



DRAFT REPORT

Prepared for inclusion in Existing Conditions Report for the 2015 Master Plan Update.

June 2014

HOUSING

City of Portsmouth, NH

Table of Contents

Introduction	3
Data Sources and Geographies	3
Existing Conditions	4
Population.....	4
Households	8
Housing Inventory.....	12
Assessor’s Data.....	17
Affordable Housing Inventory.....	18
Housing Costs	21
Household Income.....	24
Workforce Housing Needs.....	27
Local Housing Need	33
Prior Planning Efforts	34
Housing Resources	36
Housing Issues	38
Housing Availability, Diversity & Cost.....	38
Underserved Populations	39
Regulatory Barriers.....	39

Introduction

Portsmouth is an older, predominantly built-out city. Portsmouth's neighborhoods represent all phases of the city's development, from its earliest modern beginnings as a colonial seaport in the 17th century, to the emerging prominence of the Portsmouth Naval Shipyard in the 19th and early 20th centuries, and on into the city's most recent rebirth as a popular destination during the late 20th and early 21st centuries. The diverse housing stock reflects this historical transition through nearly four centuries of growth with an eclectic mix of architectural styles and housing types represented in the community. More than half of Portsmouth's households are renters, and more than half of Portsmouth's housing units are within structures that have more than one dwelling unit. Portsmouth has relatively small households, with a large share of individuals living alone. While the city has more households headed by young adults overall, the share of households with persons over the age of 65 has grown significantly over the past decade.

The city's housing stock includes both high-end and more modestly priced housing. Over the past decade, forty new housing units have been constructed on average each year. This has included the construction of single-family, townhouse, and multifamily dwelling units as well as housing units located within mixed use developments. However, the cost of housing, particularly ownership units, has increased faster than average incomes.

Very little rental or ownership housing in Portsmouth is affordable for lower income households. Simultaneously, an increasing number of households are burdened with high housing costs. Although Portsmouth has nearly 1,100 units of assisted (affordable) housing, the need for more affordable housing units remains. There is also a gap in housing resources for persons with disabilities, as well as for homeless families and individuals.

While there is clear local and regional need for additional housing, the opportunities for new development are limited at the scale needed to meet local and regional needs. Focusing future efforts on preserving existing affordable housing and on encouraging redevelopment of underutilized properties with housing that is affordable to households at or below the area median income will help ameliorate these issues. In addition, regional strategies, including improving transportation resources, are also key to expanding access to more affordable housing options for Portsmouth's workforce.

Data Sources and Geographies

Much of the data used in this report comes from the US Census, State of New Hampshire data sources (including New Hampshire Housing Finance Authority and the New Hampshire Office of Energy and Planning) and local data such as assessor's data and building permit records.

The following analysis provides the most recent and most reliable data that is available. Much of the data that was previously cited in the 2005 Portsmouth Master Plan from the US Census is no longer collected through the Decennial Census, but rather through American Community Survey (ACS). Where Decennial Census data is not available, 2010 is represented by the ACS 5-Year Estimates for 2008-2012. The changes in data sources present complications for comparison between 2000 and 2010 due to significant changes in data categories and definitions as well as differences in sampling methodology. The Decennial Census data reflected results from a large sample size over a single year, while the ACS provides data collected over 1, 3 or 5 years using much smaller sample sizes. Due to the error margins related to the relatively small sample size, 1-year ACS is not available at the city level. While the 3-year ACS data is available for Portsmouth, it is less reliable than the 5-year sample, which is considered to be the largest sample and therefore the most accurate.

Most of the following data pertains to Portsmouth itself. To provide a sense of context, Portsmouth is also compared to New Hampshire as a whole, to all of Rockingham County, and to a selection of communities in the region. Comparison communities for the housing analysis were chosen based on proximity to Portsmouth, as well as similar size, character, and importance in the region.

In some cases discussion refers to other geographical areas that include Portsmouth, due to the availability or relevance of data pertaining to specific issues. Portsmouth is located in the Portsmouth-Rochester HMFA (HUD Metro Fair Market Rent Area), a region defined by the Department of Housing and Urban Development (HUD) for the purpose of determining fair market rents and income limits for eligibility for housing assistance. The Portsmouth-Rochester HMFA includes communities throughout eastern Strafford and Rockingham Counties.¹

Existing Conditions

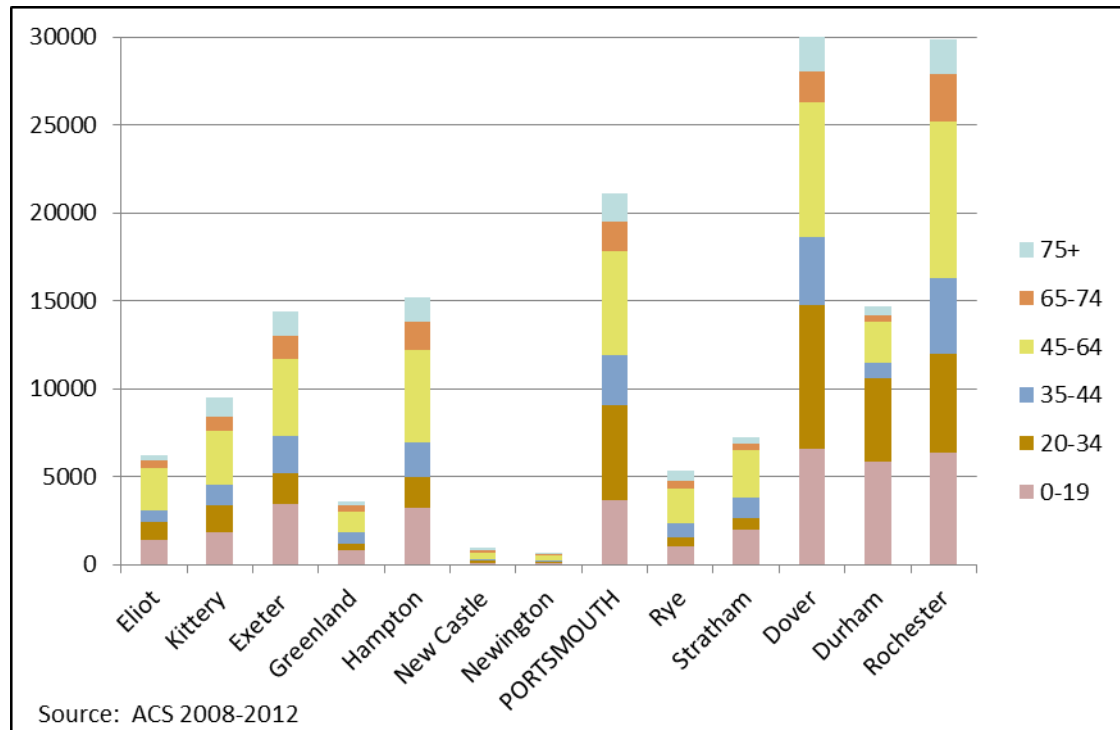
Population

Portsmouth is a relatively large community within the New Hampshire Seacoast region, with a population just over 21,000 in 2010. Among nearby communities, both Dover and Rochester have higher populations, but Portsmouth has a greater population density than any other community in the region. Compared to most of the surrounding area, Portsmouth's population

¹ Rockingham County: Brentwood, East Kingston, Epping, Exeter, Greenland, Hampton, Hampton Falls, Kensington, New Castle, Newfields, Newington, Newmarket, North Hampton, Portsmouth, Rye, Stratham. Strafford County: Barrington, Dover, Durham, Farmington, Lee, Madbury, Middleton, Milton, New Durham, Rochester, Rollinsford, Somersworth, and Strafford.

contains a relatively high percentage of young adults (age 20-34) – comprising 26 percent of Portsmouth’s population (see Figure 1). The number and proportion of young adults in Portsmouth’s population are surpassed only by Dover. Children (under 19 years) and seniors (age 65 and over) comprise 16 and 17 percent of the city’s population respectively, which is relatively low compared with communities such as Exeter and Rochester.

Figure 1: Population by Age Cohort, Portsmouth and Region



Portsmouth has a fairly stable population, having grown by about 500 persons, a rate of 2 percent between 2000 and 2010. Portsmouth is expected to continue to experience marginal rates of growth over the coming decade and beyond. As shown on Map 1, most of the communities immediately surrounding Portsmouth, including Newington, New Castle, Kittery and Eliot, are expected to lose population between 2010 and 2025; only Greenland is projected to gain new residents.² A little farther away, several communities are expected to experience substantial growth over the coming decade, particularly Dover, Durham, Newmarket, and Stratham in New Hampshire, and York, Maine, each of which are projected to absorb significantly more population growth than Portsmouth.

Statewide, New Hampshire is showing slower rates of growth than experienced during the past several decades, and the existing population is aging.³ While the population over the age of 65

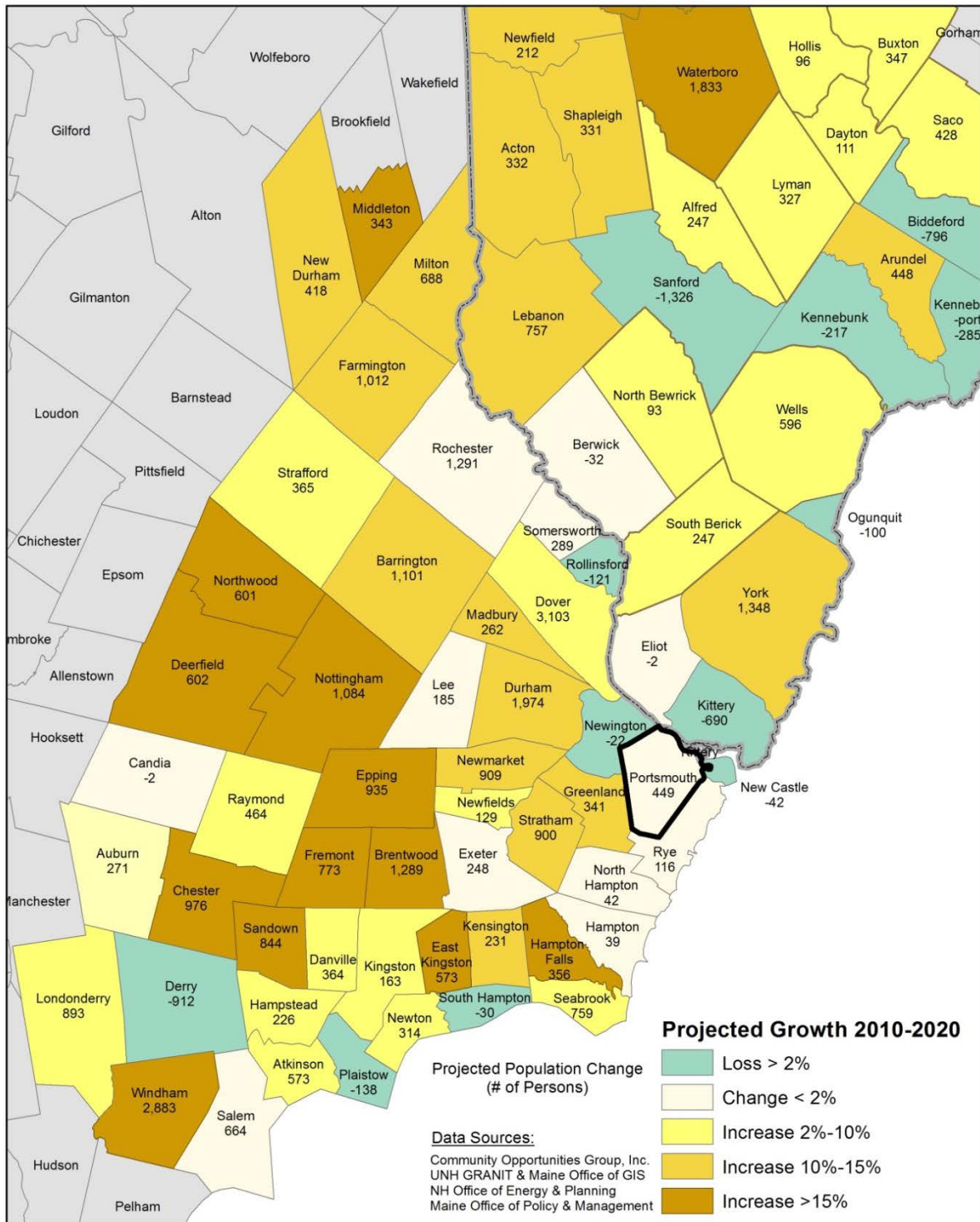
² NH Office of Energy & Planning, ME Office of Policy Management

³ New Hampshire Center for Public Policy Studies, Preliminary Findings (2013).

and those within the 20-34 age cohort are expected to grow, other age groups are expected to decline in population. Population projections published by the Office of Energy and Planning indicate that the population of persons 65 and older in Rockingham County will nearly double from 2010 to 2025, and continue to grow thereafter.⁴ Counter to county- and state-wide increases in the senior population, in Portsmouth the number of persons age 65 and over has declined slightly between 2000 and 2010 (see Table 2).

