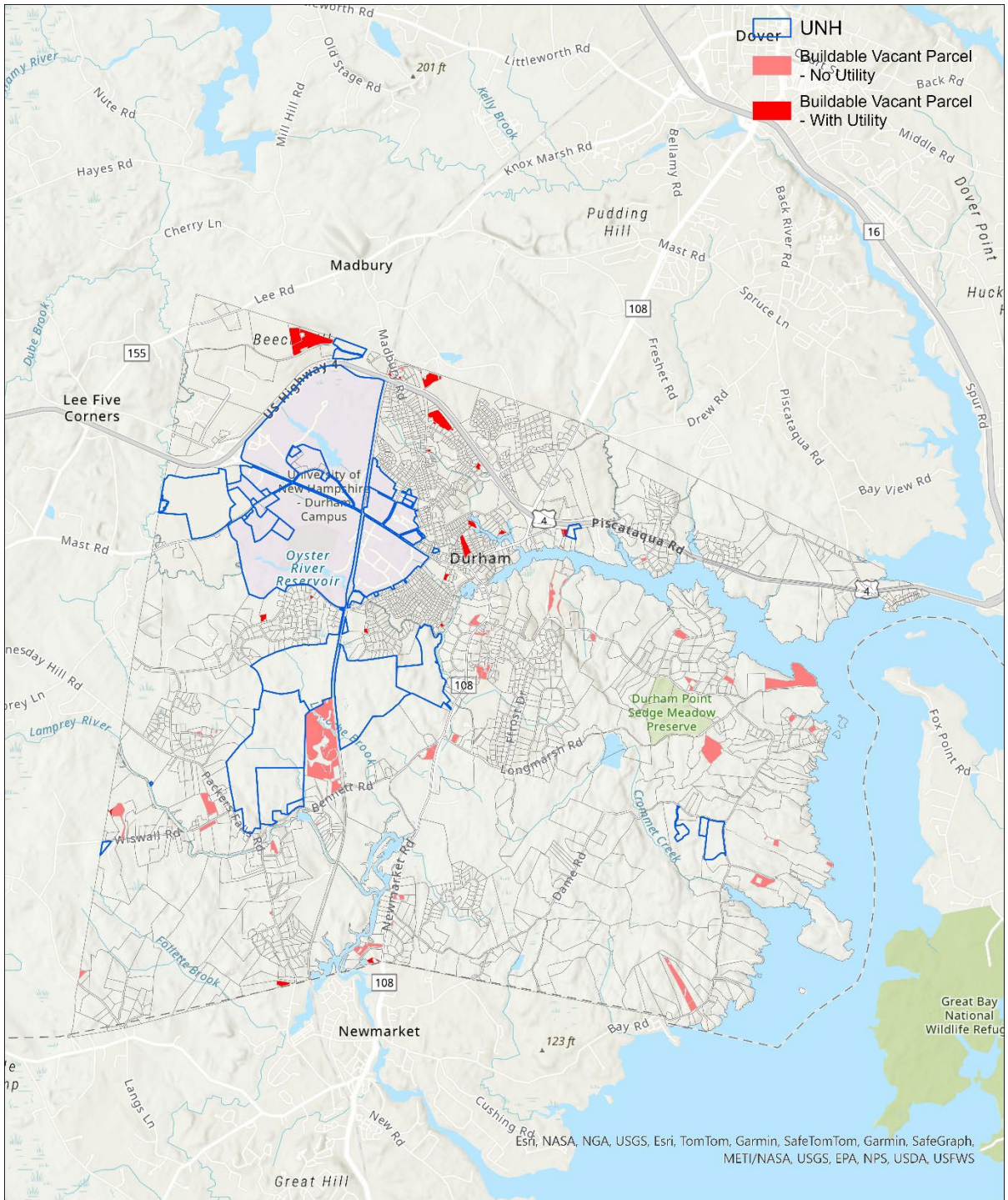
- 1) **Buildable Vacant Land** - Buildable vacant parcels with their current land use categorized as "vacant" in Durham's 2023 property assessment database are given the top development priority because the entire parcels are undeveloped.
- 2) **Buildable Lands Under the Current Use Program** - The Current Use program is a state tax designation in New Hampshire that encourages the preservation of open space, as well as the

