

Mayor's Affordable Housing Taskforce Report Summary

April 2021



Taskforce Members

Mayor Joyce Craig, Mayor's Office

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Kathy Naczas, Manchester Housing and Community Development

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Executive Summary

The Mayor's Affordable Housing Taskforce began their work in the fall of 2020 with the belief that housing is a fundamental human right.

However, the Taskforce also knows housing is a complicated and multifaceted issue that cannot be solved by the City of Manchester alone. In order to provide all residents of New Hampshire with adequate housing, there needs to be a statewide, strategic approach that provides affordable housing options in all communities across the state. This work is currently underway and the Council on Housing Stability is expected to develop an update to the statewide homelessness plan by June 1, 2021.

In her 2020 State of the City address, Mayor Joyce Craig announced the creation of the Mayor's Affordable Housing Taskforce, the first city housing initiative since the 2008 Affordable Housing Task Force created by then-Mayor Frank Guinta. The objective of the taskforce was to create recommendations and goals for both short-term projects and long-term advocacy efforts to better support the development of affordable housing, as well as unsubsidized affordable rental properties within the city.

The Taskforce met three times between September 2020 and December 2020 and established three subcommittees: 'Funding and Incentives', 'Zoning, Regulation and Land Use', and 'Support Services.'

Through this process, the Taskforce identified many reasons for the shortage of affordable housing in the City of Manchester, including a shortage of state and federal funding incentives, regulatory and zoning limitations, and lack of services and resources available to those seeking housing assistance.^{6,7}

The Taskforce used the definition of 'affordable housing' based on the US Department of Housing and Urban Development (HUD), which stipulates that in order for housing to be 'affordable' an individual must be paying no more than 30% of their gross income for housing costs, including utilities. This includes both affordable housing that receives subsidies as well as naturally occurring affordable housing built and maintained by private entities.

When compared to the 2008 Affordable Housing Taskforce report, there are significant differences due to changes in the housing market. In 2008, the U.S. housing market was in decline, with an increasing vacancy rate, declining rental and sales prices and climbing foreclosures. In addition, the number of Manchester residents considered low-income or middle-income was increasing, while the overall population of Manchester was declining. Today it's the opposite. There are a record low numbers of apartments or homes on the market, and at the same time, there is a significant increase in demand and housing prices.

Among the 2008 recommendations was turning the Taskforce into a standing board, as stated by Section 3.13 of the City Charter. While this recommendation was never acted upon, the current Taskforce recommends something similar with the creation of a Housing Commission, to track progress on this report's recommendations, provide updates to the Board of Mayor and Aldermen, and connect with the community on housing issues.

This report is meant as a starting point for progress, but by no means outlines all potential solutions to the affordable housing crisis impacting Manchester and the State of New Hampshire.



Housing is a fundamental human right.

State of Housing

Over the past few years, New Hampshire, and Manchester specifically, have become more desirable places to live. In fact, in 2020, New Hampshire was named as the fourth most popular state people moved to during the pandemic. For certain industry sectors, working from home will become more commonplace after the pandemic,¹ giving employees a greater choice in where to live. This new structure of work favors places like Manchester, where people can live close to nature while also accessing quality of life services, arts and culture.²

However, like many communities across the United States, Manchester is currently experiencing a major housing shortage. As a result, housing costs are spiking across the market, leaving a growing share of the population unable to afford to rent or own a home.

Renting in Manchester has become prohibitively costly for many. The high rental costs have limited the housing options available to people at nearly every income level in the city. ‘Affordable housing’ is not just an issue for low-income residents. It’s a middle-class issue, a senior citizen issue, a young professionals issue and a family issue.

Since 2010, the average fair market rent prices in Manchester for a 2-bedroom apartment increased 25%, including a nearly 10% increase from 2020 to 2021.

This is a much larger jump than other New England cities, with Boston prices increasing 1%, Burlington, Vermont increasing 3.4% and Portland Maine increasing 5% in the past year.

