

## CHAPTER 5A WORKFORCE HOUSING

### 5A.1 INTRODUCTION

In the preceding section of the Rye Master Plan a great deal of information was presented with respect to housing in the community. The housing chapter provided information on population, income and housing trends for the Town, as well as for towns that neighbor Rye. In addition, the housing chapter expressed the goals of the community with respect to maintaining the Town's rural character and providing diversity of housing for residents.

This section of the Rye Master Plan has been prepared to address the land use and housing related ramifications of the passage in 2009 of the Workforce Housing Act (NH RSA 674:58-61). This law establishes a number of performance standards that towns must meet in an effort to expand the opportunity for the creation of workforce housing throughout the state. The salient requirements of the law are discussed below.

For the first time, the new state law defines workforce housing. It is defined as follows:

*“Workforce housing” means housing which is intended for sale and which is affordable to a household with an income of no more than 100 percent of the median income for a 4-person household for the metropolitan area or county in which the housing is located as published annually by the United States Department of Housing and Urban Development. “Workforce Housing” also means rental housing which is affordable to a household with an income of no more than 60 percent of the median income for a 3-person household for the metropolitan area or county in which the housing is located as published annually by the United State Department of Housing and Urban Development.*

RSA 674:58-61 mandates that each community in the state must provide reasonable and realistic opportunities for the development of workforce housing and it also establishes a mechanism for expediting relief from municipal actions which deny, impede, or delay qualified proposals for workforce housing. The law basically has two parts that achieve these goals. The first part requires municipalities that exercise the power to adopt land use ordinances to provide opportunities for the development of workforce housing. The second part establishes a mechanism for expediting relief from municipal actions which deny, impede, or delay qualified proposals for workforce housing. This element of the law is important to understand because in the end case, a community that does not comply with the requirements of the law may be subject to a builders remedy by the court system. This means that the end result of a legal proceeding charging non-compliance with the law can be permission for a developer to build a project completely unconstrained by Rye's zoning laws.

## 5A.2 PROVIDING REASONABLE OPPORTUNITY

The Town of Rye is responsible under the workforce housing statute to comply with two core requirements: (1) workforce housing of some type must be allowed in the majority of land zoned for residential uses; and (2) rental multifamily must also be allowed in some zones. Lot size and density requirements for workforce housing must be “reasonable”.

In 2010 the Planning Board proposed and town voters enacted three zoning amendments which the Planning Board believes brings the town into compliance with the 2009 Workforce Housing Act.

1. Multi-Family Dwelling District: A Multi-Family Dwelling Overlay District was created along the Lafayette Road corridor. The district includes large areas of mostly vacant land located westerly of Lafayette Road. Within this overlay district multi-family dwellings and multi-family developments are permitted subject to a special permit from the Planning Board. At least 20% but not more than 51% of the units in a multi-family dwelling or multi-family development must be workforce housing.
2. Conservation Land Developments (CLDs). CLD’s are now provided for in the Single Residence (SR) and Commercial Districts. In a CLD the density and dimensional requirements of the zoning ordinance may be relaxed in exchange for at least 50% of the land being preserved in perpetuity as open space. At least 20% but not more than 40% of an CLD must be workforce housing.
3. Expansion of Commercial District: In 2010 the Commercial District was expanded westerly towards Greenland to include additional areas of vacant land which might be suitable for CLDs.

## 5A.3 HOUSING NEEDS ASSESSMENT

The Rockingham Planning Commission is required by law to prepare a regional housing need assessment. These assessments have been prepared periodically over the last twenty years with the most recent one being adopted in October 2008. Included below is a table (Figure 4A-1) from this housing assessment that attempts to display the estimated proportionate fair share workforce housing need. The table displays the number of workforce housing units that should be available in Rye based upon Rye’s proportion of the region’s housing supply and the housing costs as defined by the workforce housing law. In the case of Rye, in 2006 there should have been 1,028 housing units that met the thresholds for ownership or rental occupancy outlined in the law. These thresholds for housing values are either \$239,236 or 259,069 for home ownership; the price difference depending upon either a 10% or 20% down payment respectively. For rental workforce housing the gross rent cannot exceed 1,045 per month.