- land, water, forest, agricultural, and wildlife resources. Properties that are at least 10 or more acres and left in their natural state may qualify. The Current Use program requires lands to be tracts of farmland, forest lands, or unproductive lands. Lands disqualified from the Current Use program at the owner's option can be developed once the land use penalty is paid. Therefore, buildable lands under the Current Use program are given the second priority because of their relatively large land sizes and the possibility of development.
- 3) **Buildable Lands that are part of Existing Single-family Home Lots** - RKG examined buildable lands that are on parcels currently developed for single-family homes. Buildable lands that belong to single-family home lots without Accessory Dwelling Units (ADUs) are considered because they could be infilled for additional ADUs. According to Durham's zoning regulations, each single-family home parcel can have only one ADU, which should be between 300 and 850 square feet of floor space. However, as Durham's Town Planner noted, many single-family lots with existing ADUs also have the potential for new housing development. For example, if the Town updates its zoning ordinance to allow additional ADUs on existing ADU lots, each of these buildable lands can essentially accommodate another new ADU. In addition, some single-family lots with ADUs have notable buildable acreage. Therefore, buildable lands that belong to existing single-family home parcels and meet the minimum size of 300 square feet are considered, whether they have existing ADUs or not.
 - 4) **Other Buildable Lands that are Part of Currently Developed Lots** - The consultants studied other buildable lands that are part of existing developed lots. Buildable lands that are classified as exempt parcels were excluded because many of these parcels are being used for public utilities, government offices, churches, cemeteries, etc. The consultants also narrowed down the criteria to focus on sizable buildable lands that are at least three acres if they are part of currently developed parcels. In addition, though three lots on the UNH campus (referred to as "the Edge") and an existing parcel at 121 Technology Drive were not identified by SRPC as buildable, they are also included as parcels with redevelopment potential after discussions with the Town of Durham.

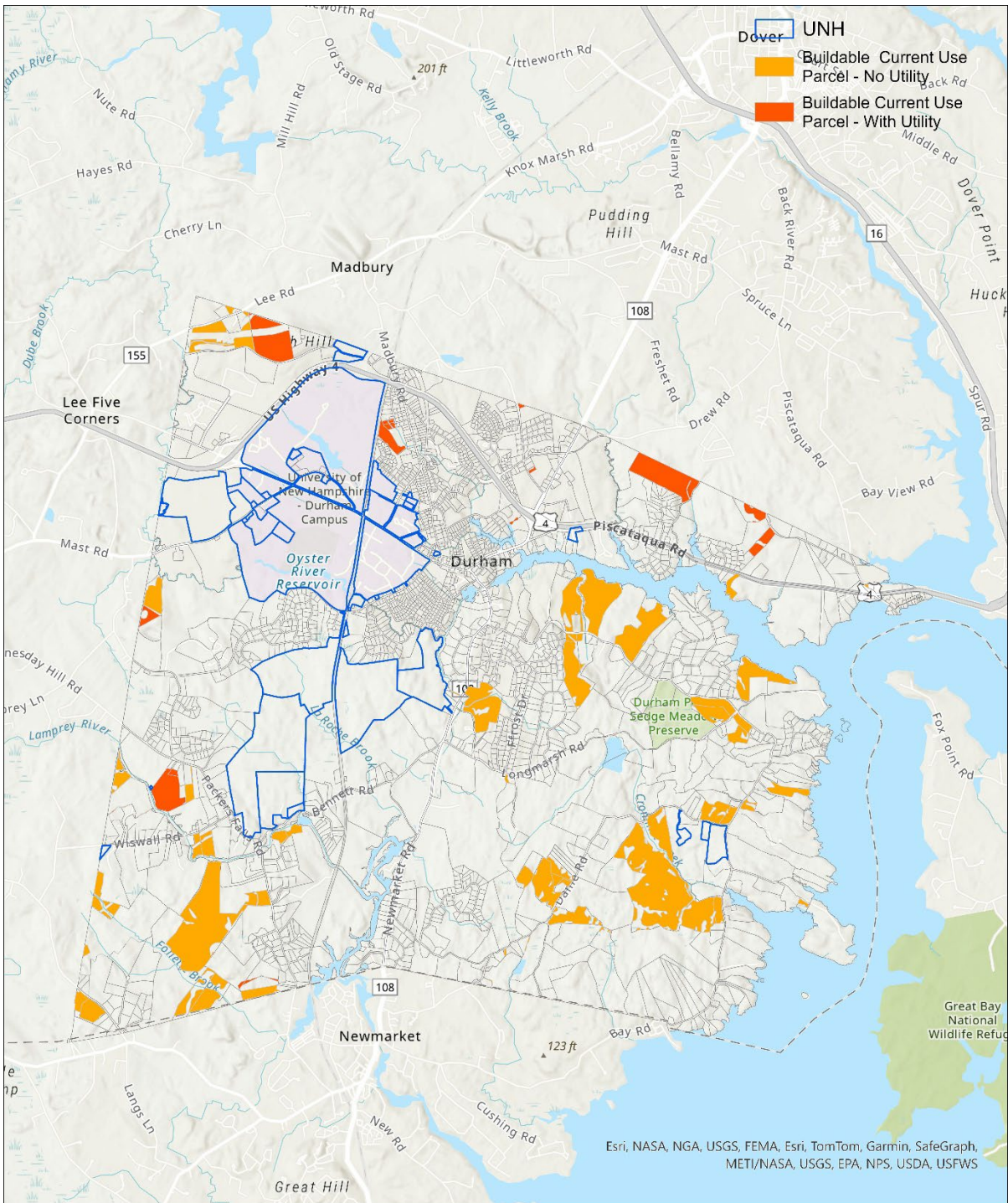
The consultants then mapped these four categories of buildable lands by census tract using ArcGIS Pro, a geospatial analysis software (Map 7-1 to Map 7-5). Note that darker colors represent buildable lands with access to water and/or sewer infrastructure, and lighter colors represent those without such access.