If housing trends continue, the city would need to add approximately 1,800 units to the market in order to maintain a healthy vacancy rate

And while private developers are building new units across the city, most of these rental units are at market rate, making them inaccessible to low-to-moderate income earners. In fact, the average salary for a renter in Hillsborough County is \$48,498. To afford a typical two-bedroom apartment with utilities, that same renter would have to earn an additional \$12,902 a year.⁴

This discrepancy in income and housing costs means that the typical low-to-moderate income individuals in New Hampshire are paying over half of their income in housing expenses. The affordable housing crisis Manchester is currently facing began prior to COVID-19, but has been further exacerbated due to the pandemic. While evictions decreased in 2020, likely due to state and federal eviction moratoriums, housing insecurity remains an issue due to rising rents, dropping vacancy rates and little to no available inventory.



From 2020 to 2021, fair market rent prices in Manchester increased 9.6%

State of Housing Continued

There are many organizations within the City of Manchester that provide assistance to people struggling to find, afford and maintain safe and affordable housing. These organizations include, but aren't limited to:

■ NEIGHBORWORKS SOUTHERN NEW HAMPSHIRE (NWSNH)

NWSNH acquires and redevelops properties in Manchester and throughout the southern region of New Hampshire. Over the past 20 years, they have invested in over 400 affordable housing units in the state, including 267 in Manchester.

<http://www.nwsnh.org/>

■ MANCHESTER HOUSING REDEVELOPMENT AUTHORITY (MHRA)

MHRA manages over 1,200 affordable housing units in the city and assists over 2,000 individuals and families through other housing subsidies, including the Section 8 Housing Choice Voucher Program, a federal assistance program to assist low-income individuals pay for safe and sanitary housing.⁵

<https://manchesterhousing.org/>

■ LIBERTY HOUSE

Liberty House manages a property designated as transitional housing for homeless and struggling veterans. With an average length of stay between 90 days to one year, veterans are connected to resources in a substance-free transitional house.

<https://libertyhousenh.org/>

■ FAMILIES IN TRANSITION (FIT)

FIT manages multiple different types of housing in Manchester, including:

- Transitional Housing (52 units) for homeless single women and single mothers. Participants reside in independent housing units for 18-24 months, during which time they receive comprehensive supportive services to help them attain and maintain long term housing stability.
- Permanent Supportive Housing (72 units) homeless single men, single women, single mothers with children, and single fathers with children. Participants receive comprehensive social services enabling them to remain permanently housed.
- Permanent Affordable Housing (36 units) for low- and moderate-income individuals and families.
- Intermediary Housing (11 units) for single women and single women with children in need of shelter while they wait for a Transitional or Permanent Supportive Housing unit to become available.
- Emergency Family Shelter (11 bedrooms) The Family Place Resource Center and Shelter opened in January 2016 and is the only emergency family shelter in Manchester.

<https://www.fitnh.org/>

Funding and Incentives Subcommittee

While additional incentives are needed, more can be done to leverage the limited available financial resources to increase the development of affordable housing. The Funding and Incentives Subcommittee was tasked with developing recommendations to better leverage available resources, as well as outlining local and federal advocacy opportunities to increase available funding incentives.

Subcommittee Members

Robert Tourigny, NeighborWorks (Chair)
Cathy Naczas, Manchester Housing and Community Development
Ben Frost, New Hampshire Housing Finance Authority
Chris Miller, Easterseals

Funding and Incentives Recommendations

Municipal Changes

- **UTILIZE CITY-OWNED PROPERTY:** While there are limited federal and state funds available for the development of affordable housing, the City of Manchester has other resources to leverage to encourage the development of affordable housing. This includes prioritizing the development of affordable housing on the resale of tax-seized properties and City-owned parking lots and vacant City-owned land.⁸

This Subcommittee recommends building off of the work already being done and developing a full assessment of all City-owned land, as well as recommendations for potential possibilities of their use. This process should be led by the Planning and Community Development Department and include all relevant City departments, including but not limited to the Assessor's Office, the Office of the Tax Collector, and Manchester Water Works.

- **INCREASE ENGAGEMENT OF PUBLIC/PRIVATE PARTNERSHIPS:** There are many stakeholders in the fight for affordable housing, including our community's largest employers. Similarly-sized cities across the country have encouraged and supported an Employer-Assisted Housing Program. These programs can come in many forms, including homeownership counseling and education, rental subsidies, and, ideally, direct investment in the construction of rental housing. While these programs are largely employer driven, strong relationships between the business community and City leadership is a critical element to the development of these programs. A course offered by the United States Realtor's Association to educate some of the City's larger employers on the benefits of Employer-Assisted Housing initiatives may assist in encouraging this investment.