⁴ New Hampshire Office of Energy and Planning, County Population Projections, 2013

Map 1: Projected Regional Population Growth (2010-2025)



Households

According to ACS (2008-2012), Portsmouth has 10,014 households, with an average household size of 2.03 persons.⁵ The average household size is considerably smaller than for New Hampshire overall, as well as for most of the communities in the Seacoast region.

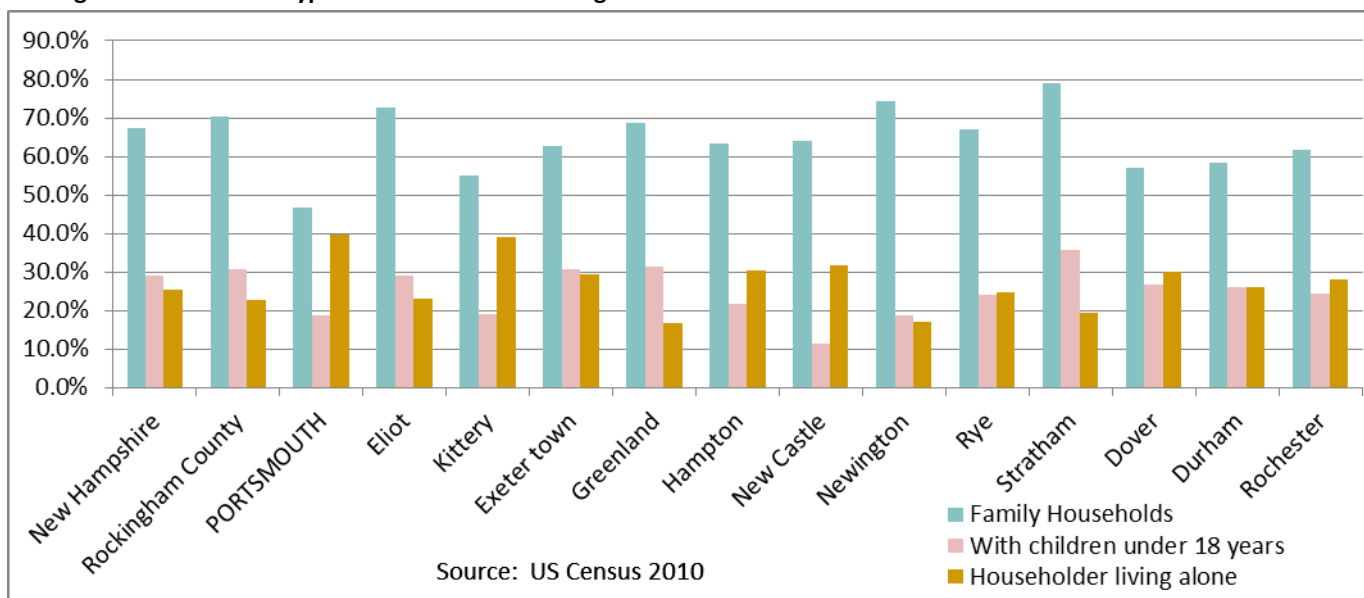
The US Census Bureau tracks information for both family and non-family households. “Non-family households” include singles living alone as well as unrelated individuals living together, such as roommates or couples who are not married, while “family households” include married couples, parents with children, and/or other related persons living together. Portsmouth has, by far, the highest proportion of non-family households in the region, with individuals living alone comprising nearly 40 percent of all households. As shown in Table 1, Portsmouth has a far higher percentage of one-person households than in any other community in the region, except for Kittery. Correspondingly, Figure 2 shows that Portsmouth has a smaller share of family households compared with other cities and towns in the region. While 70 percent of households in Rockingham County are families, fewer than half of Portsmouth’s households fit this description. A relatively small proportion of households have children under 18 years old, with only New Castle and Newington having a lower percentage among the communities reviewed.

	Total Households	Average Household Size	Families	With Children under 18	Single parent families	Non-family Households	Individuals Living Alone	Seniors Living Alone
New Hampshire	516,845	2.47	67.2%	28.9%	7.9%	32.8%	25.2%	9.1%
Rockingham County	115,552	2.54	70.3%	30.8%	6.3%	29.7%	22.6%	8.4%
PORTSMOUTH	10,058	2.04	46.7%	18.9%	4.5%	53.3%	39.7%	11.3%
Eliot	2,567	2.42	72.5%	28.9%	8.2%	27.5%	22.9%	7.2%
Kittery	4,550	2.06	55.1%	19.1%	9.5%	44.9%	38.9%	14.5%
Exeter	6,128	2.29	62.8%	30.7%	6.8%	37.2%	29.5%	14.8%
Greenland	1,409	2.52	68.6%	31.4%	2.4%	31.4%	16.7%	3.5%
Hampton	6,744	2.22	63.3%	21.7%	7.5%	36.7%	30.4%	12.6%
New Castle	469	1.99	64.2%	11.5%	1.9%	35.8%	31.8%	16.2%
Newington	278	2.28	74.5%	18.7%	2.5%	25.5%	16.9%	9.0%
Rye	2,281	2.30	67.1%	24.2%	2.3%	32.9%	24.7%	14.2%
Stratham	2,727	2.65	78.8%	35.6%	4.8%	21.2%	19.5%	7.3%
Dover	12,512	2.32	56.9%	26.6%	9.3%	43.1%	30.1%	9.0%
Durham	3,327	2.53	58.4%	26.2%	3.3%	41.6%	25.9%	5.0%
Rochester	12,762	2.32	61.6%	24.3%	10.6%	38.4%	28.0%	10.5%

Source: ACS 2008-2012, DP02

⁵ US Census 2010.

Figure 2: Household Types in Portsmouth and Region



The New Hampshire Housing Finance Authority (NHHFA) identified shifts in household composition state-wide over the past decade, with dramatic growth of residents over age 55, and a decline of younger age cohorts between 2000 and 2010. Non-family households, in particular persons living alone, are the fastest growing household type; as of 2010, 26 percent of New Hampshire households are comprised of persons living alone.⁶ By US Census counts, family households are on decline, with children in 31 percent of all New Hampshire households as of 2010, compared with 35.5 percent in 2000. The 2012 NHHFA Housing and School Enrollment study notes declining enrollment in New Hampshire schools overall despite growth of housing units. The effects of this trend have been less pronounced in the Seacoast region, which has maintained higher growth rates and a younger population than other regions in the state. Indicative of this, Portsmouth’s school enrollment increased by 3 percent between 2002 and 2012; the increase in enrollment kept pace with Portsmouth’s overall rate of population growth.⁷

Table 2 provides a profile of households living in Portsmouth in 2010, and a comparison with 2000. The number of households grew by 139 between 2000 and 2010, an increase of 1.4 percent. Non-families comprise more than half of Portsmouth’s households and a majority of those are individuals living alone. Portsmouth lost 126 family households (2.6 percent) between 2000 and 2010, despite a small increase in the number of families with children (34 families). Over the same time, the city gained 265 non-family households (5.3 percent).

⁶ NHHFA Housing and School Enrollment Study, 2012.

⁷ New Hampshire Department of Education, Fall Enrollments in New Hampshire Public Schools.

Average household size declined slightly overall (from 2.04 to 2.03), while average family size held at 2.75 people per household.⁸ Most of the city's growth was in one- to two-person households, while the number of larger households (4 persons or more) declined. The population in all types of group quarters also declined over this decade.⁹ The majority of Portsmouth's group quarters population resides in some form of nursing or assisted living facility.

There has been an increase in the number of renter households (200 households, or 4 percent), with the rate of homeownership declining to just under half of Portsmouth's households (49 percent). Portsmouth homeowners are more likely to have larger households, with an average of 2.78 people, compared with an average household size of 1.8 for renters.¹⁰

Although the largest share of Portsmouth's households are headed by young adults (age 25-34), the number of households headed by young adults has declined by 7.9 percent since 2000 (174 households).¹¹ An even steeper decline occurred in the number of households headed by persons age 35-44 (371 households, or 17.9 percent). By the same token, an increasing number of households are headed by persons aged 45 and older, with the greatest gains in the 45-55 age range. The New Hampshire Center for Public Policy Studies' state-wide analysis finds that senior residents (over 65) are more likely to be heads of household and more likely to be homeowners than other age groups.¹² In Portsmouth, the number of senior-headed in households has had a net gain of 37 households (primarily within the 75+ age bracket), and their rate of homeownership, at 65 percent, has increased slightly over the past decade.

⁸ ACS 2008-2012, Five Year Estimates, DP04.

⁹ The Census Bureau classifies all people not living in housing units as living in group quarters. There are two types of group quarters: institutional group quarters (for example, correctional facilities for adults, nursing homes, and hospice facilities) and noninstitutional group quarters (for example, college/university student housing, military quarters, and group homes.).

¹⁰ ACS 2008-2012, Five Year Estimates, DP04.

¹¹ A head of household is defined by the Census Bureau as the person, or one of the people, in whose name the home is owned, being bought, or rented.

¹² New Hampshire Center for Public Policy Studies, preliminary findings (2013).