It is not surprising that buildable lands with access to water and/or sewer concentrate in the more urbanized parts of Durham in Census Tracts 802.02, 802.03, and 802.04. These buildable lands are more suitable for denser residential development as they are within areas served by water and/or sewer access and in some instances by transit service. However, buildable lands without public water or sewer cluster in Census Tract 801 in the town's southern tier, which is largely rural in nature. These buildable lands are more suitable for single-family developments, which can be served by private wells and septic tanks, or possibly clustered developments with a mix of housing types that could be served by a shared well or septic system.

Map 7-1: Buildable Vacant Parcels

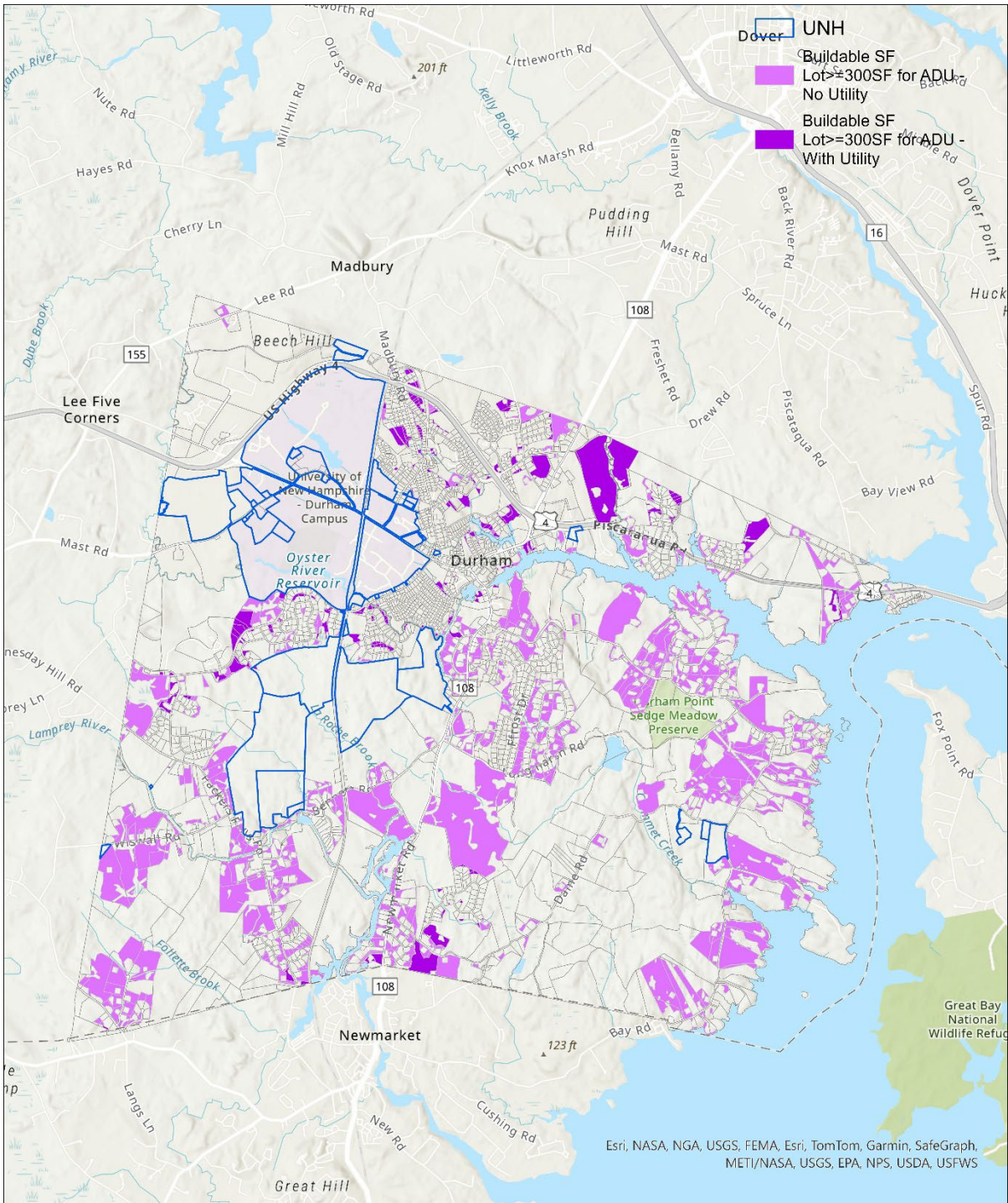


Map 7-2: Buildable Current Use Lands



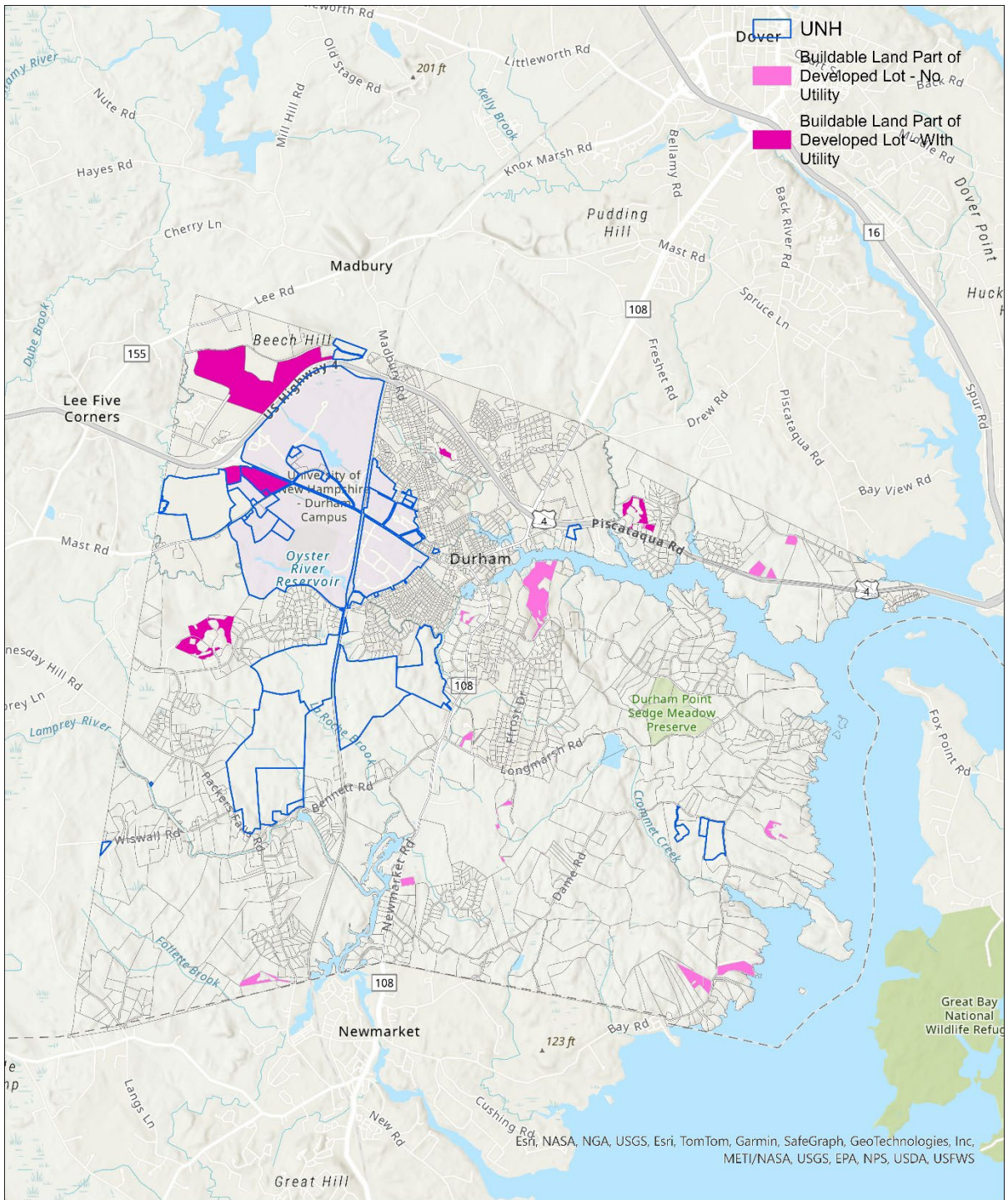
Source: RKG Associates, Inc., 2023

Map 7-3: Buildable Single-Family Lands \geq 300 SF

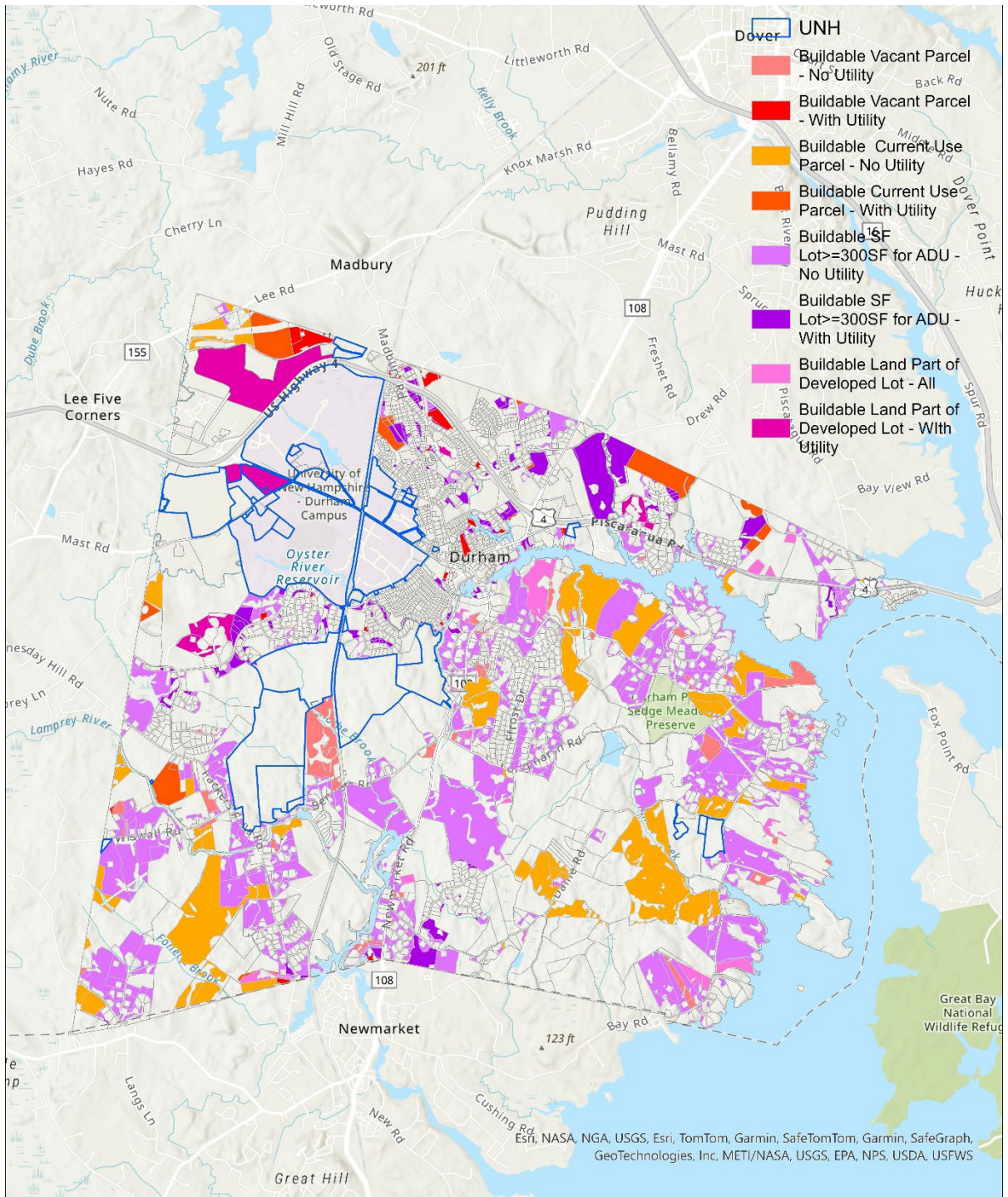


Source: RKG Associates, Inc., 2023

Map 7-4: Other Buildable Lands that are Part of Developed Lots



Map 7-5: All Buildable Lands



Source: RKG Associates, Inc., 2023

