



CENTER FOR ETHICS IN SOCIETY

Saint Anselm College
Transformation Through Dialogue

Developer's Lunch: Executive Summary **June 30, 2021**

On June 30, many of New Hampshire's most important for-profit and nonprofit developers gathered with the Center's Housing We Need Task Force to discuss solutions to New Hampshire's housing crisis. The developers offered their perspective on a variety of topics, including types of building projects that have recently been successful, conditions that are favorable and unfavorable to their work, and how to increase housing supply and affordability.

Recent Conditions

The developers generally agreed that market conditions favor larger-scale projects now. Building small-scale projects, such as single detached homes or small single-family developments, is expensive because of the lack of economies of scale, and because approval processes are so burdensome. The costs of regulation are easier to bear when spread over many housing units.

The Pandemic

The developers agreed that the pandemic has turned the housing market upside-down. Interest rates are favorable, which has encouraged more buyers to come out, but buyers with cash now have the upper hand. It is easy to sell anything that you build. The flip side is that due to the pandemic, the costs of labor and materials have risen. In normal times, the cost of land and approvals has driven development decisions, but currently, materials and workers are the chief barrier.

Barriers to "Missing Middle" Housing

In considering barriers to building "missing middle" housing (small-scale multifamily, townhomes, etc.), the developers noted that the timeline at the community level for getting approvals provides yet another difficulty for small-scale projects. Only the bigger developers can manage to forego revenue from a project because of a lengthy approval process. They noted that the State Housing Appeals Board could prove to be a significant benefit here, but local ordinances also need work.

Developers also pointed out that planning and zoning boards often operate under difficult conditions: they are frequently overburdened, suffer from a lack of diversity in membership, and are in need of more information and data about their community's housing needs. They are also under enormous pressure from their community members who oppose development of multifamily units on the view that these housing units will raise school costs and property taxes,

when evidence shows that in fact these developments can have the opposite effect of increasing the tax base for the benefit of the whole community.

For low-income housing, an additional barrier to access is the income qualification for the low-income housing tax credits: some households do not make enough money to qualify for the benefit.

Finally, with regard to supply barriers, developers remarked that state-level regulations, particularly Department of Environmental Services permits for terrain modification, as well as Fish and Game regulations, also raise the cost of building.

Solutions to the Housing Shortage

Developers were then asked to name one change that would have the greatest impact on the housing crisis. Answers ranged from the far-reaching (one nonprofit developer suggested that the State of New Hampshire abolish local zoning authority) to the nitty-gritty. Solutions included:

- Loosening up local zoning ordinances
- A vibrant Housing Appeals Board
- Inclusionary zoning with flexible density bonuses
- Predictability and consistency in the application of zoning ordinances and building codes
- Expanded water and sewer systems to make small-scale development easier
- Large employers supporting the construction of housing for their employees, either by building it themselves or by donating land or financial support
- The business community advocating for more work-force housing
- Greater awareness that development does not raise taxes but benefits the community by diversifying the housing stock and letting people of all ages find places to live
- An active “silent majority” in local elections and hearings
- Young people and renters serving on planning and zoning boards to help shape their own communities.