

III. POPULATION AND HOUSING

A. Role of Population and Housing Analysis and Planning

1. Population

The analysis of population trends is a traditional way of evaluating community needs for public services and facilities, and for anticipating the demands of growth on municipal infrastructure. Per capita ratios are frequently used to compare community fiscal and socioeconomic characteristics. High rates of population growth sometimes require advanced commitments of financial resources to provide the capacity to accommodate future growth; population decline may signal a need for community reinvestment to stabilize the local economy. The number of persons, their age distribution, and where they live within the community become significant factors in estimating the demand for local services. Population is but one of several dimensions of growth and development. Other factors include employment growth, household formation, housing units, the patterns of commercial and industrial development, and regional traffic flow.

2. Housing

The provision of an adequate supply of affordable housing is a critical issue for the regional economy, the local community and the individual household. Any economic region is dependent on the availability of affordable housing to sustain its labor force. The mix of housing units by type determines the nature of residential demands on public facilities, services and schools. From the households' perspective, housing expenditures for rent or for ownership will often represent one's single largest lifetime investment. According to RSA 672:1,III-e,

"All citizens of the state benefit from a balanced supply of housing which is affordable to persons and families of low and moderate income. The establishment of housing which is decent, safe, sanitary and affordable to low and moderate income persons and families is in the best interest of each community and the State of New Hampshire and serves a vital public need..."

In this statute, the NH State Legislature further declares that opportunities for the development of such housing should not be prohibited or discouraged by municipal planning and zoning powers or by unreasonable interpretation of those powers. Accordingly, the New Hampshire State statutes were amended following the 1988 Legislative Session to specify minimum requirements for the housing section of the local master plan. The housing section must analyze existing housing resources and address current and future housing needs of residents of all income levels of the municipality and the region as identified in the Regional Housing Needs Assessments performed by the regional planning commissions as required under RSA 36:47,II.

It is appropriate to evaluate population and housing together, as they are interdependent variables. The local population will not grow merely because it is projected to do so; the housing stock needs to be developed to allow that growth to occur. The type of housing created and relative density will determine the number of persons that can be supported by the local housing supply. In this section we have attempted to look at both the historic context of housing

development as well as the expected demand for housing based on population projections for Salem.

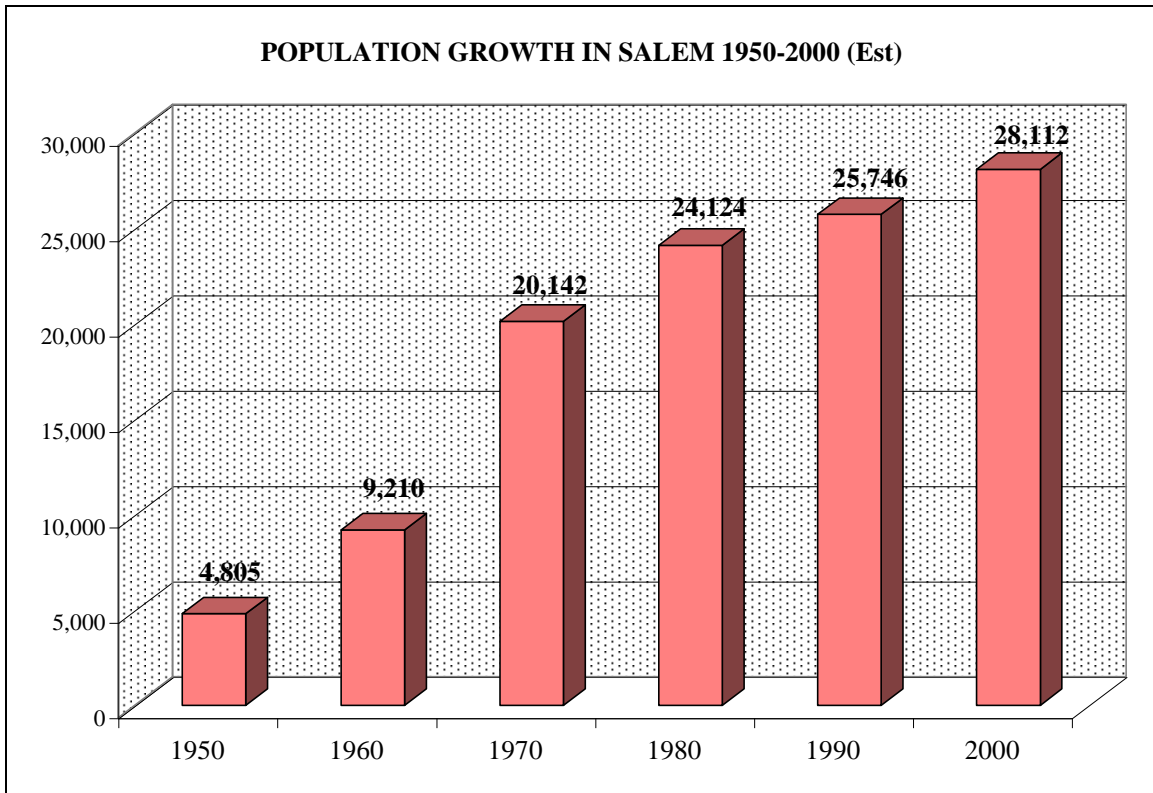
As of this writing, some 2000 Census data have been released on population, age, housing units and households by tenure. The more detailed tabulations relating to housing costs and income are unlikely to be available until 2002-2003. Therefore reasonable estimates have been prepared in this analysis to reflect current conditions. These estimates may be updated and replaced upon the completion and availability of more detailed Census data.

B. Past Population and Household Growth

Figure III-1 illustrates the past and current estimated population of Salem. The Town of Salem had a total population of 28,112 as of April 2000 according to the U. S. Census. Salem's most rapid growth took place between 1960 and 1970 when it added nearly 11,000 people, which exceeds the entire population of 90% of the municipalities in New Hampshire.

Between 1970 and 1980 the town grew by 4,000 persons and between 1980 and 1990 Salem grew by only 1,622 persons. Between 1990 and 2000, the town added 2,366 people. In terms of total population growth, the last two decades have presented a slower period of population change in Salem than the decades between 1960 and 1980.

FIGURE III - 1



Prior to 1970, Salem’s rate of population change greatly exceeded that of Rockingham County. During the 1970s and 1980s, the Town grew at a considerably slower pace than the region. In the 1990s, the Town’s population growth rate was higher than in the 1980s, but was somewhat lower than the rate of increase for the County.

TABLE III - 1

Period	PERCENT CHANGE IN POPULATION	
	Salem	Rockingham County
1950-60	91.7%	41.4%
1960-70	118.7%	40.3%
1970-80	19.8%	37.0%
1980-90	6.7%	29.2%
1990-00	9.2%	12.8%

Consequently, Salem’s share of the Rockingham County population has been declining, as shown in Table III-2:

TABLE III - 2

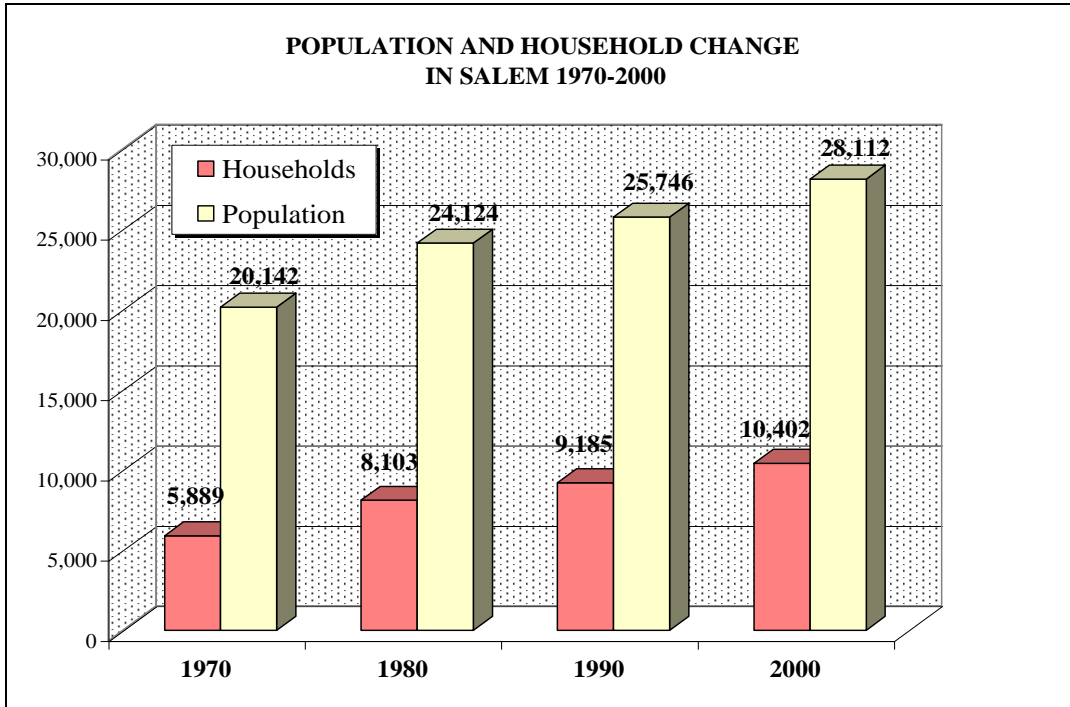
Year	Salem Population as Percent of County Total
1950	6.9%
1960	9.3%
1970	14.5%
1980	12.7%
1990	10.5%
2000	10.1%

Salem’s household and population growth from 1970 to 2000 is illustrated in Figure III-2. In the past (most notably in the 1970s), the number of households has grown at a higher rate than the number of persons, as the average number of persons per household declined. Trends in the average number of non-institutional persons per household in Salem, and the number of school age children (age 5-17) per household from 1980 to 2000 are shown below:

	<u>Avg. Household Size</u>	<u>Pop. Age 5-17 Per Household</u>
1980	2.97	0.707
1990	2.79	0.476
2000	2.69	0.512

These averages have declined with demographic trends, but are also influenced by the mix of housing units and differences in the numbers of persons per unit by type of structure. While average household size declined from 1980-2000, the average number of school age persons per household dropped significantly from 1980 to 1990, then increased between 1990 and 2000.