	2000	2010	Change 2000-2010	% Change
Total households	9,875	10,014	139	1.4%
Homeowners	4,936	4,875	-61	-1.2%
Renters	4,939	5,139	200	4.0%
Ownership/Rental Tenure %	50.0%/50.0%	48.7%/51.3%		-1.3%/1.3%
Family households	4,862	4,736	-126	-2.6%
Families - With children under 18 years	1,971	2,005	34	1.7%
Non-family households [2]	5,013	5,278	265	5.3%
1-person household	3,846	3,923	77	2.0%
2-person household	3,544	3,621	77	2.2%
3-person household	1,252	1,264	12	1.0%
4-person household	837	818	-19	-2.3%
5+ person household	396	388	-8	-2.0%
School Age (5-17) per household	0.26	0.25	-0.01	-4.6%
Average household size	2.04	2.03	-0.01	
Average family size	2.75	2.75	0	
Average household size of homeowners	2.27	2.25	-0.02	
Average household size of renters	1.81	1.80	-0.01	
Householder 15 to 24 years	429	451	22	5.1%
Householder 25 to 34 years	2,193	2,019	-174	-7.9%
Householder 35 to 44 years	2,126	1,755	-371	-17.5%
Householder 45 to 54 years	1,788	1,931	143	8.0%
Householder 55 to 64 years	1,180	1,662	482	40.8%
Householder 65 to 74 years	1,072	1,029	-43	-4.0%
Householder 75+ years	1,087	1,167	80	7.4%
Total Population Age 65+	3,384	3,244	-140	-4.1%
Percent of total population	16.3%	15.5%	-0.8%	
Households headed by persons 65+	2,159	2,196	37	1.7%
Percent of total households	21.9%	21.9%	0%	
Homeowners Age 65+	1,391	1,431	40	2.9%
Renters Age 65+	768	765	-3	-0.4%
Senior ownership/rental tenure %	64.4% / 35.6%	65.2% / 34.8%	0.8%	
Group quarters population	607	445	-162	-26.7%
Nursing/Skilled-nursing facilities	356	282	-74	-20.8%
Military quarters	78	0	-78	-100.0%
Other non-institutional facilities	173	148	-25	-14.5%

Source: US Census 2000, 2010

Table 3 shows the population of persons with disabilities in Portsmouth. Seniors are the most likely segment of the overall population to have disabilities - nearly one-third of residents age 65 and over have at least one disability – yet a significant number of adults under the age of 64 also have disabilities, especially cognitive or ambulatory difficulties. In total, an estimated 2,360 residents are disabled (11.4 percent of the total population).¹³ Of these, 776 adults reported difficulty with independent living, and 449 reported difficulty with self-care. The proportion of Portsmouth’s population with disabilities is higher than Rockingham County (9.7 percent), but comparable to New Hampshire as a whole (11.3 percent).

A direct comparison of disability data from Census 2000 and the most recent ACS estimates is not possible due to changes in the questionnaire methodology, sampling, and definitions of disability.¹⁴ In 2000, a total of 3,690 persons living in Portsmouth reported disabilities, or 18 percent of the population; 1,217 persons, or 40 percent of those over the age of 65 had disabilities.

	All Persons		Under 17 years		18 to 64 years		65 + years	
Total civilian non-institutionalized population	20,528	100%	3,395	100%	14,036	100%	3,097	100%
With a Disability	2,360	11.4%	184	5.2%	1,134	8.1%	1,042	32.0%
Cognitive Difficulty	1,004	4.8%	112	3.2%	630	4.5%	262	8.0%
Hearing or Vision Difficulty	1,041	5.0%	12	0.3%	361	2.6%	668	20.5%
Ambulatory Difficulty	1,137	5.5%	0	0.0%	518	3.7%	619	19.0%
Self-Care Difficulty	449	2.2%	70	2.0%	183	1.3%	196	6.0%
Independent Living Difficulty	776	3.7%	-	0.0%	429	3.1%	347	10.7%
Source: ACS 2008-2012, S1810								

Housing Inventory

In 2010, Portsmouth had a total of 10,625 housing units, of which 611 (6 percent), were vacant. A very small proportion of housing units (1.3 percent) are for seasonal, recreational or occasional use. The city’s total stock of housing units increased by 4.3 percent, or 439 units, between 2000 and 2010. Between 2000 and 2010, there was also an increase in vacant housing units by 300 units. This increase may be explained, in part, by the economic impacts of the recent recession, and the corresponding increase in home foreclosures and frequency of bank-owned properties. However, the 2010 vacancy rates of 2.2 percent for ownership units and 4.7 percent for rental

¹³ ACS 2008-2012, Five Year Estimates, S1810.

¹⁴ <http://www.census.gov/people/disability/>

units is within a range (2-5 percent) considered to be adequate to provide for reasonable housing choice.

	2000	2010	Change 2000-2010	% Change
Total Housing Units	10,186	10,625	439	4.3%
Occupied Housing Units	9,875	10,014	139	1.4%
Vacant Housing Units	311	611	300	96.5%
Vacant Housing Units - For seasonal, recreational, or occasional use	124	142	18	14.5%
Vacancy Rate Rental	2.30%	4.7%	2.4%	104.0%
Vacancy Rate Ownership	1.60%	2.2%	0.6%	37.5%
Source: US Census 2000 and 2010				

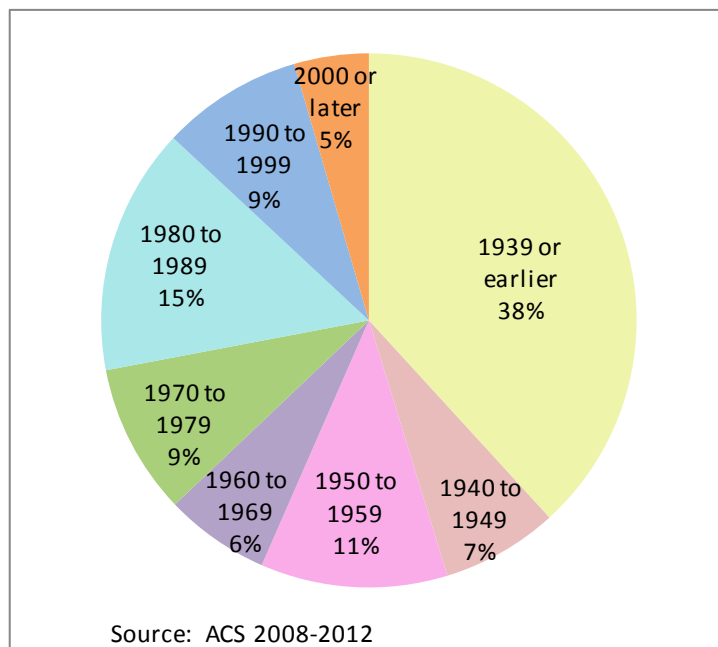
Within the regional context, Portsmouth has relatively diverse housing options. Portsmouth has the highest proportion of renter-occupied housing in the region (closely followed by Dover), and, by far, the lowest proportion of detached single-family homes. The median value of single family homes is moderately high compared with the State and other cities in the Seacoast region, although several surrounding communities on the New Hampshire side have higher housing values. Higher home prices are often closely associated with coastal proximity, among other factors such as proximity to jobs and transit, high quality community services and schools, and the size and quality of housing units.

Table 5: Housing Characteristics in Portsmouth and Region

Subject	2010 Total housing units	2010 Owner-occupied Units	2008-2012 Detached Single Family Homes	2008-2012 Median Value	2013 Median 2 BR Rent
New Hampshire	614,754	71.0%	63.5%	245,600	\$1,085
Rockingham County	126,709	76.8%	64.4%	288,500	\$1,166
PORTSMOUTH	10,625	51.3%	39.7%	319,500	\$1,276
Eliot	2,669	83.4%	80.1%	304,800	NA
Kittery	4,942	65.7%	68.2%	296,000	NA
Exeter town	6,114	70.7%	47.2%	270,000	\$1,484
Greenland	1,443	80.2%	74.6%	391,400	\$1,353
Hampton	9,921	68.6%	55.4%	331,200	\$1,164
New Castle	537	82.4%	89.1%	1,000,000+	NA
Newington	322	82.5%	73.5%	450,900	NA
Rye	2,852	79.4%	80.6%	581,000	NA
Stratham	2,864	90.2%	73.1%	390,000	\$1,808
Dover	13,685	52.9%	45.2%	242,900	\$967
Durham	3,092	57.9%	57.1%	338,600	NA
Rochester	13,372	67.5%	49.5%	180,500	\$1,002

NA = Not Available due to small sample size.
 Source: 2010 Census; 2008-2012 ACS; NHHFA Rent Survey, 2013; Maine State Housing Authority, 2013
 Note: Median rents are not reported for many communities because of the small sample size. The rents shown do not include units in public housing or other forms of assisted or subsidized housing, although Portsmouth provides a large share of the region’s subsidized housing inventory.

Figure 3: Homes in Portsmouth by Year Built

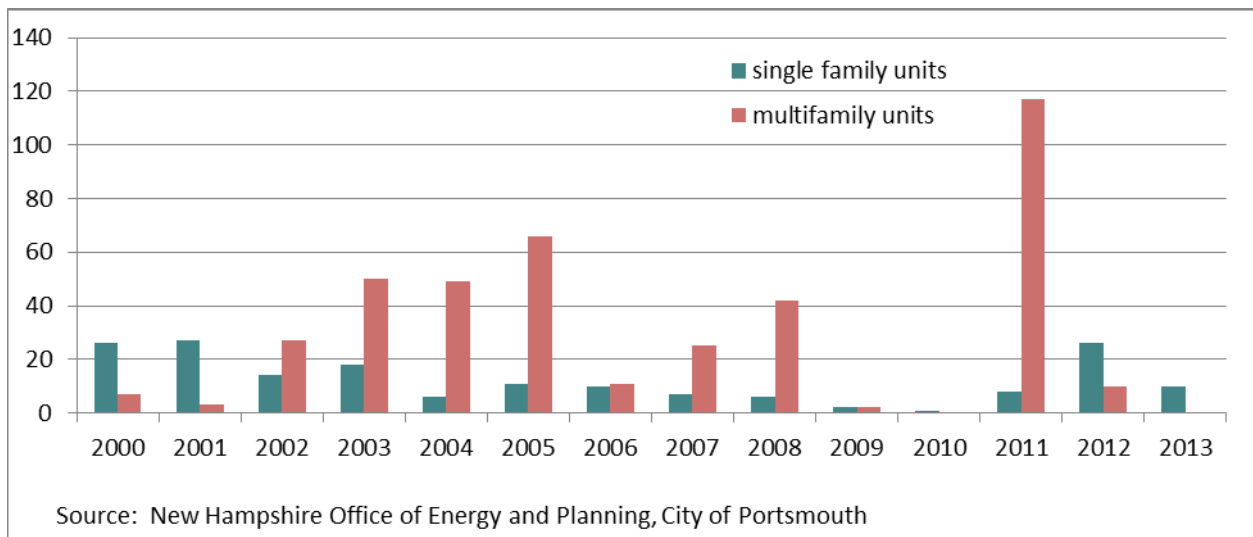


Portsmouth has a relatively old housing stock. The median year that homes were built was 1954, compared with 1979 for all of Rockingham County. The rate of development has slowed over the past three decades, having peaked during the 1980s. By ACS estimates, approximately 422 units were added to the housing stock between 2000 and 2010. Communities in the region with the largest amount of new housing development since 2000 are Dover and Rochester (1,651 and 2,264 units, respectively).¹⁵

¹⁵ ACS 2008-2012, Five Year Estimates, DP04

Building permit data confirms the count of housing units constructed over the past decade. As shown in Figure 4, The New Hampshire Office of Energy and Planning reports a total of 409 single family and multifamily units permitted between 2000 and 2009.¹⁶ More recently, local permitting data shows an uptick in housing construction, averaging 42 units per year between 2010 and 2013.¹⁷ Much of this growth is attributable to multifamily development, as the rate of single family home construction declined after 2001. Except for 2012, fewer than 20 units of single family homes have been permitted annually since 2001, with very little residential construction of any type taking place in 2009 and 2010.

