

Town of Madbury, New Hampshire

Master Plan: Toward the Year 2010

2.8 Housing

Prepared for

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Madbury, New Hampshire

by

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Housing

1. Policy

Allow a diversity of housing so people of all ages and income may live in Madbury.

Recognizing the difficulties many people face in finding adequate, safe, and affordable housing, the Town should promote strategies for the provision of fair and equitable housing opportunities.

2. Regional Context

New Hampshire is the eighth fastest growing state in the nation with the Seacoast as the hub for much of the growth. Increasing demand has placed housing in short supply in the region and has driven prices up. The large student and faculty population at the University of New Hampshire in neighboring Durham contributes to the high demand in Madbury. There are few starter homes for first time owners and elderly housing opportunities in Madbury. Also there is lack of municipal sewer and water services to accommodate additional development. These are strong factors influencing the housing market and severely limiting housing options for the low and middle-income ranges.

The U.S. Census 2000 data indicates that the four types of households that are most rapidly increasing in New Hampshire are:

- Singles, people who are not married with no children.
- Startups, young couples who are buying first homes and /or having children.
- Seniors, people over 65 years of age.
- Single parents, unmarried people with children.

Madbury needs to be creative in formulating land use policies that will help provide life-cycle housing for their current and these future residents.

3. Housing Resources

Madbury has been characterized as a bedroom community for several years now, as there is little commercial or industrial development in town. Residential use accounts for over 90% of development in town.

| Table 1 | 2000 Housing Distribution by Unit* Type | | | | | | | Total Units |
|------------------|---|--------------|---------------|------------------------|--------------|------------|------------|----------------|
| | Single Family | Multi Family | Mobile Homes | Un-captured Percentage | | | | |
| Barrington | 2051 | 74% | 225 | 8% | 472 | 17% | 1% | 3147 |
| Dover | 5718 | 48% | 5462 | 46% | 393 | 3% | 3% | 11924 |
| Durham | 1828 | 62% | 1054 | 36% | 0 | 0% | 2% | 2923 |
| Lee | 1056 | 69% | 260 | 17% | 150 | 10% | 4% | 1534 |
| Madbury | 391 | 72% | 72 | 13% | 71 | 13% | 2% | 543 |
| Madbury Area | 10653 | 54% | 7011 | 35% | 1015 | 5% | 6% | 19528 |
| Strafford County | 22160 | 49% | 13285 | 29% | 4659 | 10% | 12% | 45539 |
| NH | 311857 | 57% | 131420 | 24% | 31152 | 6% | 13% | 5470024 |

Source: U.S.

Census Bureau

* The term *Unit* in Table 1 and 3 refers to one living unit, e.g. a duplex = 2 units, a triplex = 3 units

Of the 543 housing units in Madbury that were surveyed by the US Census in 2000, 72% were single family homes, 13% were multi-family homes, 13% were mobile homes, and the remaining 2% were not captured (Table 1). These figures correspond, somewhat, with those of the surrounding communities and Strafford County. A significant aspect of Madbury's housing distribution is the percentage of single-family homes in the town (72%). When compared to the area (55%) and the county (49%) single-family home percentages an approximately 20% difference is realized. 26% of Madbury's housing stock is multi-family and mobile homes, which is significantly lower than the percentages of multi-family and mobile homes in the Madbury Area (40%) and in the County (39%).

Although there are a fair number of rental housing units in town, these units are priced substantially higher than those in neighboring communities to the west, as well as the region and the state (Table 7).

The age of the housing stock in Madbury is older because the town was settled in the eighteenth and nineteenth century. Thirty-five percent of the homes were built before 1970 (Table 2) and many of these have historic significance that contributes to the overall

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character of the town. Forty-eight percent of the homes were built between 1970 and 1989, which matches the numerous housing starts occurring in the southeast corner of the state at the same time.

| | Prior to 1970 | % | 1970-1989 | % | 1990-2000 | % | Total |
|----------------|----------------------|----------|------------------|----------|------------------|----------|--------------|
| Madbury | 192 | 35% | 261 | 48% | 90 | 16% | 543 |

Source: U.S. Census Bureau

However, Madbury’s housing growth rate was slower than the state and region's rate during the same period. Madbury had an annual housing growth rate of 2.7% between 1980 and 1988 that dropped to a rate of 1.4% in the eight-year period between 1990 and 1998 (Table 3). This slow down was probably due to the lack of easily developable land or a limited availability of suitable land. In contrast, Barrington grew at a 5.3% annual rate of growth from 1990 through 1998, up from 3.7% in the previous decade.