In total, RKG Associates identified 3,761 acres of buildable lands in Durham, with 731 acres (19.43%) having access to water and/or sewer infrastructure. Buildable lands that are part of single-family lots account for the largest share at 2,158 acres, followed by buildable lands under the Current Use program (1,068 acres). In terms of geographic distribution, 3,054 acres (81.21%) of these buildable lands are in the rural Census Tract 801, with the remaining 706 acres (18.79%) in Census Tracts 802.02, 802.03, and 802.04 (Table 7-1).

Table 7-1
Buildable Land by Category (Acres)
Town of Durham, New Hampshire

	Census Tract 801	Rest of Durham	Durham Total
Buildable Vacant Land			
Total	184.60	50.08	234.68
With Water/Sewer/Both	6.16	48.45	54.61
No Utility	178.44	1.63	180.07
Buildable Current Use Land			
Total	902.56	164.98	1,067.54
With Water/Sewer/Both	43.49	129.07	172.56
No Utility	859.07	35.91	894.98
Buildable Land Part of Single-Family Lot (Each >= 300 SF)			
Total	1,837.63	320.83	2,158.47
With Water/Sewer/Both	97.88	213.19	311.07
No Utility	1,739.76	107.64	1,847.40
Buildable Land Part of Other Developed Lot			
Total	129.56	170.68	300.24
With Water/Sewer/Both	33.99	158.61	192.60
No Utility	95.58	12.07	107.65
TOTAL			
Total	3,054.35	706.58	3,760.93
With Water/Sewer/Both	181.51	549.33	730.84
No Utility	2,872.84	157.25	3,030.09

Source: Strafford Regional Planning Commission, Town of Durham, and RKG Associates, Inc., 2023

C. SINGLE FAMILY DEVELOPMENT LAND CAPACITY

As discussed above, future single-family developments are most suitable in Census Tract 801, which has 3,054 acres of buildable land with 181 acres having access to water and/or sewer. Among them, buildable lands that are currently categorized as vacant and those under the Current Use program should be prioritized. These two categories of buildable lands total 1,087 acres in Census Tract 801, with around 50 acres of them having access to water and/or sewer. These buildable lands alone should be able to accommodate Durham’s future housing production goal, which is projected to be around 455 units in 2040 after RKG’s adjustment. However, as has been presented in previous chapters, the challenge is ensuring that some of these homes are affordable to four-person households earning at or below 100% of the AMI (Area Median Income). Also, note that the Residence Coastal (RC) district is an environmentally sensitive area, and therefore, new developments should be prioritized in the Rural (R) district in Census Tract 801, rather than in the coastal areas along Oyster River or Little Bay.