Figure 4: Building Permits Issued in Portsmouth



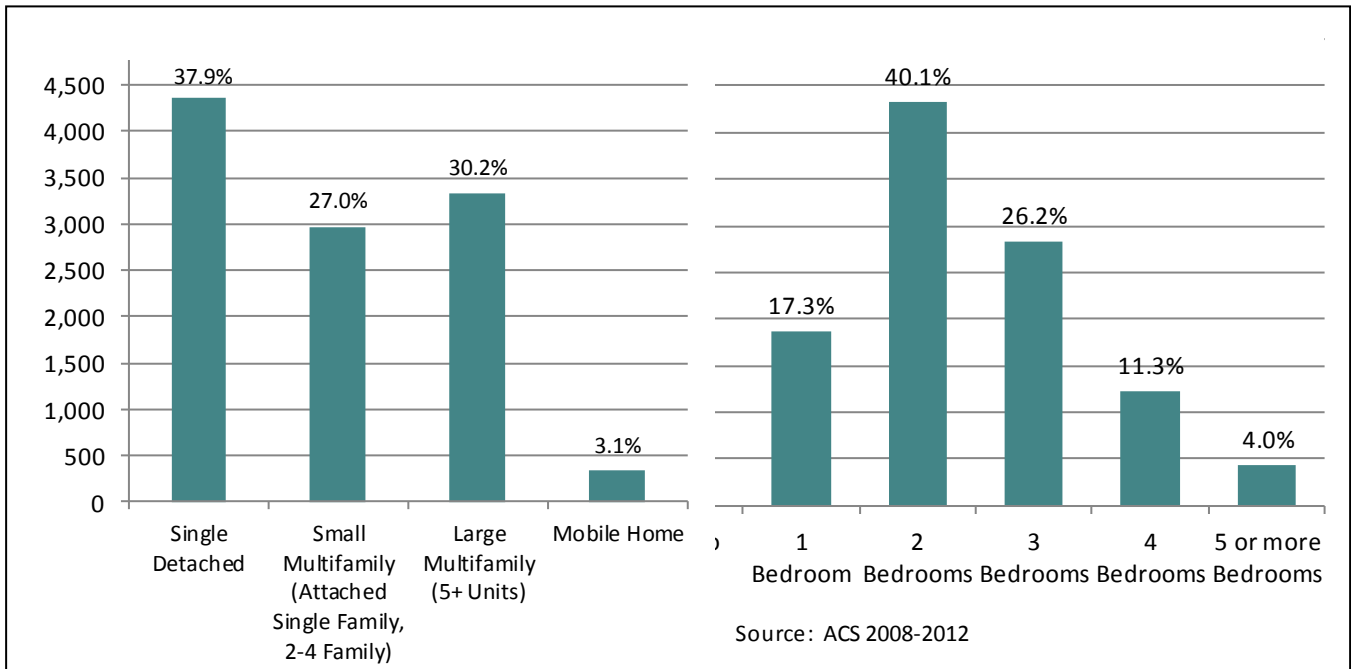
The City's Building Permit data indicates that between 2003 and 2013 Portsmouth issued 276 permits for residential construction, conversion, or demolition. A total of 438 new units were created (net of units eliminated), including 86 single family homes, and 250 units in multifamily and mixed-use structures. The largest multifamily residential development during this period was Portwalk Place with 113 units. Numerous other new multifamily developments (ranging from 6-36 units) were concentrated mostly in the downtown and along Islington Street. A notable concentration of development also occurred outside the downtown around the Atlantic Heights neighborhood, including the Laurel Court subdivision (single family homes) and Albacore Way (multifamily residential).

¹⁶ State of New Hampshire Office of Energy & Planning, Current Estimates and Trends in New Hampshire's Housing Supply, 2009.

¹⁷ City of Portsmouth, Residential Building Permits

ACS data shows that multifamily housing comprised over half of Portsmouth’s housing inventory in 2008-2012. Small housing units (studio and 1 bedroom units) currently comprise about 20 percent of the units in Portsmouth, while 15 percent of units have 4 or more bedrooms. (See Figure 5.) Due to significant changes between the 2000 census and current ACS sampling methodology, it is not possible to make a direct historical comparison using census data. Local building permit data suggests that new single family development accounted for about one-third of the new housing growth (127 units between 2000 and 2013), while multifamily development contributed two-thirds (282 units). New single family housing development tends to favor larger-sized housing units with four bedrooms or more, while multi-family development primarily creates 1-2 bedroom units.

Figure 5: Characteristics of Portsmouth Housing Inventory (ACS 2008-2012)



Assessor's Data

Portsmouth's assessor's database provides detailed information about the housing stock and building trends. However, due to differences in data collection methodology, the City's assessor's data is not directly comparable to data from other sources, such as the U.S. Census Bureau or NHHFA.

The average lot size for all single family homes is slightly less than a ½ acre, and the average assessed valuation is \$370,000. Lot sizes and living area have grown substantially since the early and mid-20th Century. The median year built for all single family homes is 1949, although the peak single decade for year of construction was 1950-1959.

Condominium units have also increased in size and value over the past decades. The average assessed value for all condos is \$265,000, although the condos constructed since 2000 (which constitute 14 percent of all condos), average \$450,000. The majority of condominiums have been constructed since 1980. Relatively few condos were built in the decades preceding 1980, but those that were tend to be both smaller and in poorer condition, as indicated by the value per square foot – an average of \$172 per square foot for condos constructed between 1940 and 1980.

A wider range of housing types were developed prior to 1930, including 2-3 family homes, apartments, mixed-use, and properties with accessory units or multiple structures. A significant portion of Portsmouth's condominiums are in buildings that have been converted from apartments or non-residential uses; nearly one-third of this stock is located in structures dating to 1939 or earlier. The average value of these condos is comparable to new condos, at around \$300 per square foot.

The majority of manufactured housing units were constructed in the 1970's and 1980's. Manufactured housing constructed prior to construction standards enacted by the federal government in 1974 (approximately 57 units in Portsmouth) are likely to be in substandard condition.

Use/Year Built	Number of Units	Average Lot Size (Acres)	Average Living Area (Square Feet)	Average Value	Value per Square Foot
Single Family	4,212	0.45	1,719	\$370,357	\$215
before 1900	583	0.45	1,898	\$433,712	\$229
1900-1939	992	0.26	1,625	\$361,100	\$222
1940-1949	483	0.30	1,412	\$290,977	\$206
1950-1959	780	0.30	1,383	\$285,216	\$206
1960-1969	409	0.69	1,444	\$308,150	\$213
1970-1979	149	0.63	1,549	\$338,143	\$218
1980-1989	178	0.99	2,493	\$465,150	\$187
1990-1999	142	1.20	2,393	\$460,207	\$192
after 2000	543	0.60	2,554	\$577,314	\$226
Condominiums	2,045	N/A	1,196	\$265,172	\$222
before 1900	368	-	1,187	\$289,787	\$244
1900-1939	245	-	1,184	\$319,129	\$270
1940-1949	3	-	1,299	\$258,133	\$199
1950-1959	13	-	889	\$227,831	\$256
1960-1969	15	-	1,096	\$154,340	\$141
1970-1979	163	-	719	\$120,737	\$168
1980-1989	801	-	1,136	\$202,433	\$178
1990-1999	149	-	1,345	\$268,369	\$200
after 2000	288	-	1,592	\$449,932	\$283
Other Residential		Number of Units		Median Year Built	
Accessory Apartments or Multiple Structures		237		1927	
2-Family		324		1900	
3-Family		83		1900	
Multi-family Apartments		29		1924	
Mixed-Use (Residential/Commercial)		134		1850	
Manufactured Housing ¹⁸		250		1984	
Source: City of Portsmouth Assessor's Database, February, 2014					

Affordable Housing Inventory

Portsmouth has a total of 842 rent-assisted units within affordable and mixed income housing developments. These developments also include 210 market-rate units, bringing the total of mixed income housing units to 1,092. Assisted or subsidized units are available to income-qualified households. Residents of rent-assisted housing units pay no more than 30 percent of their income on rent with the remaining rent subsidized. Income requirements for specific housing developments vary depending on the subsidy source, but generally serve those who earn below 80 percent of the Median Area Income (MAI). Various developments are also

¹⁸ The description of these properties in Portsmouth's Assessor's database is "mobile home".

reserved for specific types of tenants, whether they are seniors or persons with disabilities. Table 7 provides a list of the rent-assisted housing developments in Portsmouth, as of January 2014.

There are 178 units at seven sites reserved for seniors, and an additional 285 units at three sites that provide for both seniors and younger adults with disabilities. All of these, with the exception of the Keefe House, are managed by the Portsmouth Housing Authority. There is a very limited supply of housing for persons with disabilities: 36 units of rent-assisted housing and two additional group homes.

Portsmouth has four site-specific developments that provide rental-assistance housing for families, for a total of 553 dwelling units, of which 343 are rent-assisted. The largest of these, Osprey Landing, is a privately-owned mixed-income development with 119 rent-assisted units, while the remaining 210 units are market rate. Two of the sites, Wamesit Place and Gosling Meadows, are managed by the Portsmouth Housing Authority. Affordability restrictions at Osprey Landing will continue to phase out in accordance with land use restrictions, which will ultimately reduce the city's supply of rent-assisted housing for families by one-third.

The number of rent-assisted units is approximately the same as it was in 2002, when there were 1,184 units in mixed income developments providing 872 rent-assisted units. Some changes have occurred in the assisted rental housing inventory since then, including the addition of the Cottage Senior Housing and Lafayette School apartments (totaling 30 units). Ledgewood Manor, which provided 30 non-elderly rent-assisted units, is no longer on the assisted housing inventory.

Portsmouth hosts a substantial portion of the region's rent-assisted housing units. With 842 assisted housing units and less than 9% of the total dwelling units in the county, over one third of the total rent-assisted housing units in Rockingham County (2,320 units) are located in Portsmouth.¹⁹ In addition, rent-assisted units represent almost 8 percent of Portsmouth's rental housing stock.

¹⁹ NHHFA Directory of Assisted Housing, published September, 2013.

Table 7: Publicly- and Privately-Owned Assisted Rental Housing in Portsmouth				
Housing Development	Owner	Manager	Population	Units
Bedford Way Apartments	Private – Portsmouth Senior Housing Association	Portsmouth Housing Authority (PHA)	Senior	30 units
Woodbury Manor	PHA	PHA	Senior	40 units
State Street	PHA	PHA	Senior	12 units
Pleasant Street	PHA	PHA	Senior	8 units
Cottage Senior Housing (CSH)	CSH LP PHA/City lease	PHA	Senior	20 units
Lafayette School Senior (LSSA) Apartments	LSSA LP/City lease	PHA	Senior	10 units
Keefe House	Private – Desaulnier Steele LLC	EastPoint Properties	Senior	58 units
Subtotal: Senior Rent-Assisted Housing				178 Units
Feaster Apartments	PHA	PHA	Senior and Non-Senior Disabled	100 units
Margeson Apartments	PHA	PHA	Senior and Non-Senior Disabled	137 units
Portsmouth Apartments	Private –Portsmouth Place Apartments LLC	PHA	Senior and Non-Senior Disabled	48 units
Subtotal: Senior and Non-Senior Disabled Rent-Assisted Housing				285 units
Great Bay Resident Facility I	Private – Great Bay School Training Center	Great Bay School Training Center	Non-Senior Disabled	12 units
Great Bay Resident Facility II	Private – Great Bay School Training Center	Great Bay School Training Center	Non-Senior Disabled	12 units
Betty’s Dream	Private – Betty’s Dream Foundation or LLC	PHA	Physically-disabled	24 units
Subtotal: Non-Senior Disabled Rent-Assisted Housing				48 units
Wamesit Place	PHA Housing Corp.	PHA	Family	100 units
Gosling Meadows	PHA	PHA	Family	124 units
Osprey Landing	Private - Inishmaan Assoc LTD Partnership	JCM Management Company	Family	119 assisted
Subtotal: Family Rent-Assisted Housing			343 units	
Total Rent-Assisted Housing			842 units	
Source: City of Portsmouth, NHHFA				

In addition to the rent-assisted units in the housing developments listed above, many low income households are assisted through mobile housing vouchers provided through the federal Section 8 program. As of February, 2014, Portsmouth Housing Authority had an allocation of 406 vouchers, of which 370 were being utilized. Of these, 313 were being applied in privately-owned rental housing in non-subsidized projects. The remaining 57 vouchers were “project

based,” meaning that they are utilized to provide rental assistance within affordable housing developments. Not all of the households who utilize these vouchers reside in Portsmouth – many live in surrounding communities, and some may carry their vouchers with them to live outside of the region. Presently, the Portsmouth Housing Authority does not track the location of the households who utilize the vouchers it administers.²⁰ In addition to the Portsmouth Housing Authority, other agencies in the region administer additional Section 8 housing vouchers which may be utilized by households living in Portsmouth. These include the New Hampshire Housing Finance Authority and housing authorities in Dover, Rochester, Exeter, Newmarket, and Somersworth.