| | Units Added 1980-1988 | Average Annual Growth 1980- 1988 | Units Added 1990-1998 | Average Annual Growth 1990- 1998 | Total housing units |
|------------------|--------------------------------------|---|----------------------------------|---|------------------------------------|
| New Hampshire | 106,042 | 3.40% | 62,626 | 2.50% | 547,024 |
| Strafford County | 8,648 | 3.10% | 4,679 | 1.95% | 45,539 |
| Barrington | 553 | 3.70% | 558 | 5.30% | 3,147 |
| Dover | 2,440 | 3.10% | 945 | 0.86% | 11,924 |
| Durham | 417 | 2.30% | 302 | 2.00% | 2,923 |
| Lee | 520 | 6.50% | 204 | 2.00% | 1,534 |
| Madbury | 131 | 2.70% | 77 | 1.50% | 543 |
| Madbury Area | 4061 | 3.50% | 2086 | 1.40% | 20,071 |

Source: U.S. Census Bureau

3.1. Home Ownership and Rentals.

Of the 543 housing units in Madbury that were surveyed by the U.S. Census in 2000, 412 (72.2%) were owner occupied, while 122 (22.8%) were renter occupied.

3.2. Housing Costs.

Madbury's housing costs have increased 70% between 1989 and 2002 (Table 4). This is only exceeded by Dover (95%) and Barrington (83%). As mentioned earlier, Madbury's geographic location has had a great influence on housing costs. While there is a steady demand generated from being adjacent to the University of New Hampshire, since the region is within commuting distance of the Greater Boston Metro Area, this has also contributed to the increasing housing costs in town.

According to the Multiple Listing Service (MLS) data on housing sales, the average 2002 sale price of a house in Madbury was \$246,050, which is comparable to the average sale price in Madbury area communities of \$237,083.

The MLS reported that the average purchase price of a house in Madbury during 1989 was \$144,463. When compared to the 2002 MLS listing for Madbury of \$246,050, there was a 70% increase in average real estate prices over this eleven-year period. A similar trend exists over the same time period for Madbury area communities as well.

| Table 4 | | Housing Sales in Madbury Area | | |
|---------------------|---------------------|--------------------------------------|-----------------------|--------------------|
| | | 1989 and 2002 | | |
| | 1989 | 2002 | Housing Units* | % Change in |
| | Avg./Sale \$ | Avg./Sale \$ | Sold (2002) | Sale Price |
| | | | | 1989-2000 |
| Barrington | \$106,970 | \$196,329 | 246 | 83% |
| Dover | \$115,735 | \$226,645 | 1004 | 95% |
| Durham | \$203,262 | \$281,458 | 212 | 38% |
| Lee | \$141,339 | \$234,932 | 110 | 65% |
| Madbury | \$144,463 | \$246,050 | 36 | 70% |
| Madbury Area | \$142,353 | \$237,083 | 1608 | 66% |

Source: Multiple Listing Service

* The term *Unit* in Table 5 refers to the contiguous building or structure, e.g. a duplex, triplex, etc. = 1 unit

3.3. Property Taxes.

On a statewide basis in 2001, Madbury is ranked as having the 162nd highest property tax out of 234 municipalities, as shown in NH Department of Revenue Administration's Equalization Survey for 2001, and in Table 4. In Madbury, the average residential tax bill in 2000 was \$3,646, or \$304 per month (*see* Madbury Capital Improvements Program 1995-2000, page 12).

Madbury's full value tax rate showed a modest increase from \$19.31 in 1988 to \$22.27 in 2001. This current rate is less than neighboring Durham, and more than Lee, Dover, and Barrington.

| | 2001 Total Tax Rate | 2001 Full Value Tax Rate | Equaliza- tion Ratio | 2001 State Rank | 1988 State Rank |
|-------------------|------------------------------------|---|-------------------------------------|--------------------------------|--------------------------------|
| Barrington | 22.74 | 16.74 | 0.74 | 65 | 148 |
| Dover | 22.36 | 19.75 | 0.89 | 111 | 174 |
| Lee | 30.25 | 21.93 | 0.73 | 154 | 182 |
| Durham | 42.33 | 25.84 | 0.61 | 192 | 185 |
| Madbury | 23.18 | 22.27 | 0.98 | 162 | 205 |

Source: NH Dept. of Revenue Administration

3.4. Median Rent

Madbury's median rent was \$729 per month. This was \$106 per month higher than the median rent for Strafford County (\$623/mo., Table 6). As is the case with real estate sales, Madbury is not a bargain location for renters. While Madbury's land use policies enable life-cycle housing, market forces are driving prices up.