**Figure 5A-1**  
**Workforce Housing Needs**

A	B	C	D	E	F	G	H	I	J	K
	2006 Housing Units	Regional % of Housing Units	HMFA Median Income (4-person)	HMFA 60% Median Income (3-person)	100% or under MAI: Owner	60% or under MAI: Rental	Total WFH Need	100% or under MAI: Owner	60% or under MAI: Rental	Total WFH Need
<b>Community</b>										
Atkinson	2674	3.2%	\$80,667	\$43,600	987	336	1,323	1,111	178	1,489
Brentwood	1267	1.5%	\$77,333	\$41,800	468	159	627	526	179	705
Danville	1671	2.0%	\$80,667	\$43,600	617	210	827	694	236	930
East Kingston	853	1.0%	\$77,333	\$41,800	315	107	422	354	121	475
Epping	2525	3.0%	\$77,333	\$41,800	932	317	1,250	1,049	357	1,406
Exeter	6563	7.8%	\$77,333	\$41,800	2,423	824	3,248	2,727	928	3,654
Fremont	1489	1.8%	\$80,667	\$43,600	550	187	737	619	210	829
Greenland	1364	1.6%	\$77,333	\$41,800	504	171	675	567	193	759
Hampstead	3626	4.3%	\$80,667	\$43,600	1,339	456	1,794	1,506	512	2,019
Hampton	9870	11.8%	\$77,333	\$41,800	3,645	1,240	4,884	4,101	1,395	5,496
Hampton Falls	839	1.0%	\$77,333	\$41,800	310	105	415	349	119	467
Kensington	769	0.9%	\$77,333	\$41,800	284	97	381	319	109	428
Kingston	2485	3.0%	\$80,667	\$43,600	918	312	1,230	1,032	351	1,384
New Castle	516	0.6%	\$77,333	\$41,800	191	65	255	214	73	287
Newfields	587	0.7%	\$77,333	\$41,800	217	74	290	244	83	327
Newington	321	0.4%	\$77,333	\$41,800	119	40	159	133	45	179
Newton	1691	2.0%	\$80,667	\$43,600	624	212	837	703	239	942
North Hampton	1917	2.3%	\$77,333	\$41,800	708	241	949	796	271	1,067
Plaistow	2999	3.6%	\$80,667	\$43,600	1,107	377	1,484	1,246	424	1,670
Portsmouth	10516	12.5%	\$77,333	\$41,800	3,883	1,321	5,204	4,369	1,486	5,855
Rye	2715	3.2%	\$77,333	\$41,800	1,003	341	1,344	1,128	384	1,512
Salem	12068	14.4%	\$80,667	\$43,600	4,456	1,516	5,972	5,014	1,706	6,719
Sandown	2123	2.5%	\$80,667	\$43,600	784	267	1,051	882	300	1,182
Seabrook	4500	5.4%	\$85,833	\$46,400	1,662	565	2,227	1,870	636	2,506
South Hampton	334	0.4%	\$85,833	\$46,400	123	42	165	139	47	186
Stratham	2774	3.3%	\$77,333	\$41,800	1,024	348	1,373	1,152	392	1,545
Windham	4821	5.7%	\$80,667	\$43,600	1,780	606	2,386	2,003	681	2,684
	<b>83877</b>	<b>100.0%</b>			<b>30972</b>	<b>10537</b>	<b>41509</b>	<b>34847</b>	<b>11855</b>	<b>46702</b>

A	RPC Community
B	Total number of housing unit, (single, multi, and manufactured), OEP estimate.
C	Percentage of the Region's total housing units.
D	HUD Fair Market Rent Area's Median Area Income (MAI) for a 4-person family. Amount called out in SB 342
E	60% of HUD Fair Market Rent Area's Median Area Income (MAI) for a 3-person family. Amount called out in SB 342
F	2006 need for workforce housing (non-rental), affordable to families make 100% of the MAI for a 4-person family, or below, in 2006. Does not take a communities existing Affordable workforce housing into account.
G	2006 need for rental workforce housing, affordable to families make 60% of the MAI for a 3-person family, or below, in 2006. Does not take a communities existing Affordable workforce housing into account.
H	Total of ownership and rental need (F + G).
I	2015 projected need for workforce housing (non-rental), affordable to families make 100% of the MAI for a 4-person family, or below, in 2006. Does not take a communities existing Affordable workforce housing into
J	2015 projected need for rental workforce housing, affordable to families make 60% of the MAI for a 3-person
K	Total of ownership and rental projected need in 2015 (I + J).



A review of Rye assessment files supplied by the assessor's office show that in December of 2008 there was one sales record (\$250,000). That met the housing value requirements for workforce housing and this sales record showed that it was accomplished between family members. In addition, there were two verified sales of manufactured housing without land that fell within the threshold limits for workforce housing. For 2008, there were three verified sales out of 84 sales that met the criteria for workforce housing in Rye. This evidence is not definitive in supporting the argument that Rye is not presently meeting its workforce housing need, but it is a strong indication that 1,028 workforce housing units probably do not exist in Town and appropriate efforts need to be taken to comply with the workforce housing statute.