Funding and Incentives Subcommittee

Funding and Incentives Recommendations

Municipal Changes

■ ESTABLISH AFFORDABLE HOUSING & CIP GOALS:

The federal funds the City of Manchester has available to fund affordable housing projects are administered through the Community Improvement Program (CIP). On average, the City of Manchester allocates \$600,000 of federal HOME Investment Partnerships Program funds, along with nearly \$125,000 of program income to be used for the development of affordable housing, first-time homebuyer assistance, tenant based rental assistance, and security deposits.

The funds available to non-profit organizations through CIP alone are generally not sufficient to build an entire housing project, but the

support of the City through the allocation of these federal funds helps organizations leverage additional funding from other sources. This Subcommittee recommends the creation of a framework to guide CIP funding decisions that creates a goal of using City funds to assist in the creation of at least 25 units of affordable housing per year.

This framework should be created by Planning and Community Development and the Director of Homelessness Initiatives in conjunction with the Mayor's Office and the chair of the Aldermanic CIP Committee, to be approved by the full board of Mayor and Aldermen.

State and Federal Advocacy

■ FEDERAL AFFORDABLE HOUSING INCENTIVES FOR DEVELOPERS:

Private developers must be part of the solution to develop more affordable housing. However, the current cost of construction and land remains high, and private developers cannot justify renting apartments below market rate without additional financial incentives to offset costs. There is a clear need for additional, easily-accessible federal financial incentives for private developers to include affordable housing units in their development projects.

■ HOUSING CHAMPION MUNICIPAL

CERTIFICATION: The New Hampshire Legislature has heard bills relative to creating a state Housing Champion Municipal Certification. Certification would provide communities that meet certain criteria preferential access to discretionary State funding that is not otherwise targeted to housing. This would benefit Manchester and encourage other New Hampshire communities to invest in affordable housing.

Zoning, Regulations and Land Use Subcommittee

The Zoning, Regulations and Land Use Subcommittee had the ambitious task of making recommendations for zoning/planning and land use. This task force subcommittee included City staff as well as developers, business leaders, and community members. Many of the proposed recommendations are reinforced by the [City's draft of the new 10-year Master Plan](#), as well as proposed state legislation.

Subcommittee Members

Joe Wichert, Joseph M. Wichert, LLS, Inc. (Chair)
Jodie Nazaka, Planning and Community Development
Roland Martin, Cornerstone PDC
Max Latona, St. Anselm Center for Business and Ethics
James Vayo, Southern New Hampshire Planning Commission
Chris Wellington, FIT/New Horizons

Zoning, Regulations and Land Use Recommendations

Municipal Changes

UPDATE ZONING ORDINANCE AND DEVELOPMENT REGULATIONS TO MIRROR THE NEW MASTER PLAN:

In 2020, the City of Manchester released a draft of the new 10-Year Master Plan. The cost and availability of housing is a major feature, making many different zoning change recommendations to make Manchester more amenable to lower cost housing and business growth. This Subcommittee agrees with the proposed recommendations, and looked at specific recommendations of zoning ordinance changes in accordance with the stated goals of the Master Plan, including:

- **ESTABLISH DENSITY BONUSES:** If a developer agrees that a certain number of units will remain affordable for a set period of time, we recommend allowing additional units per acre. This would promote the integration of affordable units into market-rate developments to increase not only affordable housing, but help Manchester's overall housing deficit.
- **POTENTIAL ADDITIONAL ZONING CHANGES:** This subcommittee proposed several additional adjustments to City zoning ordinances that require further study. These recommended changes, while not included in this task force report, are detailed in a memo compiled by the St. Anselm Center for Business and Ethics. (*Appendix 1*)
- **THE EXPANSION OF USES WITHIN MIXED-USE ZONING DISTRICTS:** The expansion of uses within Mixed-Use Zoning districts: This expansion, laid out in the updated Master Plan, has a goal of increasing density by permitting multi-family units and townhouses within commercial districts (CBD, B-1 & B-2). This action not only increases housing stock, but works to revitalize nonresidential areas by encouraging adaptive reuse of functionally obsolete properties, as aging commercial corridors with strip malls may become vacant. These sites are located on key corridors and present opportunities for large mixed-use or multifamily infill developments, which are critical in an already "built out" City. This increased uses within mixed-use zoning district would also promote the "Neighborhood First" goal of the Manchester Master Plan, to create walkable, mixed-use, mixed-income neighborhoods. (*Appendix 2*)