| | 1990 | 2000 |
|----------------------|--------------|--------------|
| New Hampshire | \$479 | \$646 |
| Strafford County | \$453 | \$623 |
| Barrington | \$456 | \$624 |
| Dover | \$467 | \$639 |
| Durham | \$429 | \$531 |
| Lee | \$599 | \$788 |
| Madbury | \$504 | \$729 |

Source: U.S. Census Bureau

4. Housing Accessibility

Housing in Strafford County is located within a 20-44 minute driving time from work for 39.9% of the workforce, which has not increased much since 1990. This relatively short travel time further contributes to the area's desirability, which, also contributes to housing demand and potential prices increases (see Table 7).

| Time | 1990 | % | 2000 | % |
|---------------------------------|-------------|----------|-------------|----------|
| < 5 min. | 2703 | 5.3% | 2112 | 3.7% |
| 5-9 min. | 6817 | 13.4% | 6732 | 11.9% |
| 10-14 min. | 8748 | 17.2% | 8568 | 15.1% |
| 15-19 min. | 7377 | 14.5% | 8851 | 15.6% |
| 20-29 min. | 11090 | 21.7% | 12960 | 22.9% |
| 30-44 min. | 8510 | 16.7% | 9607 | 17.0% |
| > or equal to 45 min. | 5757 | 11.3% | 7763 | 13.8% |
| Mean Travel Time | 21.5 min. | | 24.1 min. | |
| Total Commuters | 51002 | 100% | 56623 | 100% |

Source: CTPP 2000

5. Housing Growth by Type.

The growth of housing stock is another key factor affecting the cost of housing, and the number of units added in Madbury has been modest. Madbury's housing growth rate has been much lower than that of the state, the county, and adjoining communities. As shown in Table 3, Madbury's growth rate was 2.7% annually during the 1980s, which was well below the growth in neighboring towns and the region. This slower growth continued during the 1990s with a rate of 1.5%, which was also less than that of the state (2.5%), the county (1.95%), and well below the neighboring Town of Barrington at 5.30%. Between 1980 and 1988 131 housing units were added, as compared to 77 between 1990 and 1998.

| | Multi-Family | Single Family | Mobile Homes | Dwelling Units Added | % Change 1990-2000 |
|------------------------|---------------------|----------------------|---------------------|-----------------------------|---------------------------|
| 1990 | 0 | 8 | 0 | 8 | - |
| 1991 | 0 | 6 | 0 | 6 | 25% |
| 1992 | 2 | 5 | 2 | 9 | 50% |
| 1993 | 2 | 5 | 1 | 8 | 11% |
| 1994 | 0 | 3 | 2 | 5 | 38% |
| 1995 | 2 | 6 | 4 | 12 | 104% |
| 1996 | 0 | 4 | 0 | 4 | 67% |
| 1997 | 0 | 4 | 1 | 5 | 25% |
| 1998 | 0 | 12 | 0 | 12 | 104% |
| 1999 | 0 | 7 | 0 | 7 | 42% |
| 2000 | 0 | 24 | 3 | 27 | 286% |
| 103 Total Units | | | | | |

Source: Building Permit Summary 1990-2000, SRPC

6. Housing Affordability

Much of Madbury's housing environment is a product of market conditions that exist in the state and especially the Seacoast. This environment is one that is not hospitable to young people who cannot afford the inflated housing prices present here. The New Hampshire Housing and Finance Authority reports negative growth in a survey from 1990 to 2000 for Householders under the age of 35 by negative 28.2%, and Renters under the age of 35 by negative 13.9%. People who are 35 years of age and younger, among others, simply do not earn a sufficient wage even in 'two-income' households to afford the high housing prices that are present in Madbury and surrounding areas.

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In contrast, people making one hundred thousand dollars per year and above are the fastest growing segment of the population, growing by 48% in the 1990-2000 time period (NHHFA). In general, these people are above 45 years of age, with the majority of these individuals being above 50 years old.

Housing is affordable when a person has the ability to pay for it either in terms of rent or mortgage payment given his or her respective income. Typically the rule was that a person could not afford more than one-third of their monthly income. This means that a person with an annual income of \$30,000 or \$2,500 per month should not invest more than \$90,000 in a home or pay \$833 dollars per month in rent. The one third allocation was to ensure that the person would have sufficient income to pay for other living expenses such as food, transportation, medical costs, utilities, insurance, etc. and still have some money left over for entertainment, etc.

Thus, if the cost of housing is above this level for this income group, the housing may be considered not affordable for the people in this income group.