FIGURE III - 2



The average household size in Salem's single family detached homes and in attached and two family housing tend to contain larger households than other types of units. Multifamily and manufactured housing have an average household size of two persons or less. Thus the more single family and duplex housing the town absorbs as a percentage of its total housing stock, the higher the population impact will be. Figure III-3 illustrates the average household size by type of structure in Salem as of 1990. Table III-3 provides additional detail by tenure and units in structure.

TABLE III – 3

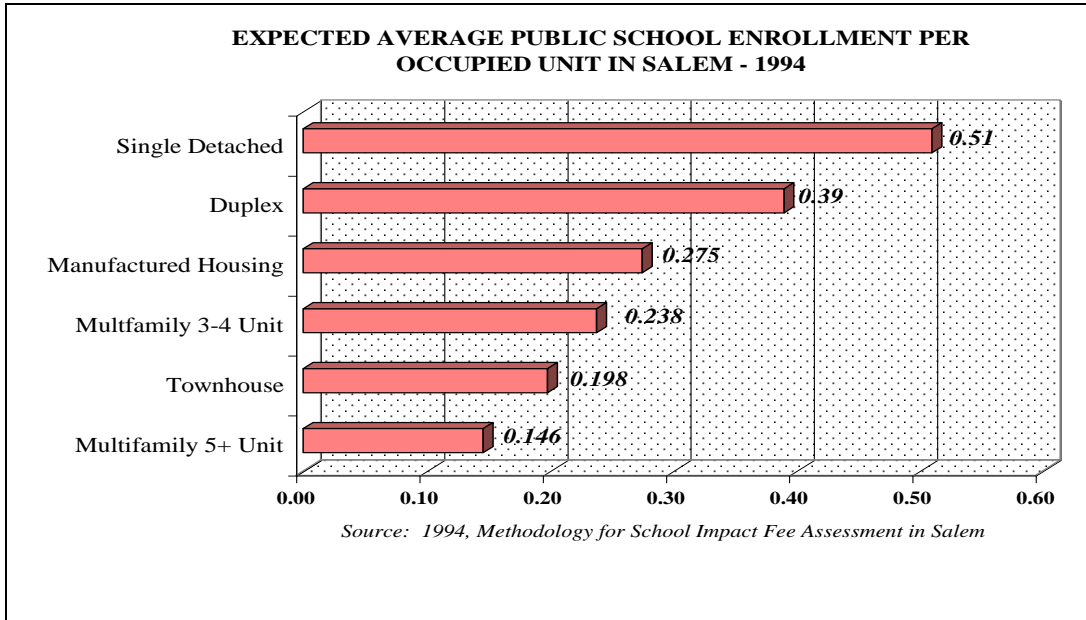
**PERSONS PER OCCUPIED UNIT BY TENURE AND UNITS
IN STRUCTURE IN 1990 - TOWN OF SALEM**

Tenure and Structure Type	Occupied Units	Persons in Units	Persons Per Occupied Unit
Owner Occupied			
Single Family Detached	5,857	18,288	3.12
Single Family Attached	148	424	2.86
Two Family	147	456	3.10
Three to Four Family	12	36	3.00
Five or More Family	215	422	1.96
Manufactured Housing/Other	692	1,264	1.83
Total Owner Occupied	7,071	20,890	2.95
Renter Occupied			
Single Family Detached	420	1,186	2.82
Single Family Attached	80	204	2.55
Two Family	218	546	2.50
Three to Four Family	171	296	1.73
Five or More Family	1,114	2,244	2.01
Manufactured Housing/Other	111	217	1.95
Total Renter Occupied	2,114	4,693	2.22
All Occupied Units			
Single Family Detached	6,277	19,474	3.10
Single Family Attached	228	628	2.75
Two Family	365	1,002	2.75
Three to Four Family	183	332	1.81
Five or More Family	1,329	2,666	2.01
Manufactured Housing/Other	803	1,481	1.84
Total Occupied	9,185	25,583	2.79

Source: 1990 Census. Note: Population in occupied units does not include 163 persons living in group quarters in 1990

Figure III-4 below shows the relative public school enrollment impacts of various types of housing in Salem. Single family detached housing and duplex units has the highest enrollment impact per dwelling unit, while multifamily housing has the least based on estimates for occupied units in Salem as of 1994.

FIGURE III – 4



C. Age Distribution

Table III-4 and Figure III-5 illustrate the changing age distribution of the Salem population. Since 1980, the relative age distribution in Salem appears to have remained relatively constant with only some upward shift in the age 55 and over population. In comparison to 1970, the town has a much lower percentage of its total population in the youngest age groups. In 1970, the population under age 20 totaled nearly 41% of the total. In both 1990 and 2000, the under-20 population represented only 27% of the total. The age 5-17 (school age) portion of that population grew 952 between 1990-2000 (21.8% increase).

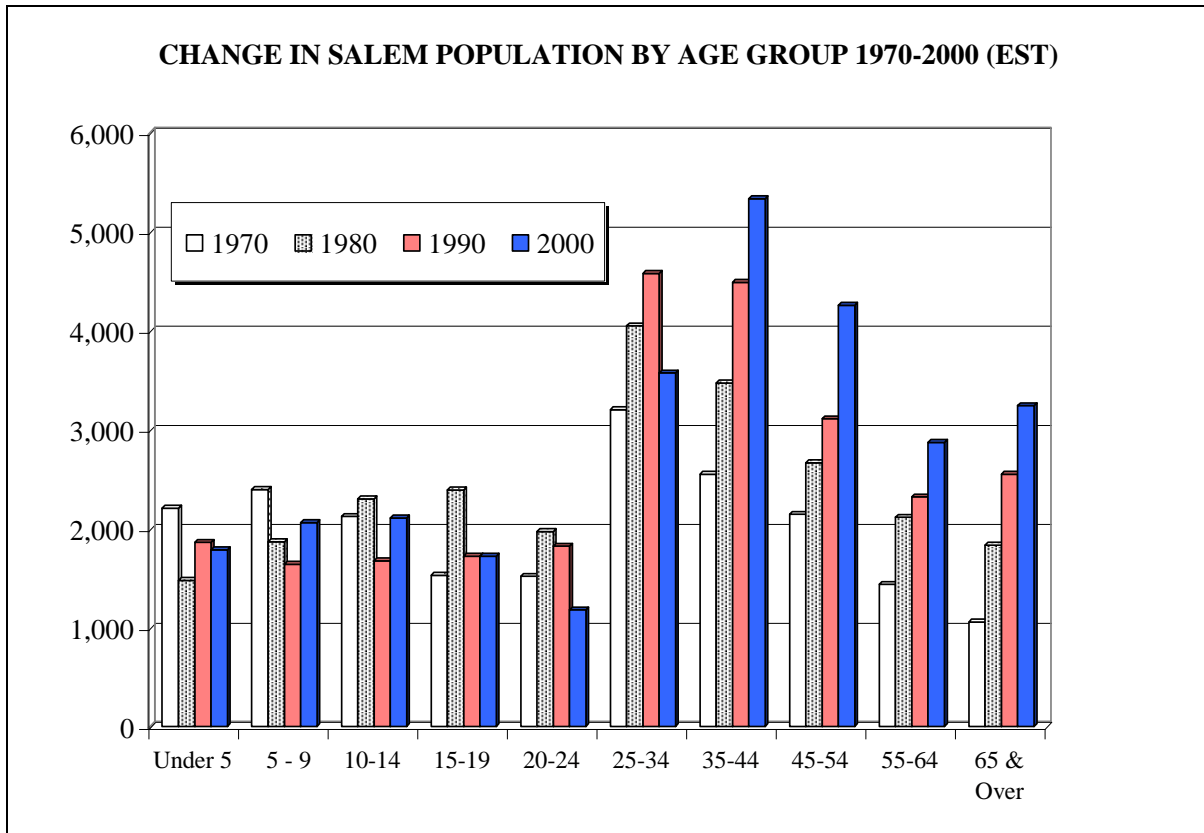
TABLE III - 4

Age Distribution of Population U. S. Census Data for Salem 1970-2000								
Age Group	Number of Persons				Percent of Population			
	1970	1980	1990	2000	1970	1980	1990	2000
Under 5	2,205	1,476	1,859	1,783	10.9%	6.1%	7.2%	6.3%
5 - 9	2,394	1,867	1,639	2,059	11.9%	7.7%	6.4%	7.3%
10-14	2,121	2,300	1,673	2,107	10.5%	9.5%	6.5%	7.5%
15-19	1,528	2,389	1,719	1,721	7.6%	9.9%	6.7%	6.1%
20-24	1,516	1,969	1,821	1,178	7.5%	8.2%	7.1%	4.2%
25-34	3,198	4,046	4,577	3,571	15.9%	16.8%	17.8%	12.7%
35-44	2,547	3,469	4,486	5,330	12.6%	14.4%	17.4%	19.0%
45-54	2,142	2,663	3,107	4,254	10.6%	11.0%	12.1%	15.1%
55-64	1,435	2,113	2,318	2,869	7.1%	8.8%	9.0%	10.2%
65 & Over	1,056	1,832	2,547	3,240	5.2%	7.6%	9.9%	11.5%
Total	20,142	24,124	25,746	28,112	100.0%	100.0%	100.0%	100.0%

Salem’s rapid rate of population growth, strongly related to in-migration, has resulted a relatively young population profile. However, the senior population is beginning to grow more rapidly in response to overall demographic age shifts. The changing distribution of the age makeup of the population is in part the inevitable result of the aging of the baby-boom population.