Zoning, Regulations and Land Use Subcommittee

Zoning, Regulations and Land Use Recommendations

Municipal Changes

STREAMLINE THE PERMITTING PROCESS: This subcommittee recommends streamlining the process of municipal permitting to make it easier for developers to produce much-needed housing at all levels. There are many ways to achieve this, including:

■ **ADJUST UNIT SITE PLAN REQUIREMENT:**

Currently, a developer must go before the Planning Board and produce a site plan in order to develop a property for four or more units. Depending on the size and design of the project, this can cost anywhere between \$650 and \$3,300 per unit. As a result, developers are choosing to reduce the number of units so as to not need to go before the Planning Board. Our recommendation is to increase the number of units that a developer must obtain a building permit to six units. This will place additional incentives for increased density at a time when our community is desperate for increased housing stock.

■ **EXPAND ACCESSORY DWELLING UNIT (ADU) ORDINANCE:**

In 2019, the City took steps to expand access to ADUs. The subcommittee recommends further expansion and the creation tools to make ADUs more accessible to a typical homeowner by: allowing for detached ADUs on parcels of single family homes, allowing for one ADU per-single family home, mandating that all ADUs comply with state one & two family building (rather than the more stringent Manchester Building Codes), and the development of a 'Manchester Homeowner's Guide to ADUs' to the permitting and approval process.

State and Federal Advocacy

■ **MAKE CHANGES TO THE STATE BUILDING**

CODE: Currently, tiny homes (homes that are smaller than 400 square feet) are seen as a potential solution to the affordable housing crisis. However, they do not meet the minimum standards of the State Building Code, meaning that regardless of any changes to City Zoning regulations, tiny homes cannot be permitted in Manchester. The Taskforce recommends advocating to the New Hampshire Building Officials Association and the New Hampshire Municipal Association to encourage the State to update their building code and provide for localities flexibility to permit tiny homes.

■ **CITY AND STATE FIRE CODE AGREEMENT:**

Often, developers run into difficulties between City and State fire code agreement, which adds additional costs and time to projects. This Taskforce advocates for State Legislation that would provide local authorities to waive state regulations in appropriate circumstances that will not cause hazards to public safety, but offer cost savings for developers.

Support Services Subcommittee

The Support Services Subcommittee was assigned two primary tasks. First, they worked on reviewing the availability of housing resources and support services within the City of Manchester and made recommendations of ways to increase access. They also identified resource gaps that if fixed, could increase access to housing and increase the likelihood that those currently housed remain housed.

Subcommittee Members

Pat Long, Alderman Ward 3 (Chair)

Chris Wellington, FIT/New Horizons

Alissandra Rodriguez-Murray, Manchester Housing Alliance

Sarah Jane Knoy, Granite State Organizing Project

Support Services Recommendations

■ CREATE A HOUSING RESOURCE PORTAL:

A Housing Assistance Resource Portal would include resources for tenants, landlords, homeowners, and those experiencing homelessness. It would live on the City website, and include information on what is required of a landlord, how to file a complaint about substandard living conditions, where to find rental assistance, and how to access services. This could be paired with semi-regular informational sessions for both tenants and landlords by community partners.

The creation of the portal will not increase inventory of available housing assistance, but it will allow for an audit of available services to identify gaps.

■ AFFORDABLE HOUSING PROPERTY IMPROVEMENT GRANT FUND:

In addition to a lack of affordable housing, there are a significant number of units with substandard living conditions, and some do not even meet the minimum standards to be eligible for payment through Section 8 Housing Vouchers. As resources become available, this subcommittee recommends the creation of an Affordable Housing Property Improvement Grant Fund so landlords can make improvements to properties that provide affordable housing and that the units remain below market value for a predetermined period of time.