1. Single Family Zoning Context

Most of Census Tract 801 is within the Rural (R) zoning district, followed by Residence B (RB) and Residence C (RC) districts. Residential subdivisions within these districts are essentially required to be Conservation Subdivisions (unless meeting the exemption requirements), which requires a minimum usable lot area per dwelling unit of 40,000 SF for RB and 150,000 SF for RC and R districts. Even if single-family residences are not part of a Conservation Subdivision, the minimum lot size is required to be at least 40,000 square feet for RB and 150,000 square feet for RC and R districts. This means that under Durham’s current zoning regulations, new single-family lots in Census Tract 801 must be at least 0.92 acres in the RB district or 3.4 acres in the RC and R districts. In addition, common open space should be provided and must be at least 100% of the unsuitable area plus 40% (in RB district) or 50% (in R and RC districts) of the Usable Area.

Achieving any level of economic viability as it relates to workforce housing requires residential developments of higher density to lower land and development costs on a per-unit basis. Even if factoring

in lands for septic tanks and wells, a residential lot that is a quarter or one-third of an acre should be sufficient for most single-family homes. Often, cluster developments, as well as single-family attached homes (such as townhomes and duplexes) and condominiums, are an effective approach to achieving greater affordability. The more cost built into the lot, the higher the price for the home. However, duplexes, townhouses, cottage homes, and small multi-unit residences are not allowed in R, RB, or RC districts in Census Tract 801, unless they are senior housing.

Durham's current zoning regulation does provide an option for workforce single-family home developments. It does allow alternative lot sizing that does not need to meet the minimum lot sizes and dimensional requirements through a Conditional Use Permit but requires the authorization of the Planning Board. In addition, it gives density incentives to residential developments that seek to include workforce housing in Conservation Subdivisions by allowing them to increase the number of market units by 20% above the Maximum Development Density but requires the additional 20% of units to be designated as workforce housing.

The workforce housing option in Durham's zoning regulation is consistent with the spirit and intent of the New Hampshire state policy stating that municipalities shall "provide reasonable and realistic opportunities" for workforce housing development by making it possible to build workforce single-family homes on smaller lots. However, note that Durham's current zoning regulations only allow single-family homes for ownership workforce housing developments, unless other ownership home types (such as duplexes and condos) are senior housing.

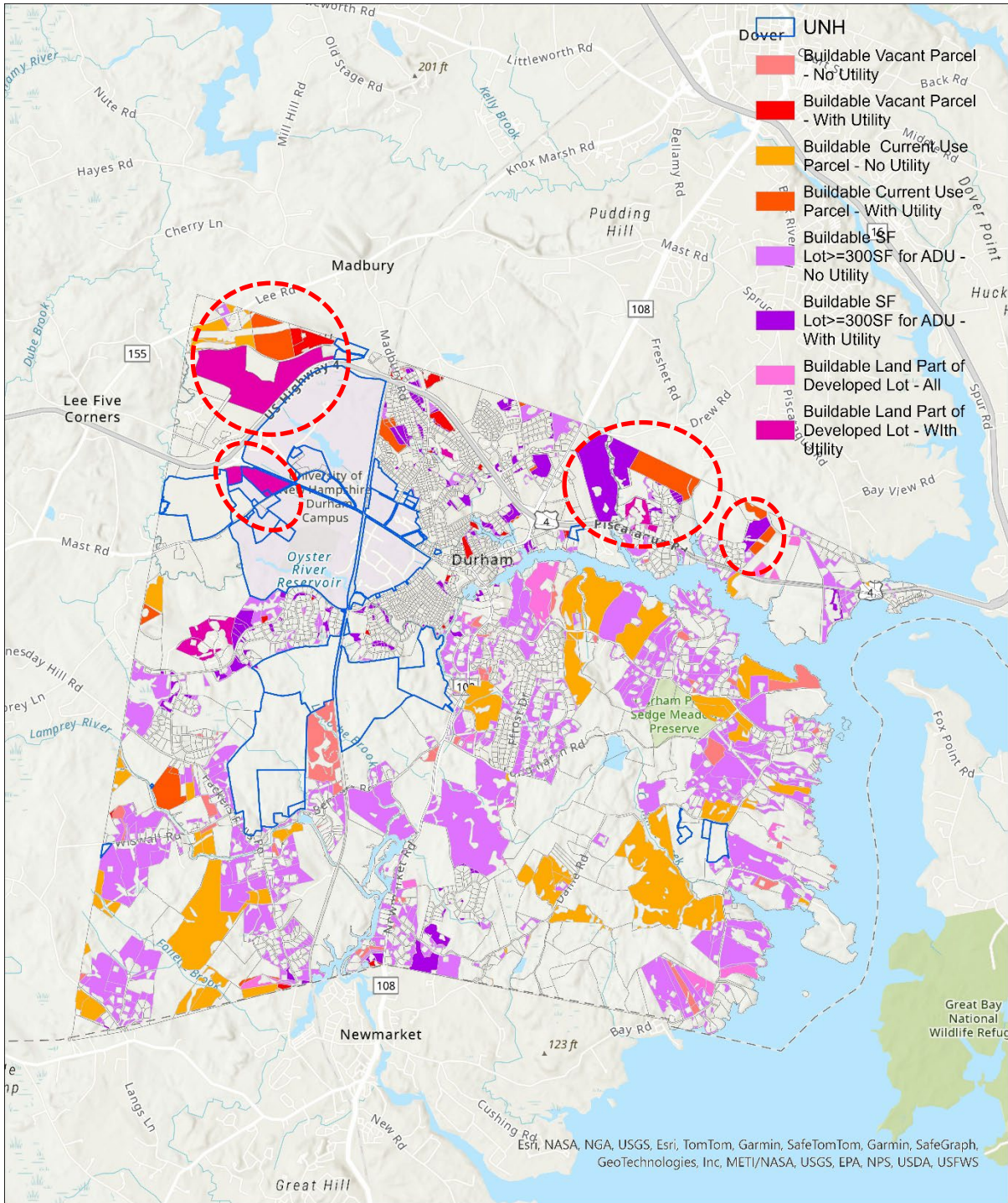
D. MULTI-FAMILY DEVELOPMENT LAND CAPACITY