In 1970 only about 12% of the population was age 55 and over; in 2000 the population 55+ represented nearly 22% of the total. The elderly population (age 65 and over) was only 5% of the total in 1970, but in 2000 comprised 11.5% of the Salem population.

FIGURE III - 5



D. Trends and Projections: Population, Households, Tenure and Housing Units

Figure III-6 illustrates the total population of the Town of Salem from 1950 through 1990 (actual count) with alternative estimates and projections shown for the years 2000 to 2010. An alternative set of population projections is shown based on the MPO (Metropolitan Planning Organization, or Rockingham Planning Commission) projections prepared in 1995. This set of projections showed a somewhat slower rate of growth, indicating the town would reach 30,000 by the year 2010. NH OSP’s population forecast for the year 2000 in its 1997 series of projections was 29,724 and 34,407 for 2010. However, actual population of Salem in 2000 measured by the Census (28,112) was lower than projected by the New Hampshire Office of State Planning.

The year 2010 population has been projected for master planning purposes using the 15.7% growth rate estimated in the 1997 New Hampshire OSP projections for Salem for the period 2000-2010. This method projects a year 2010 population of 32,500 persons. We believe this is a reasonable planning figure to use and is consistent with the housing absorption history of the town. Long-term projections based on NH OSP projections from 1997 show a potential Salem population of about 40,000 in the year 2020.

FIGURE III - 6

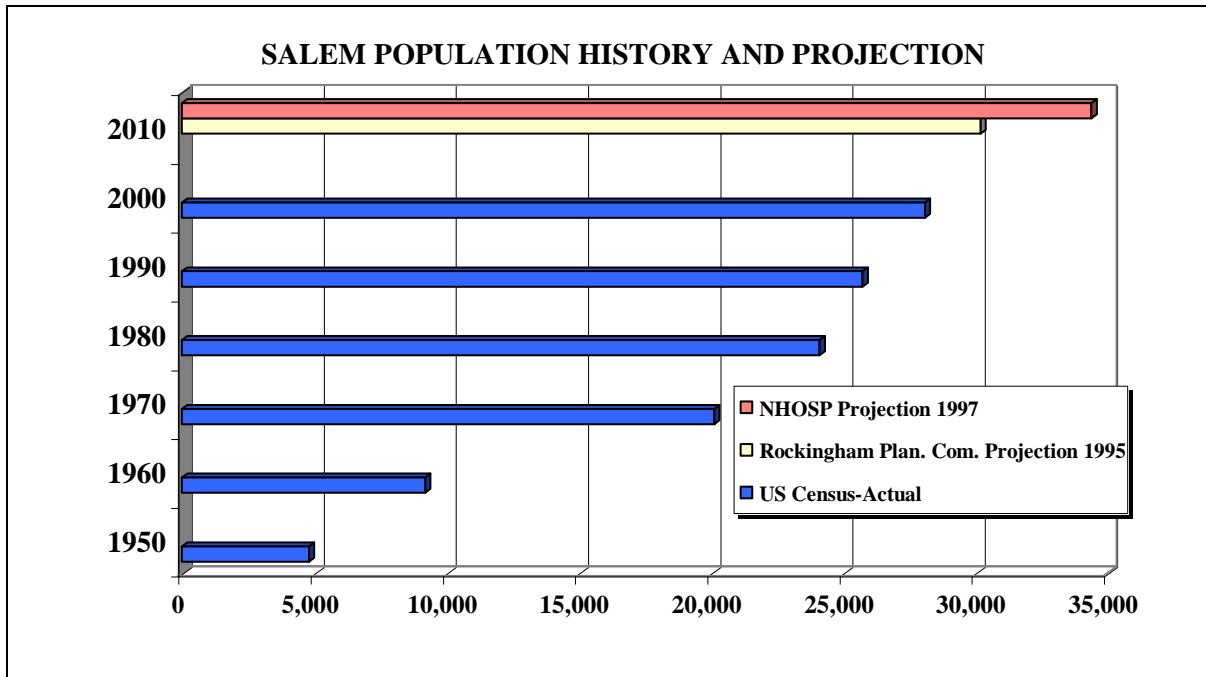


FIGURE III - 7

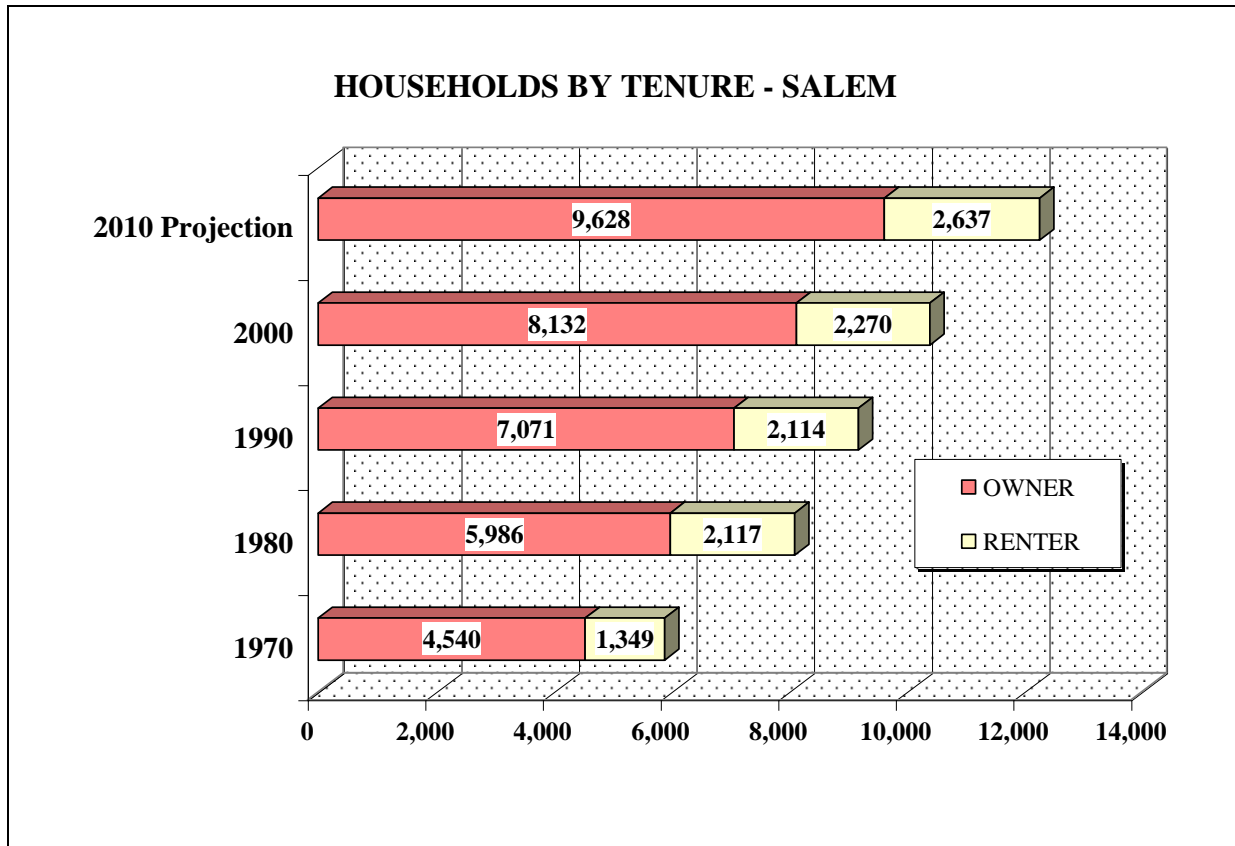


Table III-5 uses a projected population for 2010 of 33,000 and the analysis of past trends to estimate the number of households generated by that level of population growth, considering the recent trends in declining household size, and adjusting for the institutional group quarters population. Adjustments have also been made to reflect the changing age demographic of the population, which favors an increase in ownership tenure and a slight decline in rental tenure. Households by owner/renter tenure are actual figures for 1970-2000. The tenure split for 2010 has been projected by holding 1990 age-specific homeownership rates constant, and applying these rates to the projection of 2010 households by age.