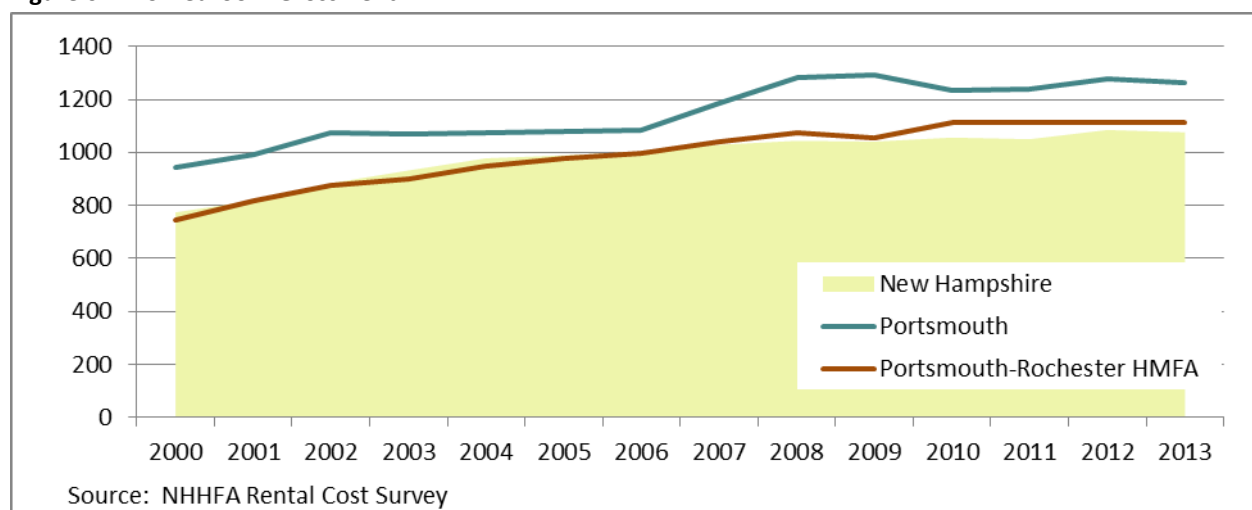
Portsmouth is also home to the region’s transitional and emergency shelter. Cross Roads House has 96 beds for emergency and transitional housing with flexible space that allows staff to increase the number of beds when they are needed in two different buildings. Cross Roads House serves single men, single women, and families. In 2012, the Cross Roads House served 386 individuals including 26 families with 51 children. Of those, 74 people were from Portsmouth, 8 of whom were children under the age of 18. The number of Portsmouth residents served is down from previous years; the peak of 105 Portsmouth residents served occurred at the height of the recession in 2009.²¹

Housing Costs

The New Hampshire Housing Finance Agency tracks rental housing costs each year through a statewide survey of a sample of rental housing in each community. According to NHHFA, the median rent for all sizes of units in Portsmouth in 2013 was \$1,276 (see Table 5 above). Rents in Portsmouth have been consistently higher than average rents in the state or Seacoast region. Having risen incrementally for the first part of the decade, rents increased sharply from 2006-2009, then dipped in 2010. Since 2010, rents have fluctuated upward, approaching the peak level of 2009.

²⁰ Craig Welch, Executive Director, Portsmouth Housing Authority, by phone conversation with Community Opportunities Group, February 5, 2014

²¹ Martha Stone, (Executive Director of Cross Roads House), interview by Community Opportunities Group, December 10, 2013.

Figure 6: Two-Bedroom Gross Rent

The NHHFA survey does not provide a perfect picture of rental market conditions, as the small sample may capture some apartments which might, for various reasons, deviate from current market rates. Community Opportunities Group, Inc. (COG), undertook an informal survey of apartments currently listed for rent in Portsmouth during Winter 2014 (shown in Table 8), and found advertised rents for 1-, 2-, and 3-bedroom apartments to be considerably higher than conveyed by the NHHFA survey, particularly for larger apartments.²²

	0 BR	1 BR	2 BR	3 BR
NHHFA Rental Survey (2013)	\$850	\$1,048	\$1,264	\$1,523
Range (NHHFA)	\$550-\$1,300	\$550-\$1,950	\$1,100-\$2,100+	\$950-\$2,100+
COG Rental Survey (2014)	-	\$1,200	\$1,375	\$2,350
Range (COG)	\$750-\$850	\$800-\$2,400	\$850-\$2,830	\$1,200-\$3,500

Home prices in Portsmouth are likewise relatively high. Portsmouth's prices aligned with regional prices for the first half of the prior decade and then diverged when prices throughout the region took a sustained dip after 2006, while Portsmouth's prices remained stable. Median single-family home prices in Portsmouth have fluctuated between \$300,000 and their peak level of \$350,000. The price of condominiums in Portsmouth has increased sharply since 2000, and continued to climb even during the recent recession (2007-2009). The median sales price of condominiums had more than doubled by 2012 since 2000, while single family home prices

²² COG collected data on the size, location, and asking rent for Portsmouth apartment listings advertised to the public through online media such as CraigsList or management company websites in January, 2014. The survey included 73 independent listings.

grew over the same time period by 68 percent. Although condominiums have traditionally provided a more affordable housing alternative for households who do not have the resources to purchase single family homes, this option is becoming less viable as condominium prices are increasingly comparably to single family homes.

As noted in the 2005 Master Plan, new homes continue to be more expensive than existing homes, with prices in 2012 in the Portsmouth–Rochester HMFA region averaging at \$313,000 for new homes, compared with \$236,000 for existing homes. Due to the small sample size, data on the median price of new single family homes is not given for Portsmouth only for most years. In 2005 (the one year for which median price data is available), the price of new homes in Portsmouth was \$390,000, compared with \$305,000 for existing homes. The higher cost of new housing compared with existing housing stock is a widely recognized trend, often attributable to the scarcity of land suitable for building, regulatory constraints, labor and materials costs, and unit size and amenities commonly offered with new construction.

Figure 7: Median Purchase Price, Portsmouth and Rockingham County 2000-2012

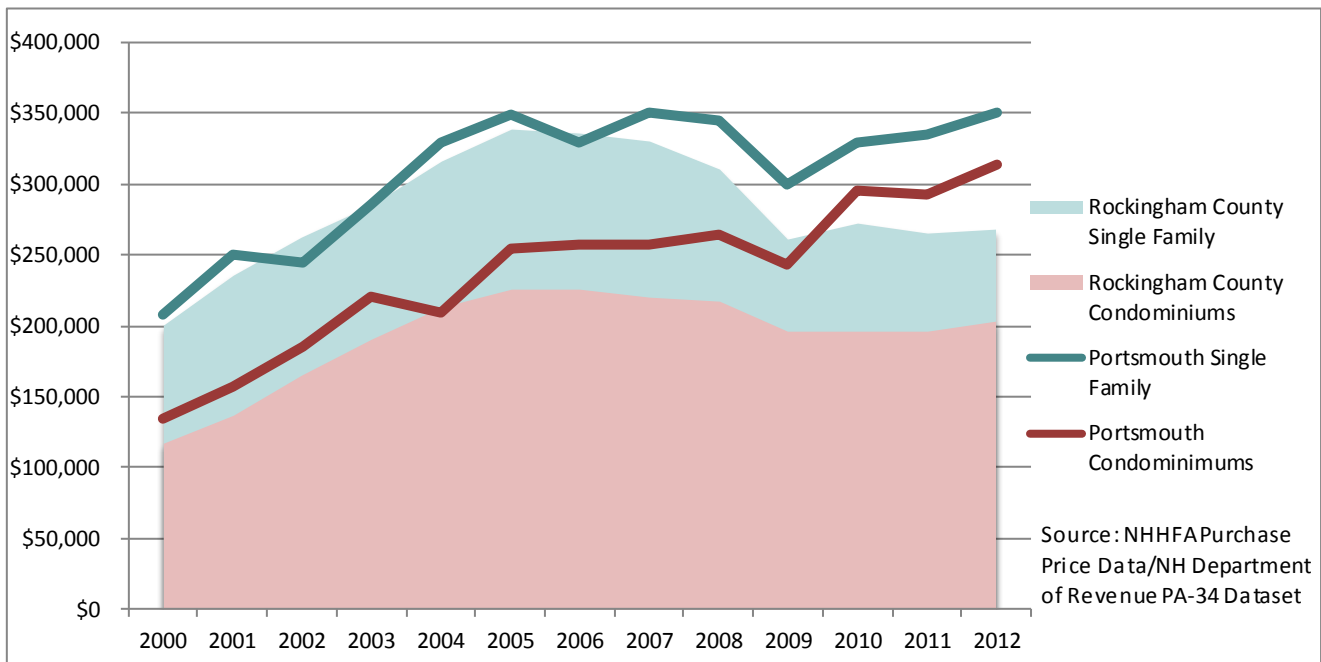


Figure 7 compares the median price of single-family homes and condominiums in Portsmouth to Rockingham County. As can be seen, Portsmouth’s prices have been consistently higher for both types of housing, with the differential between Portsmouth and the county increasing in recent years.

Corresponding with sales prices, home values in Portsmouth are also high. The median assessed value for a single family home is \$296,250 while the median assessed value for a

residential condo is \$210,500. It is typical for city assessor assessed values for properties to be lower than appraised or actual value. According to the ACS, the median home value in Portsmouth is \$319,500.²³

Household Income

Like housing costs, household incomes in Portsmouth have also increased over the past decade. Median incomes in Portsmouth rose faster than in Rockingham County overall. The median family income in Portsmouth in 2010 was \$88,000, a 52 percent increase over 2000, although still below the county-wide median for families. Incomes for non-family households in Portsmouth grew twice as fast as the county, reaching \$50,000 in 2010.

Still, the increase in the cost of housing outpaced increases in household income for both homeowners and renters in Portsmouth. The median income for renter households increased by 41 percent to \$50,000 between 2000 and 2010, while median rents increased by 50 percent or more (according to U.S. census/ACS estimates shown in Table 9). In contrast, NHHFA estimates show rents to have increased at pace with household incomes (at 40 percent). However the comparison year, 2010, coincided with a temporary dip in median rent (as shown in Chart 6). As of 2013, median rents have risen 47 percent since 2000, outpacing increases in income.

Sales prices increased by nearly 80 percent (single family and condominiums combined), while incomes of owner-occupant households increased by 49 percent over this time.