Multi-family developments are, in most cases, more suitable for Census Tracts 802.02, 802.03, and 802.04 due to the availability of water and sewer infrastructure, and easier access to resources such as grocery stores, banks, transit routes, and jobs. These three census tracts have 706 acres of buildable land in Durham, with 549 acres of them having access to water and/or sewer lines. Areas with a cluster of buildable lands with access to water and/or sewer infrastructure should be prioritized for multi-family developments in Census Tracts 802.02, 802.03, and 802.04. These priority areas are generally in the northwestern corner of Durham, and north of Route 4/Piscataqua Road, as highlighted in Map 7-6. However, as discussed earlier, because the Residence Coastal (RC) district is a sensitive area, new developments should be prioritized in other districts and any development activity in the RC district should be handled with caution.

1. Local Zoning Context – Multi-Family

Buildable lands suitable for multi-family development in Census Tracts 802.02, 802.03, and 802.04 generally fall under the R, RA, RB, RC, and the Office/Research/Light Industry (ORLI) zoning districts. However, new developments of multi-unit residences are not currently allowed in any of these zoning districts unless they are senior housing. Mixed-use developments with residential components are only allowed in the Central Business District, but there is no buildable land identified in this district in Durham. This means that Durham currently has no capacity to build additional non-senior multi-family units for workforce housing development in Census Tracts 802.02, 802.03, and 802.04 unless redevelopment of existing built areas in the Central Business District is contemplated.

Map 7-6: Multi-Family Development Priority Areas



According to Durham’s current zoning ordinance, multi-unit residential development is currently restricted and only allowed as an adaptive reuse of existing buildings within the Professional Office district. This in large part is because many multi-family units were built over the last 15 years. Since 2000, around 2,417 beds of new student housing in multi-unit residential buildings have been constructed according to the Town Planner’s estimate. Since then, the Town has tightened its zoning considerably but is looking for new ways to provide multi-family rental housing in smaller-scale buildings that will serve a broader array of rental housing needs, including workforce housing. As such, the Town’s Housing Task Force is currently working to develop workforce housing options, both ownership and rental, that will expand the town’s housing choices for households at different income levels and life stages.

E. STATE LAW COMPLIANCE AND FUTURE HOUSING OPPORTUNITIES

As discussed above, Durham has made notable efforts over the past few decades to accommodate local housing needs as a dynamic college town with unique housing needs. During the early 2000s, the town expanded its zoning ordinance based on its 2000 Master Plan recommendations, which resulted in the construction of many more multi-family rental units. In Durham, this resulted in more off-campus student housing which is the largest segment of the rental housing market.

1. Rising Student Housing Demand has Shifted Durham’s Housing Market Balance

As reported by the Durham Planning Department, roughly 2,417 new occupants have been allowed for through new student rental housing developments in Durham since 2000 (Table 7-2). This increase in student housing in Durham has allowed many college students who previously resided outside of the Town due to a lack of housing options to relocate to Durham, freeing up many dwelling units in neighboring communities. This is supported by anecdotal data provided by UNH showing a steady decline in on-campus parking permits, which have steadily dropped as new student housing has been constructed. The impact of new student housing options in Durham was so significant that, according to UNH and Town officials, the university no longer operates any commuting transit buses for students to and from the Town of Newmarket, which was once a popular residential location for students who could not afford to live in close proximity of campus.