TABLE III - 5

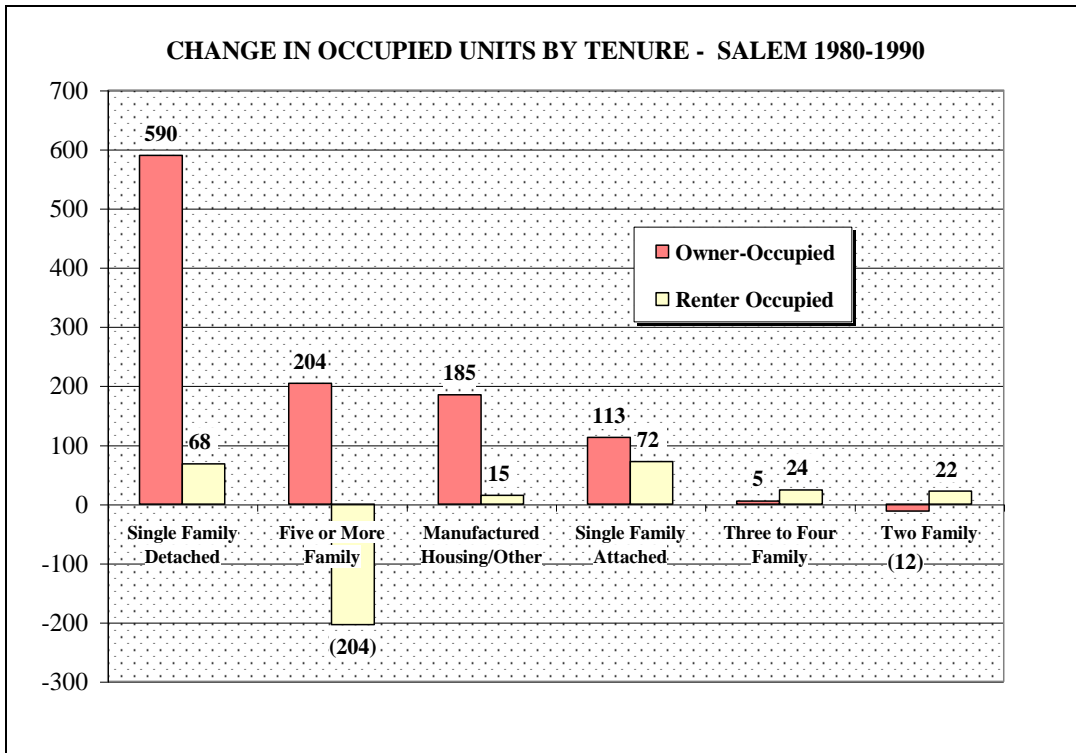
SALEM POPULATION AND HOUSING CHANGE BY DECADE - PAST AND PROJECTED													
	Census	Census	Census	Census	2010	Change 1970-80		Change 1980-90		Change 1990-2000		Change 2000-2010	
	1970	1980	1990	2000	Projected	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Population	20,142	24,124	25,746	28,112	32,500	3,982	19.8%	1,622	6.7%	2,366	9.2%	4,388	15.6%
In Group Quarters	37	52	163	141	122	15	40.5%	111	213.5%	-22	-13.5%	-19	-13.5%
In Households	20,105	24,072	25,583	27,971	32,378	3,967	19.7%	1,511	6.3%	2,388	9.3%	4,407	15.8%
Persons Per Household	3.41	2.97	2.79	2.69	2.64	-0.44	-13.0%	-0.18	-6.2%	-0.10	-3.5%	-0.05	-1.8%
Households	5,889	8,103	9,185	10,402	12,264	2,214	37.6%	1,082	13.4%	1,217	13.2%	1,862	17.9%
Owner	4,540	5,986	7,071	8,132	9,628	1,446	31.9%	1,085	18.1%	1,061	15.0%	1,496	18.4%
Renter	1,349	2,117	2,114	2,270	2,637	768	56.9%	-3	-0.1%	156	7.4%	367	16.2%
% Own	77.1%	73.9%	77.0%	78.0%	78.5%								
% Rent	22.9%	26.1%	23.0%	22.0%	21.5%								

This model projects a total of 12,264 households by 2010, with 9,628 homeowners and 2,637 renter households. (See also Figure III-7 above.)

The trends and projections reviewed in this section several significant housing trends in Salem:

- Total household growth during the 1980s was about half of the number absorbed in Salem during the 1970s. During the 1970s, over *one third* of the net increase in households was in rental occupancy; during the 1980s, there was *no growth* in rental occupancy. In the 1990s, about 13% of net household growth in Salem was in renter-occupied housing.
- All of the net household growth between 1980 and 1990 was in home ownership. Other housing data (see Figure III-8 below) indicate that over 200 renter occupied housing units were replaced by owner-occupancy as the result of the conversion of multifamily rental units to condominiums.

FIGURE III - 8



- Between 1990 and 2000 we estimate that the number of households grew by 1,217 and that about 87% of net household growth was in homeownership. Renter occupied units in Salem increased by only 156 households during the 1990s (13% of the net growth in households).
- For the future, assuming an estimated total population of nearly 33,000 by the year 2010 and some continued decline in average household size, Salem may have about 12,265 households. If tenure (owner vs. renter occupancy) is held constant by age of head of household, renter occupied housing should grow to 2,651. The proportion of Salem households renting declined from 26% in 1980 to 23% in 1990 and to 22% in 2000.
- Assuming modest declines in average household size, the projected growth for the period 2000 to 2010 is 4,388 persons, and an estimated 1,862 households. The tenure-specific projection indicates growth of 1,496 ownership households and 367 renter households.
- Allowing for adequate vacancies and household growth for the 2000-2010 period, housing production needs in Salem for this period are estimated at:

2,000 total units
 1,525 ownership units
 475 rental units

E. Housing Production

1. Salem and the Region

As of 1998, Salem contained an estimated 9.7% of the Rockingham County housing stock. Despite the rapid growth of the Town, its share of the County's housing supply has declined from its 1980 share of 12.4%.

As of 1998 (based on NH OSP data), manufactured housing (mobile homes) represented about 8% of Salem's housing stock. This is somewhat higher than the average for the New Hampshire portion of the Lawrence-Haverhill PMSA (6.5%). Within this part of the PMSA, only the Town of Danville and the Town of Raymond have a higher proportion of total stock in manufactured housing (over 20% each). The Town of Hampstead has an equal proportion of 8.1% as of 1998. In terms of total manufactured housing units, the Town of Salem, with an estimated 883 manufactured housing units, has the highest *count* of such units in Rockingham County, with the exception of Seabrook.

Rockingham County has seen a remarkably low level of production in multifamily and manufactured housing in recent years. The data in Table III-6 indicate that in the 1980s, over 1,300 dwelling units per year were authorized in two or more family construction in Rockingham County (due to NH OSP categorization, this number probably includes attached housing such as townhouses). During the period 1990-1998, only about 175 two or more family units per year were produced. Similarly, in the 1980s, an average of 370 manufactured housing units were permitted annually, compared with only 58 per year in the 1990-98 period. During the 1990s, the pace of single family construction was about 83% of its 1980-90 levels, while multifamily and manufactured housing production in the 1990s represented only 14% of the 1980-90 pace.

TABLE III – 6

HOUSING UNITS BY TYPE - SALEM AND ROCKINGHAM COUNTY									
	1980	1990	1998	Change 1980-90			Change 1990-98		
	CENSUS	CENSUS	NHOSP ESTIMATE	Number	Percent	Avg Annual	Number	Percent	Avg Annual
SALEM									
Housing Units									
Single Family	5,805	6,710	7,501	905	15.6%	91	791	11.8%	99
2+ Family	1,974	2,321	2,523	347	17.6%	35	202	8.7%	25
Manufactured	646	866	883	220	34.1%	22	17	2.0%	2
Total	8,425	9,897	10,907	1,472	17.5%	147	1,010	10.2%	126
ROCKINGHAM COUNTY									
Housing Units									
Single Family	45,559	61,121	71,413	15,562	34.2%	1,556	10,292	16.8%	1,287
2+ Family	17,423	30,508	31,905	13,085	75.1%	1,309	1,397	4.6%	175
Manufactured	5,150	8,850	9,311	3,700	71.8%	370	461	5.2%	58
Total	68,132	100,479	112,629	32,347	47.5%	3,235	12,150	12.1%	1,519
SALEM SHARE OF COUNTY									
Single Family	12.7%	11.0%	10.5%						
2+ Family	11.3%	7.6%	7.9%						
Manufactured	12.5%	9.8%	9.5%						
Total	12.4%	9.8%	9.7%						

During the 1980's, 48% of the County's net change in housing stock occurred in single-family detached construction, compared to 85% during the 1990-98 period. The proportion of housing production in single family units has been rising in Salem as well. In Salem, 58% of total production in the 1970s was single detached housing, 62% during the 1980s and 78% in the 1990s. The development of multifamily housing fared somewhat better in the Salem than in County as a whole during the 1990s, but the rate of production of lower cost housing types throughout the region has been very low in relation to total growth.