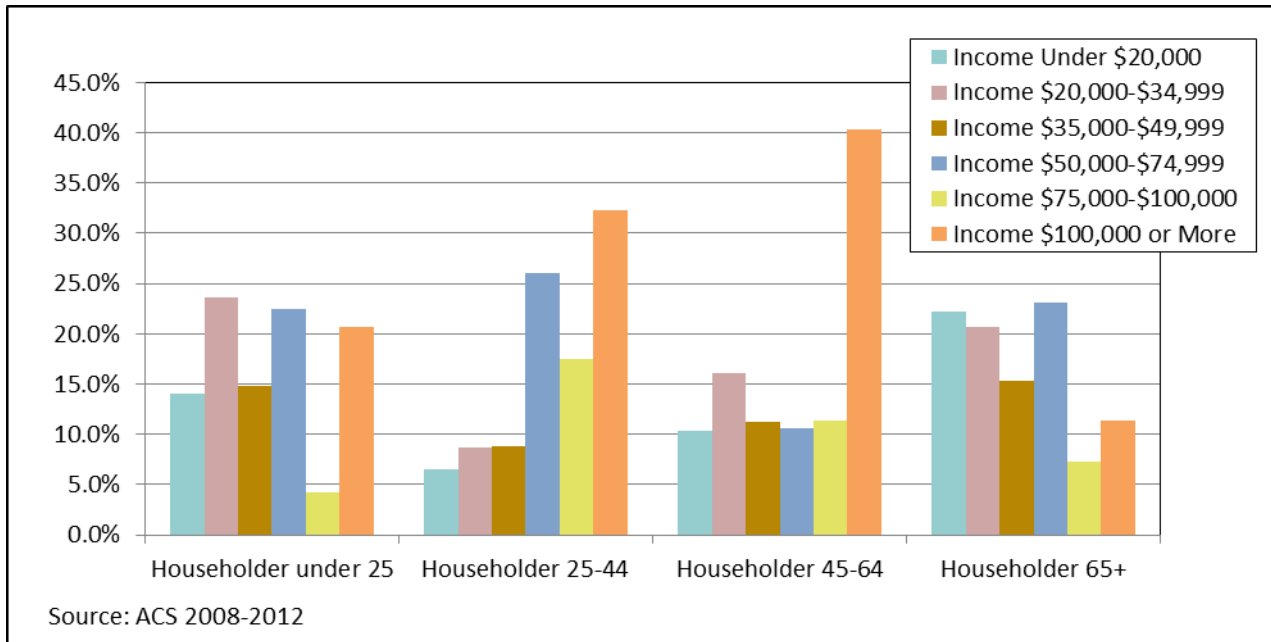
²³ ACS 2008-2012, 5 Year Estimates, DP04.

	2000	2010*	Change 2000-2010	% Change
Median Contract Rent (Census/ACS)	\$661	\$1,038	\$377	57.0%
Median Gross Rent (Census/ACS)	\$727	\$1,104	\$377	51.9%
Median Gross Market Rent (NHHFA)	\$861	\$1,205	\$344	40.0%
Median Value Single Family Owner Occupied Units (Census/ACS)	\$168,600	\$319,500	\$150,900	89.5%
Median Sales Price Existing Primary Homes (NHHFA)	\$179,000	\$319,900	\$140,900	78.7%
Median Family Income (Rockingham County)	\$66,345	\$93,432	\$27,087	40.8%
Median Family Income (Portsmouth)	\$59,150	\$89,740	\$30,590	51.7%
Median Non-Family Income (Rockingham County)	\$34,969	\$43,726	\$8,757	25.0%
Median Non-Family Income (Portsmouth)	\$32,416	\$49,592	\$17,176	53.0%
Median Household Income (Rockingham County)	\$58,150	\$77,939	\$19,789	34.0%
Median Household Income (Portsmouth)	\$45,195	\$65,347	\$20,152	44.6%
Homeowners (Portsmouth)	\$60,477	\$90,306	\$29,829	49.3%
Renters (Portsmouth)	\$35,503	\$50,105	\$14,602	41.1%
* 2010 for NHHFA, or 2008-2012 for ACS				
Source: Census 2000 DP-3, ACS 2008-2012, NHHFA Rental Cost Survey, NH Dept. of Revenue PA-34 Dataset				

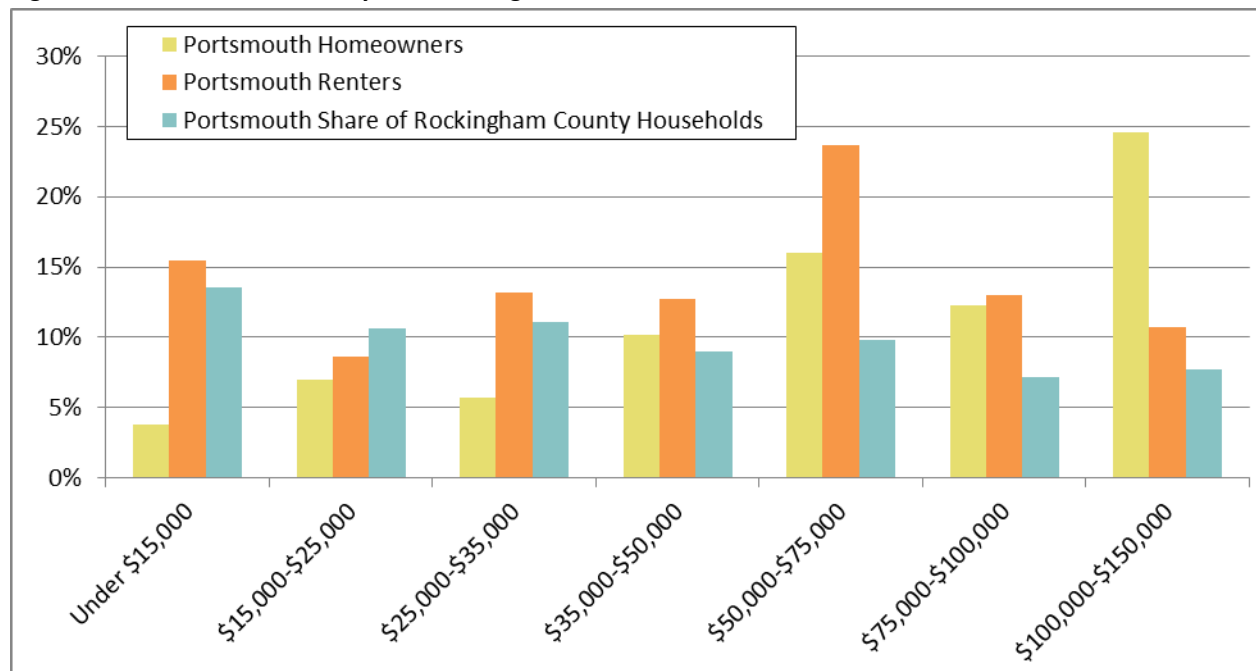
Figure 8 shows the latest estimates of income distribution by tenure. Not surprisingly, homeowners are more likely to have higher incomes than renters, with over 40 percent of households in the top two census income ranges (having annual income over \$100,000). A much smaller proportion of homeowners earn low incomes. A sizable share of renters, over 15 percent, fall into the lowest income bracket (with annual income less than \$15,000). The highest proportion of renter households are those earning \$50,000-\$75,000, which is the income needed to be able to afford market rents.

A higher proportion of senior households in Portsmouth have lower household incomes; 43 percent of householders over the age of 65 have incomes less than \$35,000. In contrast, 40 percent of middle-aged householders (householders between the ages of 45 and 64) have incomes over \$100,000 per year.

Figure 8: Household Income by Age of Householder in Portsmouth



Portsmouth has about 9 percent of Rockingham County’s population. As shown in Chart 9, the city is home to a disproportionately greater share of the County’s lower income households. This may reflect the availability of assisted housing, transportation, and services that make Portsmouth relatively accessible. Notably, Portsmouth captures a smaller proportion of the county’s high income households.

Figure 9: Share of Households by Income Range

Workforce Housing Needs

New Hampshire land use statutes require every community to provide reasonable and realistic opportunities for the development of workforce housing to accommodate a fair share of the current and foreseeable regional need for workforce housing.²⁴ In 2008, the New Hampshire Legislature passed a law that clarified communities' obligations with respect to workforce housing.²⁵ The law defines workforce housing as housing that is affordable for renter households earning 60 percent of the median income within a metropolitan area or region, or for owner households earning 100 percent of median income. To be considered affordable, housing should cost no more than 30 percent of the gross annual household income.

A workforce housing needs analysis is provided here to evaluate how Portsmouth is performing in terms of providing housing to meet its local needs, as well as addressing a fair share of regional housing needs. As a large share of the region's jobs are located in Portsmouth, meeting workforce housing needs is also critical to supporting the city's economic base. No specific numerical quota is provided under the state laws with respect to "fair share". In the following analysis, the Portsmouth's housing affordability is considered relative to the Rockingham Planning Commission region.

²⁴ New Hampshire Housing, *Meeting the Workforce Housing Challenge: A Guidebook for New Hampshire Municipalities*, 2010.

²⁵ NH RSA 674:58-61

Workforce housing income levels are based on the income limits established by the US Department of Housing and Urban Development (HUD) for assisted housing programs. Portsmouth is within the Portsmouth-Rochester HMFA Fair Market Rent Area, for which the Median Area Income (MAI) in 2013 was \$84,000. NHHFA estimated the maximum rent affordable to workforce households to be \$1,130 in 2013. Table 10 shows the number of renter households whose incomes fall within income cohorts that approximate the ranges established by HUD, as well as the monthly rents that are affordable to renters in each income range. Of Portsmouth's renter households, 37 percent have incomes below 50 percent MAI, and approximately 50 percent of renters earn below 60 percent MAI. Given the limited availability of apartments at the lower end of the range, households earning less than \$35,000 (50 percent MAI) will have to pay far in excess of what they can afford for market rate apartments. While the proportion of apartments affordable to households earning 50-60% MAI appears to be sufficient to serve renters within this income range, many of these units may be occupied by households in lower or higher income brackets, so that some workforce households may also face high housing costs.

Range (Approximate)*	Income	Renters	%	Cumulative %	Affordable Gross Rent	Apartments	Cumulative
Under 30% MAI	<\$20,000	816	17.6%	17.6%	<\$500	0%	0%
30-50% MAI	\$20,000-\$34,999	905	19.6%	37.2%	\$500-\$874	4%	4%
50-60% MAI	\$35,000-\$49,999	588	12.7%	49.9%	\$875-\$1,249	44%	48%
60-80% MAI	\$50,000-\$74,999	1,095	23.7%	73.6%	\$1,250-\$1,874	49%	97%
80-120% MAI	\$75,000-\$99,000	601	13.0%	86.6%	\$1,875-\$2,100	3%	100%
Over 120% MAI	>%100,000	621	13.4%	100.0%	>\$2,100		
Total		4,626	100%			100%	

Source: ACS 2008-2012, COG, NHHFA Rent Survey 2011-2013
 * Ranges are defined to reflect cohorts provided by ACS that most closely approximate HUD income limit ranges.