Table 7-2
New Student Housing Development Since 2008 (As of January 2024)
Town of Durham, NH

Name	Type	New Units	New Beds
2-10 Jenkins Court	New Development	10	60
12 Jenkins Court Addition	Expansion	0	5
14 Jenkins Court	New Development	6	24
1 Madbury Road/28 Main Street	Expansion	14	42
9 Madbury Road	New Development	16	72
Madbury Commons	New Development	126	525
30 Madbury Road	New Development	6	17
The Grange (37 Main Street)	New Development	9	38
Main Street/Church Hill - Orion	New Development	50	174
49 Main Street (Pauly’s Pockets)	New Development	6	34
River’s Edge Apartments	New Development	48	114
The Lodges	New Development	142	486
260 Mast Road	New Development	40	102
257 Newmarket Road	New Development	6	12
10 Pettee Brook Lane	New Development	17	68
22 Rosemary Lane	New Development	4	16
The Cottages	New Development	141	619
Total		641	2,417

Source: Town of Durham Planning Department, 2024

2. Suitability of Durham's Housing Supply to Meet Current and Future Workforce Housing Needs

However, Durham still needs all types of new housing options to accommodate its future growth needs by 2040 as the State's Housing Production Goal Model shows, particularly workforce housing that meets the State's affordability definition (renter units affordable to three-person households earning at or below 60% of the AMI, and ownership units affordable to four-person households earning at or below 100% of the AMI).

As discussed in Chapter 4, Durham currently has a shortage of 603 rental units that are affordable for three-person renter households earning at or below 60% of AMI (charging no more than around \$990 per month) and a deficit of 67 homes for four-person owner households earning at or below 100% of AMI in the FHA home buying scenario (priced at no more than \$336,063 for a single-family home). In addition, housing market data have shown that Durham's rental housing market is dominated by student housing developments, which charge on a per-bed basis, making the monthly rent of the entire unit close to \$3,000 to \$4,000, much more expensive than traditional apartment units. Past development trends also suggest that new homes constructed, or homes sold recently in Durham are not workforce housing, with homes built and sold since March 2020 (the start of the COVID-19 pandemic) selling for at least half a million.

3. Compliance with NH's Workforce Housing Policy Goals

New Hampshire State law RSA 674:59 Workforce Housing Opportunities requires that *"ordinances and regulations shall provide reasonable and realistic opportunities for the development of workforce housing, including rental multi-family housing. In order to provide such opportunities, lot size and overall density requirements for workforce housing shall be reasonable. A municipality that adopts land use ordinances and regulations shall allow workforce housing to be located in a majority, but not necessarily all, of the land area that is zoned to permit residential uses within the municipality."* *"If a municipality's existing housing stock is sufficient to accommodate its fair share of the current and reasonably foreseeable regional need for such housing, the municipality shall be deemed to be in compliance with this subdivision and RSA 672:1, III-e."*

Housing Assessment Findings:

1. Adjustments to Zoning Required to Encourage Greater Housing Choices and Affordability

Durham currently has a shortage of workforce housing from a pricing/affordability standpoint. As referenced earlier, there are existing zoning requirements that could hinder opportunities for new workforce housing development in the town. Residential subdivisions within the R, RB, and RC districts in Census Tract 801 are essentially required to be Conservation Subdivisions, which require a minimum usable area per dwelling unit of 40,000 square feet for RB and 150,000 square feet for RC and R districts. Though the desire to protect and preserve open spaces through cluster development via Conservation Subdivisions is valid, the minimum usable area requirement does not enable the efficient use of land resources. Most cluster ordinances promote the close grouping of residential units on smaller lots in order to set aside a larger area for open space. The smaller lots and more efficient infrastructure costs can result in lower home prices, while still promoting land conservation efforts. These types of changes will be necessary to lower home prices closer to the range that is considered affordable for workforce housing. In addition, multi-unit residential developments are restricted to the Professional Office District as adaptive reuse, and mixed-use residential developments are restricted to the Central Business District as Conditional Uses.

In order to meet the spirit of the State's workforce housing law, RKG Associates recommends that Durham update its zoning ordinances to lower the minimum required usable lot size per dwelling unit in residential districts, especially in the Rural district to lower the land costs, which would allow lower housing costs. In addition, a typical starter home might range in size from 1,500 to 2,000 SF in livable building space.

Given today's high construction costs, the bigger the structure, the greater the home price, and by reducing the size and types of homes offered, the town may be able to meet more diverse housing needs.

2. Site-Specific or Targeted Areas Approach

This could happen town-wide and/or in specific opportunity locations. In addition, restrictions on multi-unit and mixed-use residential development should be loosened in areas that the Town deems suitable for new workforce housing developments. These areas are most likely in Census Tracts 802.02, 802.03, and 802.04 based on RKG's analysis.

3. Inclusionary Zoning

New Hampshire law permits the use of inclusionary zoning as an approach for municipalities to encourage housing developments that meet certain affordability standards. The State statute NH RSA § 674:21 (2019) defines inclusionary zoning as *"land use control regulations which provide a voluntary incentive or benefit to a property owner in order to induce the property owner to produce housing units which are affordable to persons or families of low and moderate income. Inclusionary zoning includes, but is not limited to, density bonuses, growth control exemptions, and a streamlined application process."*

The town can establish the affordability standards it would like developers to meet and then provide regulatory or other incentives if they are willing to meet these standards.