2. Local Trends.

In 1990, Salem's total housing supply was 9,897 units, including about 712 vacant units, 321 of which were reported as seasonal units or units for occasional use. The 2000 Census reports 273 seasonal units, indicating that formerly seasonal units have continued to be converted to year-round use.

The total number of housing units in Salem in 2000 was 10,866, indicating a net change of 969 housing units (net of demolitions, conversions, new construction).

Based on building permits issued, Salem authorized the construction of just under 1,100 units from 1990-1999. Average annual construction measured by the number of units authorized by building permits for each of the last three decades is illustrated in Table III-7 and Figures III-9 and III-10.

**TABLE III - 7
Salem Housing Units Authorized by Permit**

Period	Single Family	Two or More Family	Mobile Home and Other	Total Units	Average Annual	% Single Family Detached
1970s	1,194	864	881	2,075	208	57.5%
1980s	957	542	581	1,538	154	62.2%
1990s	918	216	256	1,174	117	78.2%

During the 1970s, Salem's housing production averaged 208 units per year; 154 per year in the 1980s; and 117 per year in the 1990s. The 1990s have been a comparatively slow period of total housing production in Salem compared to the prior two decades. A significant portion of Salem's multifamily stock was built in 1971 and 1972.

Production of multifamily housing has been very limited since that time as a proportion of total housing development, while single-family housing has represented an increasing share of total activity. Salem does allow the creation of accessory and in-law apartments, which contribute to the stock of two or more family units available in the Town.

FIGURE III - 9

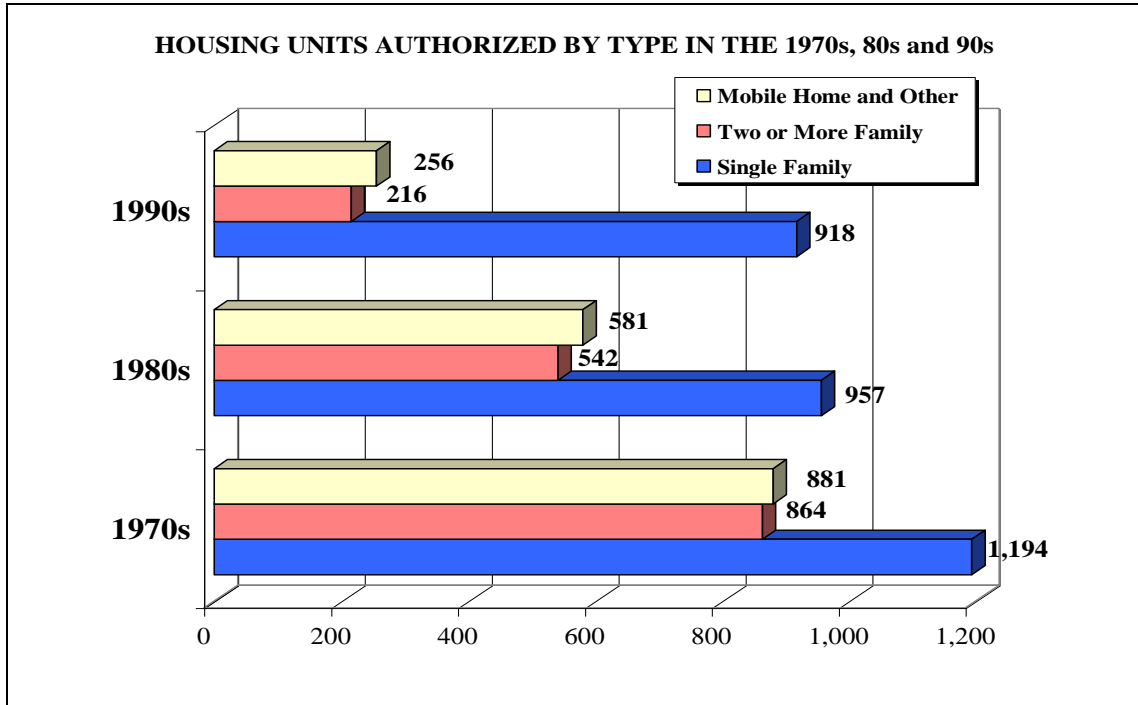
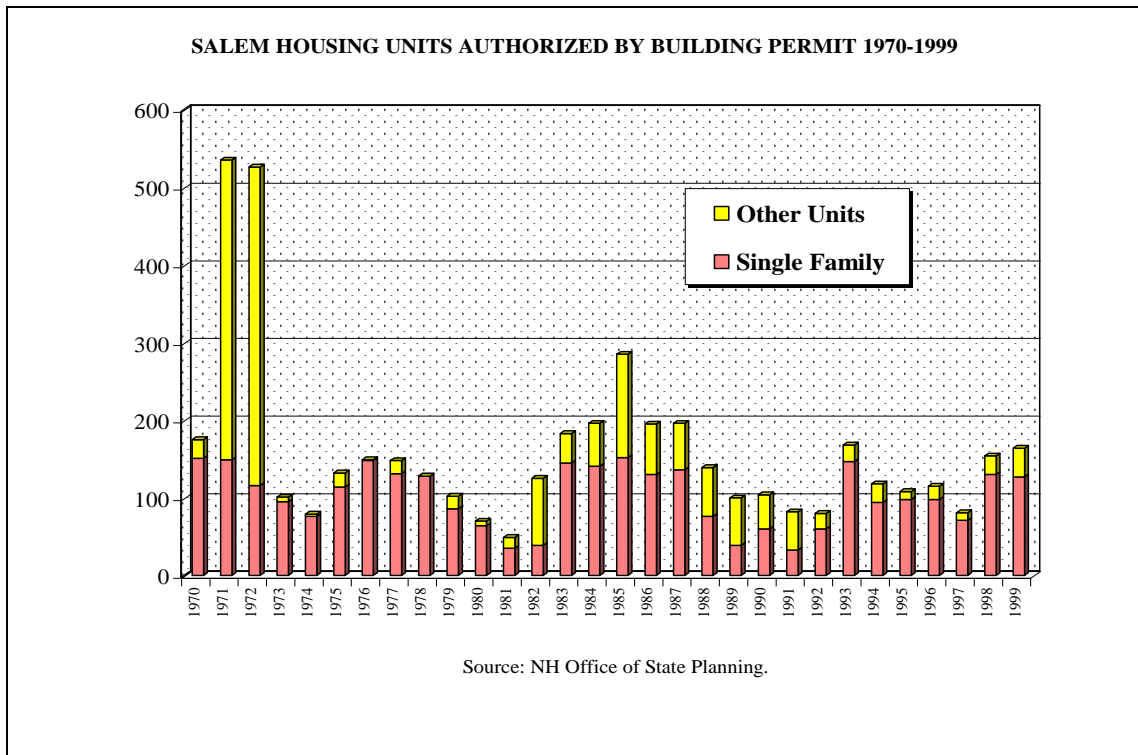