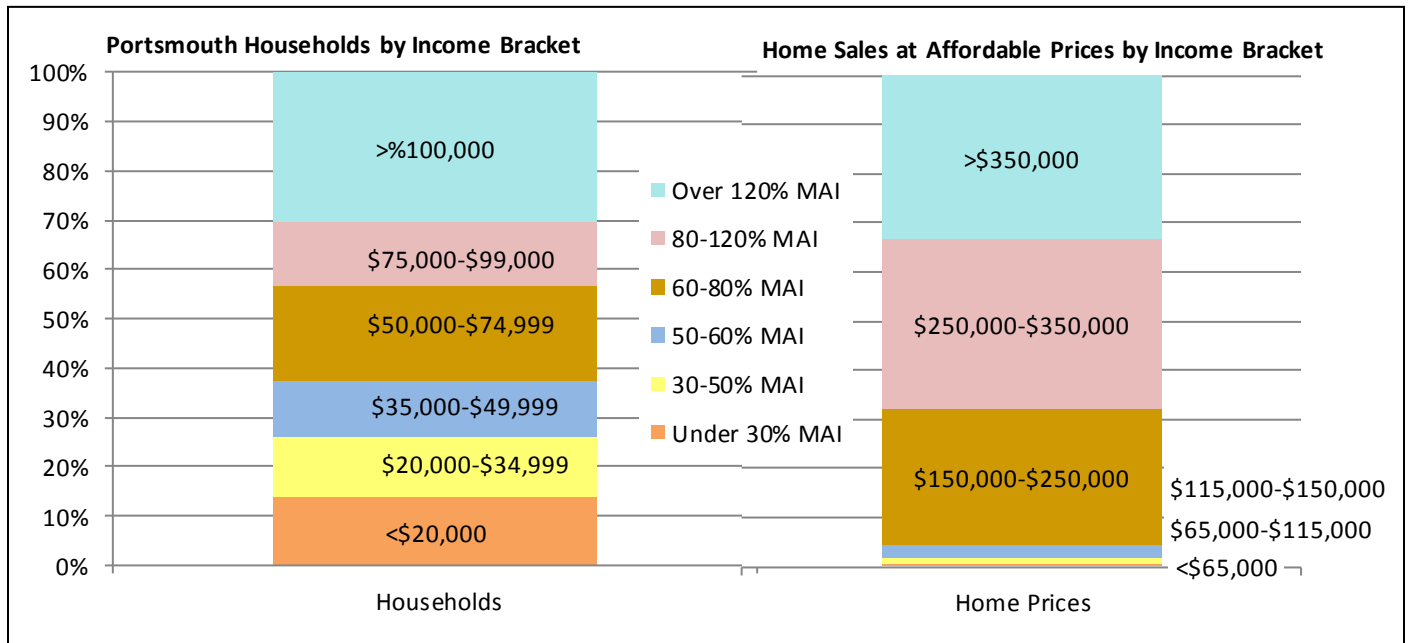
NHHFA estimates the affordable purchase price for households at 100 percent of MAI to be \$291,000. In Table 11, homeowners are divided into similar income ranges as shown in the previous table. As the Portsmouth-Rochester MAI of \$84,000 falls in the middle of the income cohort provided by ACS, the available data does not convey the number of households who specifically fall under the workforce housing threshold for homeowners. Instead, the following comparison shows the affordability range for the closest income cohorts that can be quantified, both those above and below the workforce housing threshold.

MAI Range	Income	Owners	% of Owners	% of all Households	Affordable Purchase Price*	Sales 2011-2013	% of Sales	
Under 30%	<\$20,000	586	12.7%	13.9%	<\$65,000	2	0.4%	
30-50%	\$20,000-\$34,999	311	6.7%	12.1%	\$65,000-\$114,000	7	1.4%	
50-60%	\$35,000-\$49,999	551	11.9%	11.3%	\$115,000-\$149,000	13	2.7%	
60-80%	\$50,000-\$74,999	871	18.8%	19.5%	\$150,000-\$249,000	136	27.8%	
80-120%	\$75,000-\$99,000	666	14.4%	12.6%	\$250,000-\$350,000	168	34.4%	
Over 120%	>%100,000	2,447	52.9%	30.5%	>\$350,000	163	33.3%	
Total		5,432				Total	489	

Sources: ACS 2008-2012, COG, NHHFA
 * Assumes mortgage + property tax + insurance payment = 30% of monthly income with 5% down payment, 4% interest rate, and estimated tax and insurance.

Figure 10 illustrates the availability of homeownership opportunities in relation to the proportion of households in each range. The number of home sales at the upper end is proportional to the number of high income households who can afford them. A large share of the home sales were priced at levels affordable to households at the upper end of the “workforce” threshold for homeownership. On the other hand, there are very few homeownership opportunities for lower income households.

Figure 10: Household Income and Home Price Affordability Comparison



Compared to Rockingham County as a whole, Portsmouth provides for a larger share of housing affordable to workforce households (shown in Table 12). Nevertheless, households at the lowest income thresholds are significantly underserved within the city and the region.

Table 12: Portsmouth and Rockingham County - Income and Housing Distribution

MAI Range	Portsmouth % of Households	Portsmouth % of Housing Units	Rockingham County % of Households	Rockingham County % of Housing Units
Under 30%	13.9%	0.1%	8.6%	1.0%
30-50%	12.1%	3.6%	10.8%	7.3%
50-60%	11.3%	33.6%	10.9%	19.0%
60- 80%	19.5%	44.0%	17.4%	35.6%
80-120%	12.6%	10.5%	15.3%	21.6%
Over 120%	30.5%	8.2%	37.1%	15.5%

Sources: ACS 2008-2012, NHHFA 2011-2013.

The gap in affordable rental and ownership units suggests that many residents are burdened with excessive housing costs. In fact, 43 percent of Portsmouth’s renter households are paying more than 30 percent of their income on housing costs, and nearly one third of renters are severely cost-burdened, paying more than 35 percent of their income on housing. Homeowners paying mortgages have almost as much cost burden as renters, with 37 percent paying more than 30 percent of their income on housing, and 29 percent paying more than 35 percent of their income. A smaller proportion of homeowners without mortgages are cost-burdened.

Cost-burdened homeowners without mortgages are more likely to be seniors struggling with the costs of property taxes, maintenance, and insurance. Data is not available at a level of detail to quantify this sub-group, but it can be seen that over half (55 percent) of homeowners in Portsmouth without mortgages are over the age of 65; 43 percent of householders over the age of 65 have household incomes under \$35,000 per year, and 75 percent of mortgage-free homeowners with household incomes under \$35,000 per year are cost-burdened. (ACS 2008-2012).

In all, there are over 2,000 cost-burdened renter households, and about 1,850 cost-burdened homeowner households. Of those, more than 1,400 households are severely cost-burdened are paying more than 50 percent of their income on housing.

Housing Costs as % of Income	Renters	%	Owners w/ Mortgage	%	Owners w/out Mortgage	%
Less than 20.0 percent	1,134	25%	1,279	35%	927	54%
20.0 to 29.9 percent	1,248	27%	1,055	29%	279	16%
30.0 to 34.9 percent	578	12%	294	8%	77	4%
35.0 to 49.9 percent	757	16%	573	15%	196	11%
50.0 percent or more	715	15%	500	14%	207	12%
Total	4,626	-	3,701	-	1,731	-
Cost-burdened Households	2,050	44%	1,367	37%	480	28%
Severely Cost-burdened	1,472	32%	1,073	29%	403	23%

Source: ACS, 2008-2012

As shown in Table 14, the likelihood of being cost-burdened is higher for households with lower incomes. The highest incidence of households who pay more than 30 percent of their income on housing costs occurs among households earning between \$20,000 and \$35,000 per year; cost-burdened households earning less than \$35,000 comprise 20 percent of Portsmouth's population.

Income	Total Households	Housing Costs, < 30%		Housing Costs, > 30%		Not Computed
Under \$20,000	1,157	141	12.2%	870	75.2%	146
\$20,000-\$34,999	1,461	277	19.0%	1,137	77.8%	47
\$35,000-\$49,999	1,139	351	30.8%	778	68.3%	10
\$50,000-\$74,999	1,966	1,345	68.4%	606	30.8%	15
\$75,000 and Over	4,335	3,808	87.8%	506	11.7%	21
Total	10,058	5,922		3,897		239

Source: ACS 2008-2012

Broken out by age cohort in Table 15, by percentage senior households are the most likely segment of the population to be severely burdened with high housing costs. Yet there are nearly twice as many severely cost-burdened householders in the 35-64 year age range (851 households), who would be most likely to seek assistance with family housing.

	Under 34 years		35 to 64 years:		65 years and over:	
Less than 20.0 percent	235	39%	1,437	42%	556	39%
20.0 to 24.9 percent	133	22%	470	14%	159	11%
25.0 to 29.9 percent	90	15%	334	10%	148	10%
30.0 to 34.9 percent	32	5%	270	8%	69	5%
35.0 percent or more	137	23%	851	25%	488	34%
Not Computed	0	-	45	-	0	-
Total	605	-	3,407	-	1,420	-

Source: ACS 2008-2012

When compared to Rockingham County, Portsmouth has a proportional share of cost-burdened households. Portsmouth accounts for 18 percent of all *households* in the county, and the same proportion of households who pay more than 30 percent of their income on housing. (See Table 16.) Portsmouth's renters are less likely than households in other parts of the county to be severely burdened with housing cost. However, Portsmouth has a higher share of severely cost-burdened homeowners.

	Portsmouth	Rockingham County	City % of Rockingham County
Total Renters	4,626	26,232	18%
Pay less than 30% of Income on Gross Rent	2,382	13,148	18%
Pay 30% or more of Income to Gross Rent	2,050	11,527	18%
Pay 30-35% of Income to Gross Rent	578	2,533	23%
Pay >35% of Income to Gross Rent	1,472	8,994	16%
Not Computed	194	1,557	6%
Total Homeowners	5,432	89,320	6%
Pay less than 30% of income on housing	3,540	57,050	5%
Pay 30% or more of Income to Gross Rent	1,847	31,920	6%
Pay 30-35% of income for housing	371	7,562	6%
Pay >35% of income for housing	1,476	24,358	18%
Not Computed	45	350	13%

Nationally, increasing housing costs relative to household income has been a growing concern, although in recent years New Hampshire overall has fared better than neighboring states.²⁶ Still, as Table 17 shows, the incidence of severe cost burden has increased substantially in Portsmouth since 2000.

	2000	2010*	% Change
Total Households	8,664	10,058	16%
Pay More than 30 %	3,071	3,897	27%
Pay 30-35%	1,282	949	-26%
Pay 35% or more	1,789	2,948	65%
Sources: Census 2000, ACS 2008-2012			

Local Housing Need

The Rockingham Planning Commission (RPC) prepared a regional housing needs assessment in 2008 which estimated the quantity of housing that will be needed to support projected growth in the region's workforce. The analysis used a model that assumed the RPC area will maintain a constant share of the state's employment, based on projections by the NH Division of Employment Security. The study, which used 2006 data sources, identified a need for 35,053 workforce housing units in 2006, with a projected increase of 4,385 additional units by 2015. Portsmouth's share of the regional housing need was equated to Portsmouth's share of the RPC region's existing households, 13.4 percent in 2006. By this measure, the city should have had 4,684 workforce housing units in 2006, increasing to 5,270 units by 2015. More recent employment projections by the New Hampshire Economic and Labor Market Information Bureau (ELMI, 2013) indicate much lower expectations for employment growth in the region. Based on 2010 estimates, employment in the Rockingham region declined since 2006, and is projected to grow 11 percent by 2020. By applying the revised employment projection, Portsmouth's fair share of the projected workforce housing need would be 4,247 units in 2020 (Table 18).

²⁶ Center for Housing Policy, Housing Landscape 2013.

	Actual			Projection (1)		Projection (2)	
	2006	2010	% change 2006-2010	2015	% change 2006-2015	2020	% change 2010-2020
New Hampshire	627,301	662,146	6%	774,568	23%	730,710	10%
Rockingham (RPC Region)	138,063	112,612	-18%	175,897	27%	124,819	11%
RPC Region as % of NH	22%	17%	-	23%	-	17%	-
Workforce Housing Need in RPC Region	35,053	28,591	-	39,438	-	31,690	-
Portsmouth share of RPC Region	13.4%	13.4%	-	13.4%	-	13.4%	-
Portsmouth Fair Share	4,684	3,831	-	5,270	-	4,247	-
Source: (1) Rockingham Planning Commission, Regional Housing Needs Assessment 2008; (2) ELMI, Community Opportunities Group ²⁷							

As shown earlier in Table 10, Portsmouth had approximately 2,000 rental units that met the workforce rental price threshold, while the ACS estimates that 2,400 ownership units are valued at less than \$300,000, which meets the workforce threshold for ownership units.²⁸ By this measure, the city meets its fair share of the current and foreseeable regional housing need. Nonetheless, as discussed above, the growing incidence of severe housing cost burden and the gap in housing units affordable to the lowest income households suggest that there remain significant local housing needs.