In many communities, there is a growing concern that persons such as teachers, police, fire fighters, and others who provide basic services to the community cannot afford to live in the community.

| Table 9 | | Housing Affordability | |
|--------------------------------|---------------------------------|------------------------------|----------------------------|
| Income Level | Affordable Housing Price | Income by Household | Affordable? |
| < \$10,000 | <\$30,000 | 19 | No |
| \$10,000-\$14,999 | \$30,000-\$44,997 | 28 | No |
| \$15,000-\$24,999 | \$45,000-\$74,997 | 50 | No |
| \$25,000-\$34,999 | \$75,000-\$104,997 | 41 | No |
| \$35,000-\$49,999 | \$105,000-\$149,997 | 96 | No |
| \$50,000-\$74,999 | \$150,000-\$224,997 | 115 | No |
| \$75,000-\$99,999 | \$225,000-\$299,997 | 104 | Yes |
| \$100,000-\$149,999 | \$300,000-\$449,997 | 41 | Yes |
| \$150,000-\$199,999 | \$450,000-\$599,997 | 22 | Yes |
| \$200,000 or more | \$600,000 or more | 19 | Yes |
| Median Household Income | Median Affordable Price | Total Households | Median Housing Cost |
| \$57,981 | \$173,943 | 535 | \$246,050 |

As Table 9 shows households with incomes below \$74,999 cannot afford to buy a home in Madbury today. This will preclude 349 households or 65% of current households and any others who wish to live in the town.

Housing is built by the private sector where there is a market and it can be built so the builder can make a profit.

If there is no demand or it is too expensive to build the housing and earn a profit (e.g. minimum 10%), then it will not be built. Costs for housing development include land; site preparation / infrastructure improvement; construction (materials and labor); and financing.

In Madbury, land costs average around: \$10,000 to \$20,000 per acre.

In addition, the average cost of construction is approximately \$75 to \$100 per square foot. Thus a 40' x 40' two story home totaling 3,200 square feet would cost approximately \$240,000 to \$320,000 plus land and site preparation costs.

Thus, to provide affordable housing there are many options that a developer or town could work to address. These include:

1. Reduce land costs.
2. Reduce site plan approval costs.
3. Reduce site development costs.
4. Reduce housing construction costs (e.g. materials and/or labor).
5. Reduce housing amenities (e.g. install 2 baths versus 3 baths).
6. Reduce financing costs.
7. Reduce the time and costs between construction completion and occupant payment.
8. Increase the revenue by increasing the number of housing units that can be built on the site.
9. Increase the occupant's ability to pay via lower financing costs, or subsidy.

In addition, if Madbury initiates a program to facilitate affordable housing, it should ensure the housing price remains affordable. This means if a house is sold at an affordable market price, it cannot be re-sold at an above affordable market price. This affordability assurance protection can be accomplished by legally recording a restrictive covenant in the deed or adopting other regulations.

7. Conclusions

Providing a variety of housing opportunities to current and potential residents of Madbury continues to be a town goal as reflected in the Town's Master Plan. The Planning Board's challenge is to accommodate the construction of this variety of housing. Thus far regulations enable the siting of duplexes throughout the town, allowing for accessory apartments, and allowing cluster subdivisions and manufactured housing.

Current development regulations apparently have been successful since the data on housing characteristics indicates there are a variety of housing types in the town. Unfortunately, market demands have driven rents and purchase prices above county and state averages and above the reach of the emerging housing markets of single, senior, startup couples, and singles with children. Thus there is still a gap in meeting the full spectrum of housing needs.

The Planning Board and the community are challenged to find ways to support housing development that can be affordable to a wider variety of income levels. The Town must continue to assess housing needs and evaluate the effectiveness of current regulations in achieving housing goals. The following are recommendations that the Town can utilize over the next ten years in supporting the housing needs of the community:

8. Recommendations

1. As information is provided through Census and NHHFA, and SRPC reports, the Planning Board will examine regional housing needs in relation to the housing growth rate and cost of housing in Madbury. Should Madbury not be aligned with regional market demands, appropriate steps will be taken by the Planning Board to address the provision of life-cycle housing.
2. Madbury's land use regulations will continue to permit mobile homes and manufactured housing throughout town.
3. The zoning ordinance should be amended to include a provision for multi-family housing in a specially designated area of town in which natural resources would not be adversely affected, where the soils can support a large septic system, and where access to transportation is convenient. This zoning amendment should provide for a modest density bonus in exchange for the setting aside of a prescribed percentage of new dwellings for low and moderate-income families.
4. Investigate incorporating shared wall housing or accessory housing units within appropriate residential developments having access to shared water or sewage facilities.
5. Modify subdivision and site plan regulations to reflect existing densities and housing patterns within the town.
6. Investigate allowing limited mixed densities (single and multifamily dwellings) in residential subdivisions that may provide more affordable housing opportunities.