FIGURE III - 10

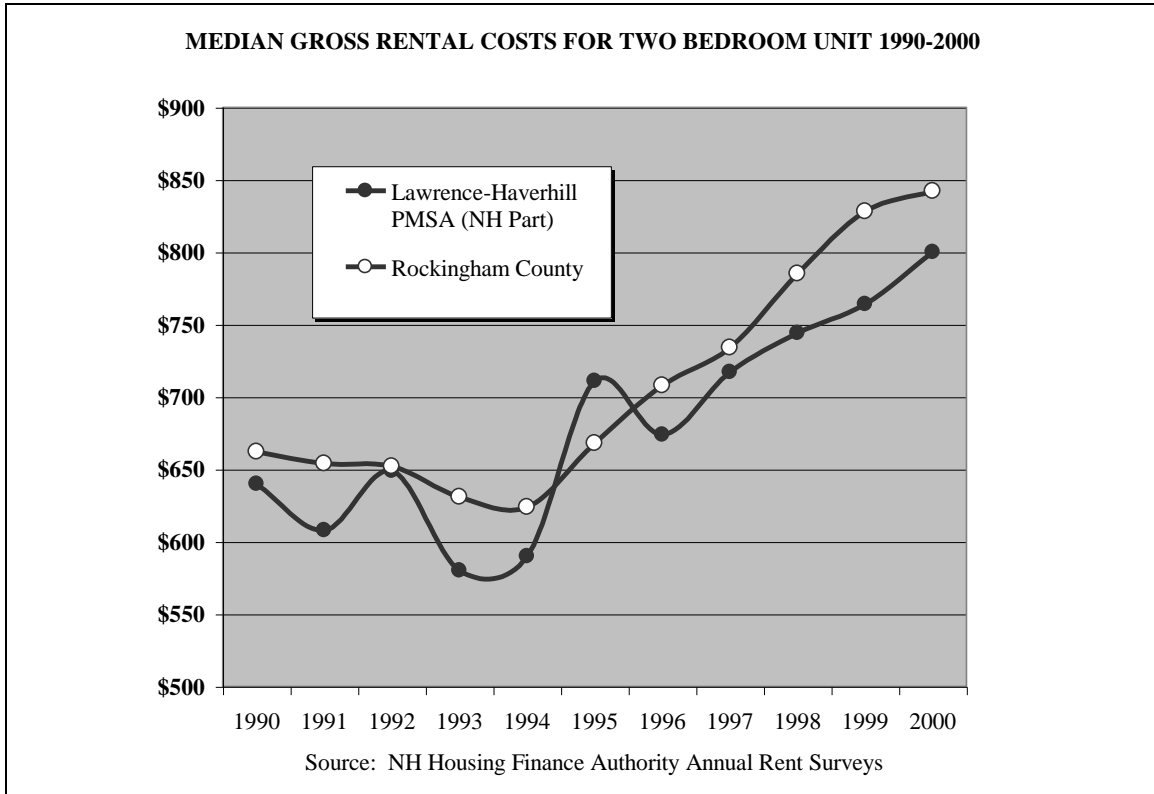


F. Housing Costs and Affordability

1. Rental Housing.

Rental cost data for the New Hampshire portion of the Lawrence-Haverhill PMSA and for Rockingham County are illustrated for the past ten years in Figure III-11. Gross rental costs have risen rapidly since 1994. The steady increase in rent parallels a declining rental vacancy rate that began around 1993 based on surveys conducted by this consultant. A tight rental supply prevails, according to the New Hampshire Housing Finance Authority, with vacancy rates of under 2% estimated for New Hampshire's southern and central markets. The actual rental vacancy rate for Salem based on the 2000 Census was 2.6%; countywide the vacancy rate was 3.3%. A 5 to 6% vacancy rate is considered to be necessary to provide an adequate amount of housing choice for renter households.

FIGURE III - 11



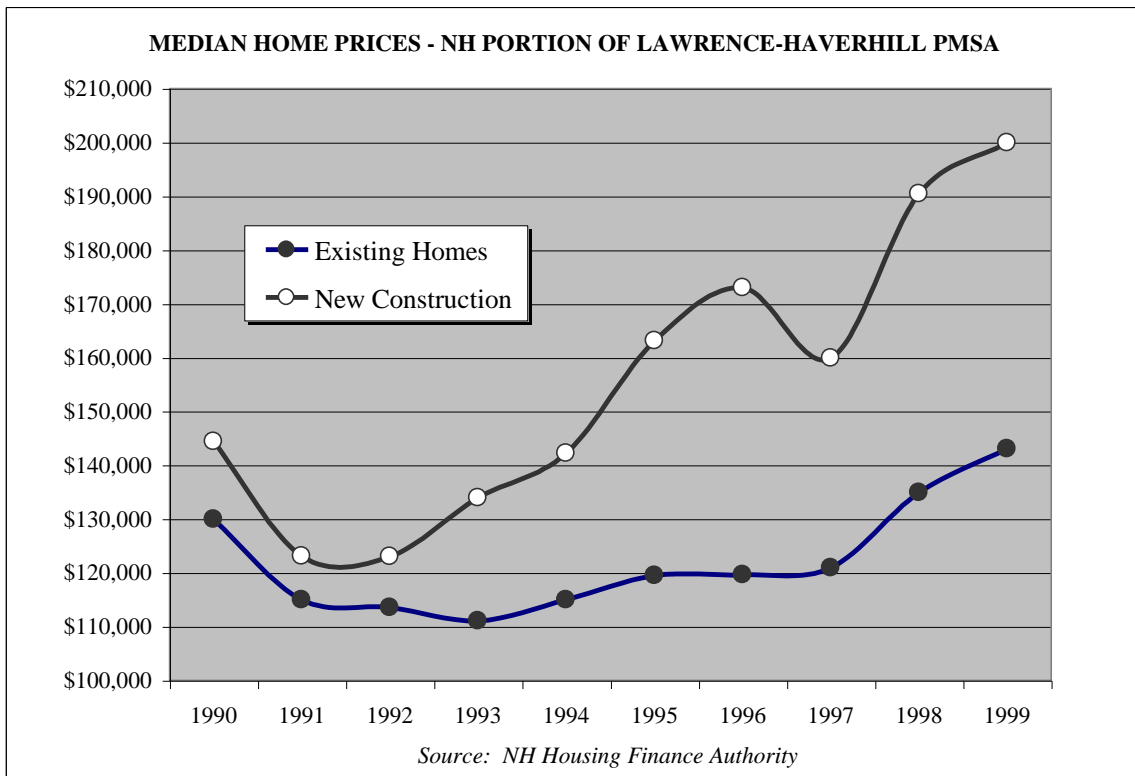
The median gross rental cost, including all utilities, of a two-bedroom rental unit in the region is nearly \$850 per month. At a standard 30% of income ratio to determine affordability, households need a minimum income of \$34,000 annually to afford this rent level at the median cost. Current federal programs providing for lower income rental options established “very low income” at a level at or below 50% of median area income (60% of median area income for some low-income housing tax credit programs.) In the Salem area, for a three-person household, 50% of median area income is at or below \$27,350 and at 60% of median is equivalent to an income of under \$32,820. These income levels are both too low to afford the

median gross cost two-bedroom rental unit in the region. Within the Town of Salem at least 16% of total households earn under 50% of the area median income and about 20% earn under 60% of area median (estimated from year 2000 income distributions by Claritas, Inc.). This is calculated on the basis of **all households** in the community; the proportion of renters with very low income is probably much higher. The Town’s median household income was \$44,129 in 1989 (1990 Census). Estimates from Claritas, Inc. indicate a local median household of \$63,800 for the year 2000 (Census income data not available as of this writing).

2. Home Purchase Prices

Regional and local median home purchase prices are illustrated in Figure III-12 (New Hampshire portion of the Lawrence-Haverhill PMSA) and Figure III-13 (Salem). The median price for an existing home (excludes newly constructed units) in the region was about \$110,000 in 1993; prices climbed after 1997 to reach a 1999 median of over \$140,000. The price of new homes constructed in the region is significantly higher, with a median sale price of approximately \$200,000 in 1999. The median priced new home in 1999 sold for about 48% more than the median priced new home in 1993 (\$135,000). Also evident from Figure III-12 is an increasing gap between the price of new and existing housing in the region. Increasingly, the housing supply is becoming less affordable to low to moderate-income households in the region.

FIGURE III - 12

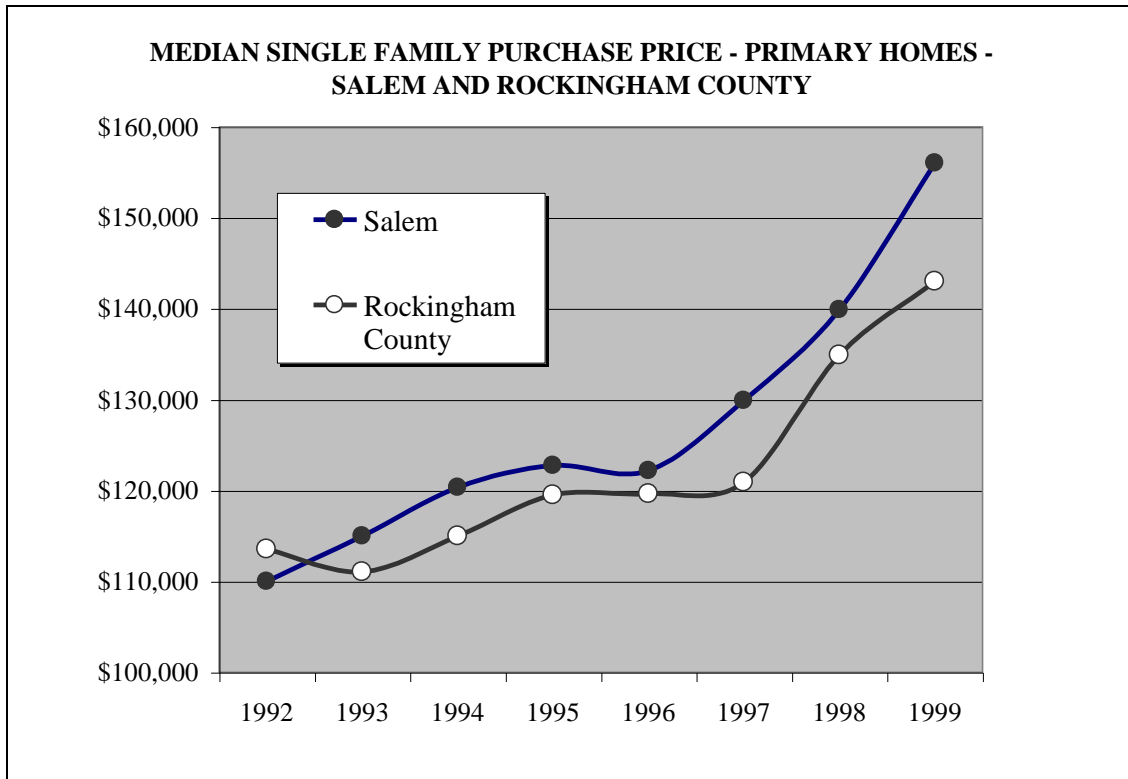


With a 10% down payment, a minimum income of \$55,000 is necessary to afford the median price an existing home within the area, and a minimum income of \$75,000 is needed to afford the median priced new home. At these price levels, about 41% of total Salem households could

not afford the median priced existing home in the region, and 61% could not afford the median priced new home at \$200,000 (again assuming a 10% down payment requirement). Since this data is based on total household incomes, the potential burden on first time homebuyers (those who currently rent) is considerably higher.