References

¹ Feingold, J. (2021, January 20). Study says New Hampshire a top destination for people to move to. <https://www.nhbr.com/study-says-new-hampshire-a-top-destination-where-people-are-moving/>

² Johnson, K., & Bundschuh, K. (2020, July 16). Why people move to and stay in New Hampshire. <https://carsey.unh.edu/publication/why-people-move-to-stay-in-NH>

³ HUD Office of Policy Development and Research: Fair Market Rents. (n.d.). Retrieved from <https://www.huduser.gov/portal/datasets/fmr.html#null>

⁴ 2020 New Hampshire Residential Rental Cost Survey Report (p. 10, Rep.). (2020). Manchester, NH: New Hampshire Housing. <https://www.nhhfa.org/wp-content/uploads/2020/07/2020-Rental-Survey-Report.pdf>

⁵ Individuals with vouchers must find their own housing and pay a percent of their annual income, and Section 8 voucher will make up the difference. However, the wait for Section 8 vouchers from MHRA can be up to seven years, and even those who have received their vouchers struggle to find housing that meets the minimum standards required for assistance. At the time of this report, there were 31 individuals in possession of a Section 8 housing voucher unable to find adequate housing options.

⁶ In 2019, the City of Manchester published the [report from the Mayor's Taskforce on Homelessness](#), which identified a lack of adequate housing options as a major barrier to ending homelessness.

⁷ The [2020-2024 HUD Consolidated Plan for the City of Manchester](#) identified the lack of affordable housing as the number-one barrier for those experiencing homelessness and increasing the number of affordable housing units as the number-one priority for City funding.

⁸ The City can put conditions on property as a means to emphasize affordable housing, but it cannot sell property for less than its worth.