Prior Planning Efforts

A review of previous planning efforts related to housing issues reveals limited planning studies completed over the past decade. The majority of those completed provided a statewide or regional perspective on housing conditions, rather than specifically addressing locally-based housing issues.

The City of Portsmouth has completed two studies relating to fair housing and housing affordability concerns. The most recent housing analysis was the *2013 Update, Analysis of Impediments to Fair Housing: Portsmouth, New Hampshire*, prepared by the City's Community Development Department in May of 2013 as part of its Consolidated Plan, a HUD requirement for municipalities receiving Community Development Block Grant and other HUD funding. This plan analyzed impediments to fair housing choice and identified actions needed

²⁷ Community Opportunities Group updated the projection of workforce housing needs with the assumption that the ratio of workforce housing units to jobs remains constant from 2006 and applying the 2013 employment projections by ELMI.

²⁸ NHHFA Rental Survey 2013 and ACS 2008-2012

to address these impediments. The 2013 Update identified three impediments, with related action steps to address fair housing choice:

- 1) Limited Data – Collection and Detection
 - a. Work with partner agencies to enhance data collection of housing discrimination in cases that do not progress to counseling and advice;
 - b. Support efforts to detect housing discrimination by State agencies or authorities with jurisdiction over housing discrimination;
 - c. Establish data collection protocols for housing discrimination complaints from the above agencies; and
 - d. Increase communication with agencies who work with protected groups in Portsmouth.
- 2) Lack of Information about Fair Housing Laws and Protections
 - a. Provide grant funding to NHLA Assistance Fair Housing Project to foster community understanding about Fair Housing issues, provide advice and counsel to local residents experiencing housing discrimination, develop public campaign, make Fair Housing literature available to members of protected classes, and collect, assess and interpret information regarding mortgage accessibility and lending data;
 - b. Coordinate communication by the City to its Community Development grantees, partners, and City staff regarding Fair Housing information;
 - c. Monitor developments at State level to alter definitions of protected classes as well as new Census data, reports on demographic trends, and other reports on Fair Housing issues;
 - d. Monitor and where appropriate incorporate New Hampshire Annual Plan goals in the Portsmouth Annual Plan;
 - e. Provide quantifiable achievements in education and awareness about fair housing, as well as information on fair housing complaints, in the City's Consolidated Annual Performance Evaluation Report (CAPER).
- 3) Economic Factors and Housing Affordability
 - a. Support the creation and preservation of affordable housing opportunities for all including those in minority communities, the elderly and the disabled;
 - b. Support efforts to develop transitional and supportive housing opportunities for people with disabilities, including mental disabilities, and victims of domestic abuse;
 - c. Continue programs which improve the quality and accessibility of housing stock;
 - d. Support public service agencies that assist households who earn low and/or moderate incomes and often have difficulty in maintaining and accessing housing;
 - e. Pursue local regulatory efforts that will increase the supply of affordable housing; and

- f. Support the Portsmouth Housing Authority in its efforts to maintain and create new affordable housing opportunities and to administer its public housing and Section 8 voucher programs in Portsmouth.
- 4) Other Actions to be Taken Related to Fair Housing
- a. Continue to incorporate compliance with other federal regulatory requirements related to fair housing goals including equal opportunity;
 - b. Administer Section 3 of the Housing and Urban Development Act of 1968;
 - c. Enhance participation in federally-funded projects by minority and women-owned businesses;
 - d. Ensure participation in federally-funded programs by persons with Limited English Proficiency; and
 - e. Maintain records of activities in support of efforts to affirmatively furthering fair housing and address the impediments identified in the 2013 update.

Five years ago, the City completed *A Road Map to Affordable Housing: Housing Issues and Solutions and Background Information on Housing, November 18, 2008*. This plan, which was prepared by a Blue Ribbon Committee composed of local officials and representatives from local and regional housing agencies, planning authorities, and the real estate and banking communities. It was prepared in response to a newly enacted State workforce housing law that required municipalities to provide reasonable and realistic opportunities for workforce housing development through regulatory initiatives. A review of issues in Portsmouth provided the committee to identify a series of recommended solutions, including:

- 1) The creation of a Workforce Housing Trust Fund with potential funding from the sale of small surplus City-owned parcels and a percentage from the Tradeport's Municipal Services Agreement (MSA) payment to the City;
- 2) Development of zoning initiatives to support the creation of mixed use redevelopment that incorporates workforce housing along transit corridors; continue to promote the HomeTown First Time Homebuyers Program and augment the first time homebuyer endowment fund; and
- 3) Continue to partner with regional and state housing and planning agencies to advocate for and development additional workforce housing opportunities in surround communities.

Housing Resources

Portsmouth has a housing authority that oversees a total of 581 apartment units, which houses approximately 1,000 people, including roughly 300 children, accounting for roughly 4% of the

city's population.²⁹ The Portsmouth Housing Authority (PHA) provides both family and elderly housing, area-wide Section 8 housing, and a youth and family services program, serving persons whose incomes fall at or below 80% of median income. It is administered by a six-member Board of Commissioners who are appointed by the Mayor for five year terms. The Portsmouth Housing Authority also has an affiliate non-profit organization, the PHA Housing Development, Limited, which develops new and expanded housing.

Portsmouth is also host to Cross Roads House, an emergency and transitional shelter for homeless men, women and children. Cross Roads House is the largest homeless facility in New Hampshire, providing food and shelter, as well as supportive services to help participants move toward permanent housing. Cross Roads House undertook a capital campaign in 2007 to construct its current facility, which has been equipped to provide for a stronger focus on transitional assistance. The supportive services that it provides include tutoring, mental health counseling, job search and training, referral to substance abuse treatment, life skills, access to medical and dental care, and help in finding permanent housing. Cross Roads House coordinates with other emergency shelters in Strafford and Eastern Rockingham Counties to provide a single point of contact for persons seeking emergency shelter. Its service area includes Seabrook, Hampton, Exeter, Portsmouth, Dover, Rochester, Somersworth, Kittery, and surrounding towns.

There are also several public and non-profit entities that address housing needs in the region:

- **The Workforce Housing Coalition of the Greater Seacoast (WHC)** is an educational and outreach initiative which offers municipalities technical assistance to help improve local housing policies. It also provides developers with information and data to advance workforce housing projects in the Greater Seacoast region of New Hampshire and southern Maine. Through a coalition of business, municipal and community leaders, WHC aims to be a catalyst for the development of a range of housing options affordable to the region's diverse workforce, facilitating public dialogue to highlight solutions and encouraging policy changes that will address the region's affordable housing challenges.
- **The Housing Partnership** is a non-profit provider of work-force housing. Created in 1988 by local businesses, the United Way, and concerned citizens, The Housing Partnership has developed more than 300 affordable housing units for low- and moderate-income residents. Its properties are located in 12 communities in Strafford and Rockingham Counties in New Hampshire, and in York County, Maine. Although based

²⁹ Craig Welch (Executive Director of the Portsmouth Housing Authority), interview by Community Opportunities Group, November 18, 2013.

in Portsmouth, The Housing Partnership has not yet undertaken any affordable housing developments within the city. Currently, it has a 42-unit mill reuse project in the pipeline in Dover. Its projects are funded through a variety of sources including the federal Low Income Housing Tax Credit program, New Hampshire Housing Finance Authority, Northern New England Housing Investment Fund, and other local funding partners. The organization also provides homebuyer education and foreclosure prevention support for current and prospective homeowners in the region.

- **Southeast New Hampshire Habitat for Humanity** is a nonprofit organization that works to develop affordable homeownership opportunities for workforce households who are unable to qualify for conventional mortgages. Habitat for Humanity works in partnership with corporations, community groups, faith-based organizations, and individual volunteers to build and renovate homes. Participants pay a no-interest mortgage to Habitat, and often contribute sweat-equity to complete their homes. Since its founding in 1990, Southeast NH Habitat for Humanity has built or rehabilitated fifteen (15) homes, and has placed more than fifty people into quality housing. To date, none of the projects undertaken by Habitat have been located in Portsmouth.

Housing Issues

Housing Availability, Diversity & Cost

Portsmouth has a relatively small residential base compared to its commercial base, having 2.24 jobs for every member of the resident workforce. While there is considerable pressure on the residential market to accommodate people working within and surrounding the city, Portsmouth's largely built-out condition results in there being limited opportunities to significantly increase residential development. The demand for living in proximity to Portsmouth's jobs, together with its waterfront location and status as a leisure, cultural and historic destination, contribute pressure on housing prices. This trend can perhaps best be seen by the development of luxury housing units in the downtown. Certain types of housing, in particular small apartments (with 0-1 bedroom) and larger units suitable for families (4+ bedrooms), are in short supply. About half of Portsmouth's jobs – mostly those in the service sector – provide wages under \$50,000 per year. Employers interviewed during the preparation of this analysis reported that many lower paid workers travel from other communities in the region, where housing is both more available and affordable.

Underserved Populations

The greatest gap in Portsmouth's housing inventory is for households who earn less than 50 percent of median income. These households range from 1-person households with incomes below \$31,000 to 4-person households with incomes below \$44,000, etc. These households typically need assistance in meeting housing costs, as market rate housing is priced well above what is affordable to low-income households. While Portsmouth has 882 assisted units, there are more than 2,600 households who fall within this income bracket.

Portsmouth has 36 independent living units and two group homes that provide housing opportunities specifically to persons with disabilities. In addition, there are 285 units that provide for a mix of seniors and disabled adults. By comparison, there are over 2,360 persons with disabilities, including about 350 seniors and 430 adults with independent living disabilities. As a broad national demographic trend, the number of disabled individuals is increasing due to both an aging population and to an increase in mental health diagnoses. Accommodating developmentally, behaviorally, or physically disabled individuals is particularly challenging as the needs of each group can overlap or be entirely disparate and create conflicts when cohabitating. Elderly developments that also house non-elderly disabled people often result in living conflicts and issues, particularly where supportive services are absent but needed to address the needs of each individual. Additional services and housing opportunities are needed to support this population and to provide safe living conditions for those already in public housing.

While the Cross Roads House helps to provide temporary housing for the region's neediest households, there is a need for housing resources and related services to help residents access and retain permanent housing. Some of Cross Roads' clients transition into market rate housing, but the majority require subsidized housing to transition into permanent housing from the shelter. Unfortunately, the need for supportive services does not end with rehousing individuals and current permanent housing options are not appropriate for all homeless individuals.

Regulatory Barriers

RSA 674 requires communities to provide reasonable and realistic opportunities for workforce housing through regulatory and land use controls. While Portsmouth has historically allowed housing types that provide for a diverse range of housing options, the opportunities for producing significant numbers of housing units is currently constrained by the lack of availability of developable land. On the other hand, there may be untapped potential for redeveloping underutilized parcels to meet local housing needs and other planning goals. In

preparing this analysis, the planning consultants met with and interviewed various persons who are involved or interested in local housing issues. Several respondents commented that city government presents a challenging climate for permitting new development. Permitting hurdles are especially discouraging for investment in workforce housing, while higher end and luxury residential development can more easily absorb the premium costs associated with building in Portsmouth.