Prices in Salem are higher than the regional averages. In Salem, median prices for existing single family homes tend to be higher than the County median, especially in the most recent year reported (1999). In 1999, Salem's median priced existing home sold for about \$156,000, about 9% higher than the area median of \$143,000.

FIGURE III - 13

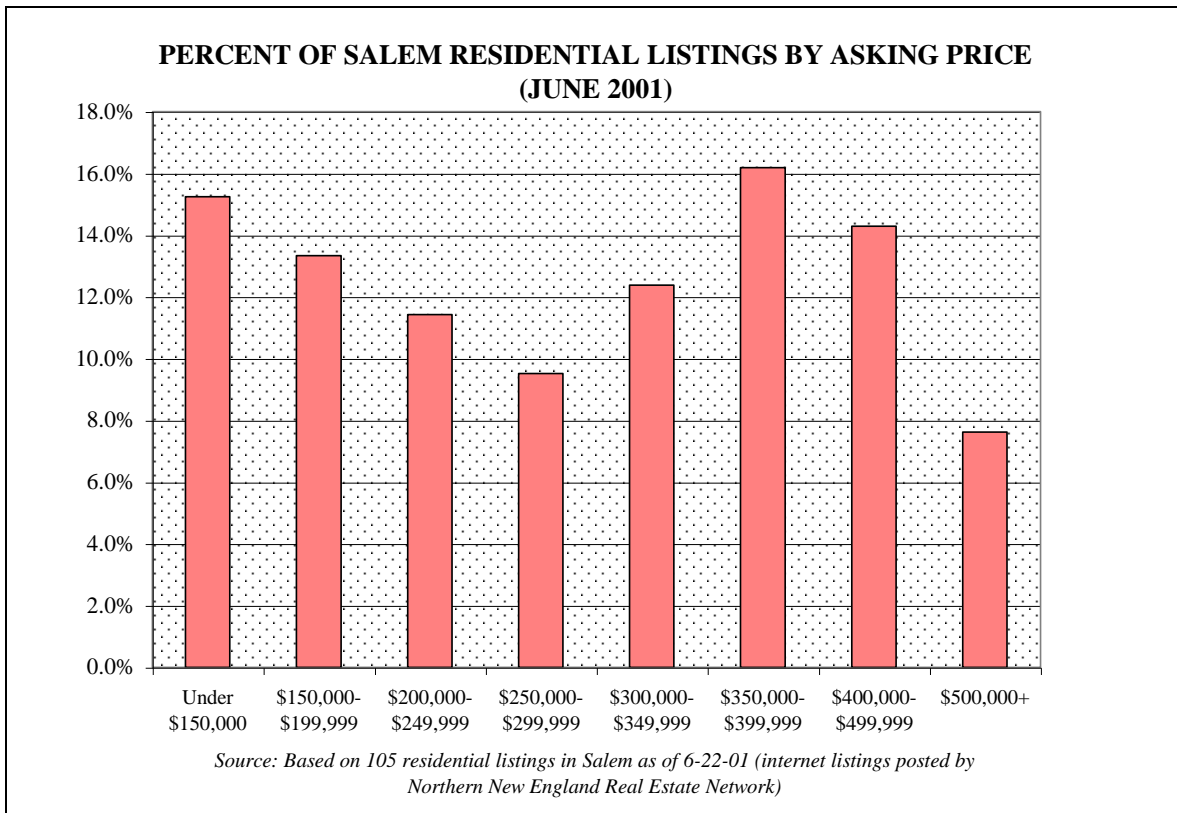


A limited sample of data is available on the price of newly constructed homes in Salem for years prior to 1998. However, in the last two years, NHHFA sample data indicate that median new home prices in Salem are about 30% higher than the regional median price. A sample of new home transfers monitored by NHHFA indicates that a median price new home price in Salem cost about \$245,000 in 1998 and \$262,000 in 1999. The median prices for the same years in the NH portion of the PMSA were \$190,500 and \$200,000.

Recent residential listings for Salem suggest that the median price of homes has continued to climb. While MLS listings do not represent sales, and since not all sales are made through Realtors, listings data probably reflect higher median home purchase costs than the more complete samples contained in the NHHFA sales database. Based on real estate listings data for June 23, 2001, only about 15% of the residential properties in Salem were priced under \$150,000 and about 29% were priced under \$200,000. In this sample, about 40% of the homes were

priced under \$250,000 and 60% were priced at \$250,000 and over. There are some limited opportunities for lower cost ownership in Salem from the resale of older mobile homes and garden-style condominiums. These are generally units under 1,000 square feet priced under \$90,000, but these constitute a small proportion of total listings in this sample. Influenced by the metropolitan Massachusetts markets nearby, homeownership prices appear to have continued to escalate in Salem since 1999.

FIGURE III - 14



G. Fair Share Housing and Regional Needs

1. The “Fair Share” Concept

The concept of “fair share” housing relies on the need for local communities to recognize their local role in providing for some portion of the housing needs at all income levels that area generated by the economy of an entire region. A significant NH Supreme Court decision on the matter of fair share housing (*Britton v. Chester, 1991*) centered on a finding that “the general welfare” purposes served by local land use regulation is not limited to the welfare of persons already living within the community. Rather, the notion of providing for the “general welfare” in local regulation must also include that of the region of which a community is a part. Thus, each zoning ordinance should provide a realistic opportunity for the construction of a proportionate share of housing for low and moderate income families.

In economic terms, the need for a community to provide its share of regional housing needs is clear. The *demand* for housing is generated by regional employment growth and demographic and economic forces that transcend municipal (and state) boundaries. In New Hampshire, the *supply* of housing to meet that demand is controlled locally by a land use permitting process that is governed by the individual municipal policies and regulations.

For fiscal and other reasons, communities often place severe restrictions on some types of housing developments that could otherwise provide for some of the needs of low and moderate-income households. Therefore, NH communities have been encouraged to assess their local policies to determine whether artificial barriers exist that would preclude the expansion of lower income housing opportunities.

At the same time, fair share goals may be frustrated by strong regional employment growth which increases housing demand, driving up land costs and the prices of new and existing housing. Under these conditions, fair share goals for affordable housing may be difficult to achieve even in the absence of regulatory barriers.

2. Fair Share Goals and Rental Housing.

The most recent regional housing needs analysis that evaluates “fair share” housing distribution in the region is contained in the Regional Housing Needs Assessment-1994 prepared by the Rockingham Planning Commission in response to RSA 36:47,II. The baseline needs data of the report rely on the 1990 Census. Relevant portions of that report are reviewed in this section.

The Regional Housing Needs Assessment by the Rockingham Planning Commission (RPC) provides an analysis of the distribution of lower income rental housing needs within the municipalities of Rockingham County. The report does not support or represent any type of mandatory allocation of “fair share” housing production responsibilities for municipalities, but does provide indicators of possible imbalances in the distribution of low income housing opportunities within the region.

The 1994 Housing Needs Assessment report identified **5,350** renter households of low income (under 80% of median area income) in the County who paid 30% or more of their income to gross rental costs in 1990. Of the total, **652** of these renter households with an overpayment problem resided in Salem (28.5 % of Salem’s 1990 renter households). The study found that, if lower income housing occupancy were redistributed according to a five-factor “fair share” formula, that a total of **853** low income renter households would represent Salem’s proportionate share of the region’s lower income renters (652 already living in the community, plus 201 from elsewhere in the region). In terms of total fair share needs, Salem’s total housing “fair share” need at 853 is exceeded in Rockingham County only by Portsmouth at 876 units. Presumably, since most subsidized housing results in housing costs of 30% of gross income, the needs identified by this method probably include renters who already benefit from assisted housing units or subsidies.

As of 1999, Salem’s low-income rental housing stock totaled 158 units, all of which are owned by the Salem Housing Authority and are designed for elderly or disabled tenants. No assisted lower income rental housing projects have been developed in Salem for general occupancy (families). Salem’s 158 elderly/disabled units represent 11% of the Rockingham County total of 1,406 assisted units, but none of the County’s 821 units for general occupancy (families) are located in Salem. Table III-8 provides a comparison of the communities in Rockingham County that have assisted (low income) housing units. Among the towns shown, Salem, Derry, Exeter, Newmarket, Portsmouth and Seabrook have local Public Housing Authorities.

These data do not include the additional assistance provided in the form of individual Section 8 and voucher subsidies that are allocated to individual tenants who find other rental housing in the private marketplace. As of June 2001 the New Hampshire Housing Finance Authority was managing rental assistance certificates for 66 households in Salem. These households utilize Section 8 certificates and vouchers to rent units available in the private marketplace. The data below also do not include two single family homes owned by the Salem Housing Authority, which are leased to low-income families.