Appendix 1



CENTER FOR ETHICS IN BUSINESS AND GOVERNANCE

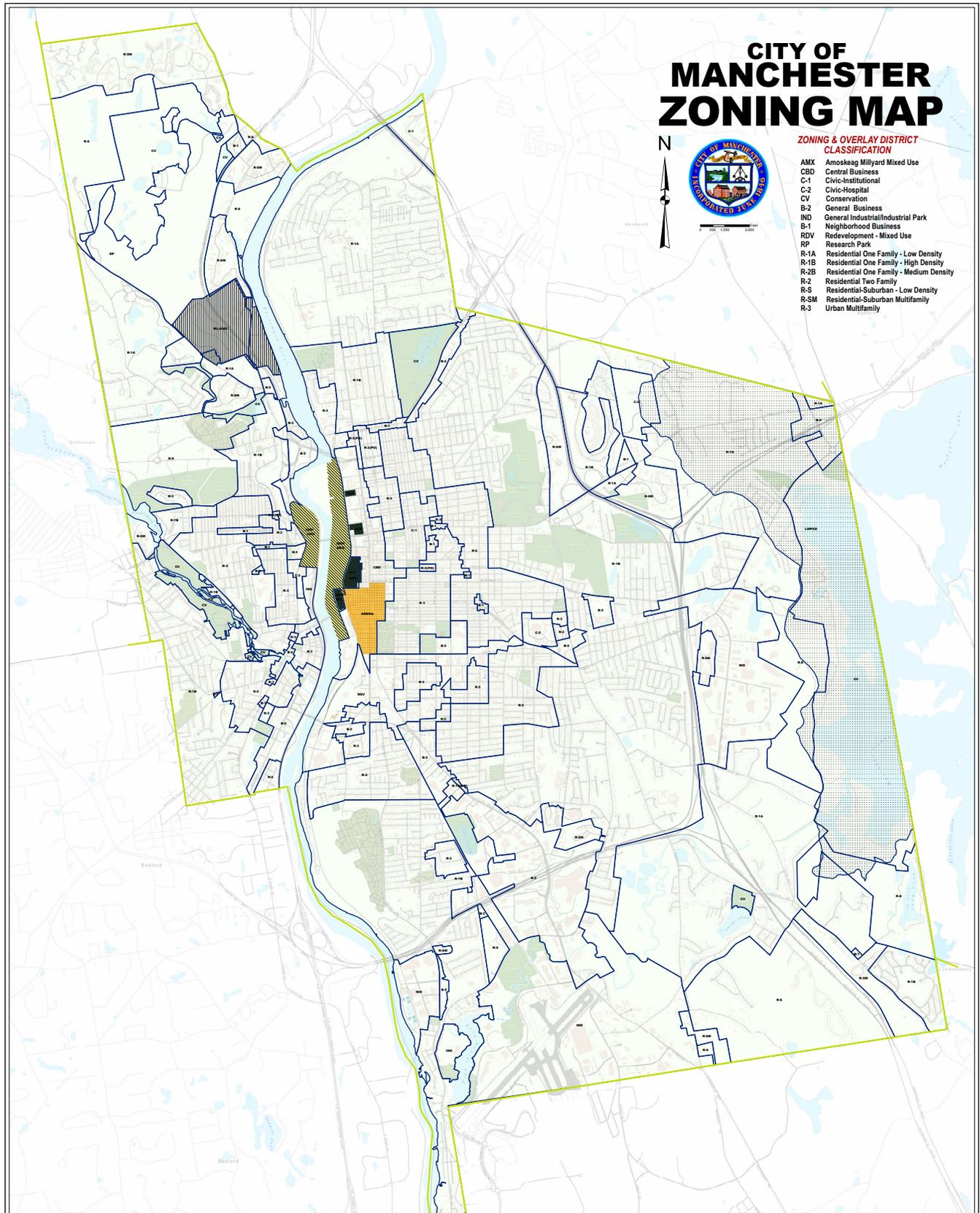
Saint Anselm College

POSSIBLE MANCHESTER ZONING CHANGES FOR GREATER INFILL AND AFFORDABILITY

Manchester could make its regulatory environment more welcoming to multifamily housing, while also promoting environmental, aesthetic, and fiscal goals: increasing density, reducing overcrowding, reducing car-dependent infrastructure, and raising land values. Here are some possible tweaks to the city's zoning code with these objectives in mind.

1. Allow townhouse, duplex, and multifamily dwellings by right in B-2 (General Business District). To accommodate attractive rowhouses, set a minimum lot size of 1,200 square feet, a minimum lot frontage of 12 feet, a zero front minimum setback, and a maximum floor area ratio of 1.5 for residential. Lexington, Kentucky has done [something similar](#).
2. Allow duplex and multifamily dwellings by right in CBD (Central Business District). Restricting residential development in a CBD is extremely unusual. Eliminate the maximum floor area ratio in the CBD.
3. Slightly reduce the R-2 (two-family) minimum lot size to 5000 square feet to match the R-3 (urban multifamily) minimum lot size. Reduce the R-2 minimum lot frontage to 50 feet. As a rule, minimum lot frontage should be the minimum lot size divided by 100.
4. Slightly reduce the R-1A (single-family medium density) minimum lot size to 10,000 square feet to match the minimum lot frontage of 100 feet.
5. Slightly reduce the R-SM (suburban multifamily) minimum lot size to 7,500 square feet to match the minimum lot frontage of 75 feet.
6. Reduce the RS (suburban) minimum lot size to 15,000 square feet to match the minimum lot frontage of 150 feet.
7. Reduce front setbacks in all districts to 10 feet. Here is some information on why front setback requirements are [especially undesirable](#).
8. Reduce minimum parking requirements for all residential units to one space per unit.
9. Expand the ADU ordinance. Eliminate the owner-occupancy requirement, the conditional use permit requirement, the one-parking-space-per-bedroom requirement, and the connecting-door provision, and set the maximum lot coverage and maximum floor area ratio at 75% and 0.75, respectively, in any residential district for properties with ADUs.

Appendix 2



Appendix 3

Estimated Number of Housing Units Manchester, NH

Land Use Codes	Type of Housing Unit	Number of Parcels	Estimated Number of Housing Units
1010	1-Family	17,300	17,300
1020	Condo	5,612	5,612
1040	2-Family	3,179	6,358
1050	3-Family	1,350	4,050
1110-1250	Apartments 4+ Units	1,139	17,683
Exempt	MHRA PILOT Units		700
Exempt	Other PILOT Units	15	512
3040 / Non-exempt	Nursing Homes	8	688
TOTAL:			52,903