TABLE III - 8

Assisted Housing Units in Rockingham County Communities - 2000 (Does Not Include Assistance Provided by Section 8 Existing Certificates or Housing Vouchers)						
City/Town	Assisted Housing Units				Population 2000 Census	Assisted Units Per 1,000 Population
	Units for Elderly or Disabled	Units for General Occupancy (Family)	Total Assisted Units	% of Units for General or "Family" Occupancy		
Salem	158	0	158	0.0%	28,112	5.6
Atkinson	26	0	26	0.0%	6,178	4.2
Derry	189	268	457	58.6%	34,021	13.4
Epping	20	36	56	64.3%	5,476	10.2
Exeter	85	29	114	25.4%	14,058	8.1
Hampstead	24	0	24	0.0%	8,297	2.9
Hampton	105	0	105	0.0%	14,937	7.0
Kingston	50	0	50	0.0%	5,862	8.5
Newington	12	0	12	0.0%	775	15.5
Newmarket	77	97	174	55.7%	8,027	21.7
Newton	45	0	45	0.0%	4,289	10.5
Plaistow	24	0	24	0.0%	7,747	3.1
Portsmouth	481	391	872	44.8%	20,784	42.0
Raymond	30	0	30	0.0%	9,674	3.1
Seabrook*	80	0	80	0.0%	7,934	10.1

Source: Population from U. S. Census 2000; unit count from NHHFA 2000 Directory of Assisted Housing. Only the "assisted" (low income) units within mixed-income projects have been included in the inventory above. Additional units may be present within partly assisted projects. Data does not include Section 8 Existing Certificates or Housing Vouchers. Communities not listed above have no assisted housing projects according to the NHHFA inventory.

**Units developed using local resources of Seabrook Housing Authority serve lower income households, but are not listed in NHHFA directory as federal/state programs are not involved in financing.*

With respect to both the fair share analysis, as well as a comparison of assisted housing units constructed relative to population, Salem has a very small complement of rent-assisted housing units, especially for families.

2. Affordable Rental Housing – Elderly vs. Family Needs

Not shown in the regional needs assessment is the split between elderly and family rental needs. One indicator of the proportionate need is the share of elderly vs. non-elderly renters paying an excessive proportion of their income to gross rent. Table III-9 provides a comparison of 1990 data for Rockingham County communities with over 10,000 persons. The data illustrate the number of renter households (all incomes) who paid 35% or more of their income to gross rent for age groups under 65 vs. age 65 and over. These data should exclude most of those receiving subsidy in 1990, since such assistance generally reduces tenant rental expense to 30% of household income. Based on Table III-9, it is clear that the proportion of elderly renter households who have excessive rental costs is more acute than overpayment among non-elderly households. However, in terms of total numbers of households with an overpayment problem, 74% of Salem renter households having excessive payment ratios were *non-elderly*, or “family” renters. The same general pattern holds true in the other large communities of Rockingham County.

TABLE III-9

1990 Overpayment by Renters by Age - Rockingham County Communities with Population of 10,000 or More (Overpayment defined here as expenditure of 35% or more of household income to gross rental costs)										
City/Town	Renters Under Age 65				Renters Age 65+				% Overpay By Age	
	Pay 35%+	Pay Under 35%	Total	% Pay 35% or More	Pay 35%+	Pay Under 35%	Total	% Pay 35% or More	Under 65	65& Over
Salem	388	1,322	1,710	22.7%	138	164	302	45.7%	73.8%	26.2%
Derry	696	2,811	3,507	19.8%	232	207	439	52.8%	75.0%	25.0%
Exeter	287	786	1,073	26.7%	174	155	329	52.9%	62.3%	37.7%
Hampton	414	1,090	1,504	27.5%	112	186	298	37.6%	78.7%	21.3%
Londonderry	158	636	794	19.9%	13	13	26	50.0%	92.4%	7.6%
Portsmouth	953	3,258	4,211	22.6%	264	459	723	36.5%	78.3%	21.7%

Source: derived from U.S. Census 1990 - STF3C - Table H51
Note: Data shown reflect number of households for which overpayment was calculated in the Census; households for which payment/income ratio not computed are not included in totals.

3. Inclusion of Manufactured Housing

Specific regulatory responses to the inclusion of manufactured housing are required of New Hampshire communities under RSA 674:32. Municipalities may not exclude such housing completely, and must provide reasonable opportunities for siting manufactured housing under

one or more options provided for in the statute. As discussed earlier, Salem has a comparatively high number of manufactured housing units within its borders, and a relatively high percentage of its total housing supply is manufactured housing.

Municipalities may afford reasonable opportunities for manufactured housing by providing opportunities for siting such units in most residential zoning districts. This may be accomplished by allowing them to be located on individual lots, and/or in manufactured housing parks and subdivisions.

There are some manufactured housing parks in Salem with some room to expand, but such an expansion would represent a non-conforming use under the current zoning ordinance. In Salem, the definition of single family dwelling in the zoning ordinance includes manufactured housing, which allows new manufactured housing units to be developed on individual lots within the residential zoning districts in parity with other single family homes.

H. Observations on Current and Future Needs

The Town has pursued a number of initiatives that are designed to address population and housing needs and to provide more affordable housing in Salem, including:

- The establishment of a local public housing authority;
- Adoption of a definition of single family housing that includes manufactured housing, allowing it parity treatment with respect to conventional detached housing development;
- Incorporation of provisions in zoning that have enabled assisted living developments to be created for seniors and an aging population;
- Development of an affordable housing ordinance that provides density bonuses for eligible housing projects;
- Providing for the creation of accessory dwelling units or “in-law” apartments from the existing housing stock.

In addition to the above actions, the population and housing analysis indicates that the following issues may also require public policy action:

- The Town is projected to grow to a size of 32,500 persons by the year 2010. Housing development needs during the period 2000-2010, including vacancy allowances, are estimated at about 2,000 units.
- Projected housing development needs include an estimated 1,525 ownership units and 475 rental units in Salem for the period 2000-2010 to meet population growth expectations.

- The aging of the population will begin to have a larger influence on the demand for services in the Town.
- Very little new construction of attached housing has taken place; a broader mix of housing development that includes townhouses for ownership and rental markets could be supported, resulting in lower land consumption for new development.
- There are no rent-assisted housing developments in Salem for non-elderly households. A larger supply of multifamily housing that provides for both family and elderly markets is needed in Salem. The mix of multifamily units should include lower income or mixed income rental housing such as those being created under the Low Income Housing Tax Credit (LIHTC) development programs.
- Salem's Affordable Housing Ordinance, an inclusionary zoning provision, offers incentives for the development of housing for low to moderate income households (defined at 50-100% of area median income). However, this definition does not address the needs of the very low income renter earning under 50% of median area income where the greatest affordability problem lies. Expansion of multifamily housing opportunities and low-income rental housing could also be supported by ordinance incentives that address this income gap. The ordinance provisions are difficult to understand and contain no fixed percentage set-aside of low-income units, with the low-income component subject to negotiation with the Salem Housing Authority. As of this writing, the ordinance provisions have been applied only twice since they were originally adopted in 1989.

I. Housing Recommendations

- Provide more opportunity for construction of affordable housing for non-elderly households.
 - i. Permit more townhouse and multi-family units for both the rental and ownership markets
 - ii. Encourage the Salem Housing Authority to provide more affordable units for non-elderly households
- Modify the Affordable Housing Ordinance to create better incentives for the creation of private affordable housing.
- Create additional programs to assist low and moderate income people, utilizing the Affordable Housing Trust fund and other means.
- Utilize some town-owned parcels for affordable housing.
- Develop programs and incentives to encourage the rehabilitation of substandard housing in the few areas where it occurs.

- Adopt zoning regulations on year-round conversion of seasonal structures including a definition of Aseasonal structure@.
- Revise zoning to allow emergency, transitional and single room occupancy housing in certain areas by special permit.
- Continue to educate the public about affordable housing needs and programs.
- Monitor the need for an emergency housing shelter and explore potential sites.
- Explore the feasibility of allowing existing manufacturing housing projects to expand or allowing new parks to be developed in selected areas.
- Revise zoning to allow multi-plex housing (2 - 4 unit single family attached structures) in selected areas.
- Explore the feasibility of allowing taller, multi-story residential buildings in certain areas.

Supporting Studies and References

- *Census of Population and Housing* (Decennial Census data for 1970, 1980, 1990, and 2000); US Bureau of the Census
- *Methodology for the Calculation of Impact Fees for Public Schools in Salem*; prepared by Bruce C. Mayberry, Planning Consultant; October 1994.
- *New Hampshire Population Projections: Total Population for Cities and Towns 2000-2020*; NH Office of State Planning; October 1997.
- *Current Estimates and Trends in New Hampshire's Housing Supply*; NH Office of State Planning; Update 1999 (November 2000) and Update 1989 (September 1990).
- *1970-1979 Estimates of Housing Supply for Towns and Counties in New Hampshire*; NH Office of State Planning; October 1980.
- *Annual Rent Survey*; NH Housing Finance Authority; survey data issued for years 1990-2000.
- *Median housing prices (unpublished data based on property transfer records) for Salem and Rockingham County*; NH Housing Finance Authority; data years 1992-1999.
- *Residential real estate listings for Salem*; Northern New England Real Estate Network (on-line internet data showing listings for June 22, 2001.)
- *Regional Housing Needs Assessment*; prepared by Rockingham Planning Commission; adopted September 19, 1994.

- *Directory of Assisted Housing*; NH Housing Finance Authority; 2000.