## 5A.4 ECONOMIC FACTORS

Economic factors particular to the location of Rye have a dramatic impact upon local housing prices. Land costs in all the ocean-front communities in Rockingham County have a significant impact upon housing cost. These costs cannot be overlooked in the efforts to provide reasonable opportunity for workforce housing. As the table (Figure 5A-2) below shows the ocean-front communities that are not served by municipal water and sewer facilities have median housing costs well in excess of other communities in Rockingham County. For the Town of Rye, the median sales price for a home using 2012 sales data was \$512,500, twice as expensive as for Rockingham County as a whole.

**Figure 5A-2**

<b>Home Sales Data, 2012</b>		
<b>Town/Area</b>	<b>2012 All Home Sales</b>	
	<b>Med Sales Price</b>	<b>Sample Size</b>
East Kingston	\$275,000	31
Exeter	\$252,000	191
Greenland	\$360,000	48
Hampton	\$284,000	202
Hampton Falls	\$385,000	29
Kensington	\$375,000	16
New Castle	\$972,500	21
Newfields	\$395,000	19
Newington	\$530,000	3
Newmarket	\$239,900	86
North Hampton	\$405,000	44
Portsmouth	\$340,000	255
Rye	\$512,500	64
Seabrook	\$265,000	59
Stratham	\$322,000	118
<b>Rockingham County</b>	<b>\$255,500</b>	<b>3118</b>
<b>New Hampshire</b>	<b>\$205,000</b>	<b>11693</b>

Source: NH Housing Finance Authority

Note: Calculations based on sample sizes fewer than 50 are considered highly volatile.

These costs present the Town with a challenge in meeting its statutory responsibility to provide reasonable opportunity for the creation of workforce housing. There are economic conditions in the ocean-front communities that are different from conditions faced by other New Hampshire communities.

These conditions are further displayed by information tracked by the NH Department of Revenue Administration. The Figure 5A-3 below provide equalized valuations of taxable land for Rockingham County communities. As best illustrated on the graph titled Equalized Value per Capita 2012, Rye land has significantly more value than nearly all the other communities in Rockingham County. In fact, only New Castle and Newington have more value of taxable property per capita than Rye in the entire county.

**Figure 5A-3**

<b>Property Valuation and Taxes - 2012</b>					
<b>Rockingham County, NH</b>					
East Kingston	2,363	\$ 291,478,979	\$ 123,351	\$ 23.65	159
Exeter	14,354	\$ 1,604,981,473	\$ 111,814	\$ 24.60	172
Greenland	3,586	\$ 669,430,920	\$ 186,679	\$ 13.68	39
Hampton	14,868	\$ 2,813,332,466	\$ 189,221	\$ 17.21	62
Hampton Falls	2,235	\$ 434,772,900	\$ 194,529	\$ 19.72	89
Kensington	2,121	\$ 293,560,055	\$ 138,406	\$ 22.10	129
New Castle	967	\$ 636,733,622	\$ 658,463	\$ 6.38	5
Newfields	1,678	\$ 259,375,642	\$ 154,574	\$ 21.90	125
Newington	753	\$ 971,307,945	\$ 1,289,918	\$ 7.68	7
Newmarket	8,950	\$ 718,640,197	\$ 80,295	\$ 26.23	189
North Hampton	4,324	\$ 1,016,338,240	\$ 235,046	\$ 15.92	50
Portsmouth	21,206	\$ 4,174,795,440	\$ 196,869	\$ 16.33	53
Rye	5,324	\$ 1,770,040,629	\$ 332,464	\$ 10.55	17
Seabrook	8,697	\$ 2,597,699,164	\$ 298,689	\$ 13.67	38
South Hampton	813	\$ 141,919,372	\$ 174,563	\$ 16.65	55
Stratham	7,245	\$ 1,111,316,215	\$ 153,391	\$ 20.46	98
Rockingham County	295,608	\$ 40,557,292,929	\$ 137,200	\$ 19.69	n/a
New Hampshire	1,318,000	\$ 154,348,551,055	\$ 117,108	\$ 20.46	n/a

The information from the preceding tables illustrates the difficulty the community will face in overcoming the land cost variable as it effects the creation of workforce housing.

## 5A.5 ENVIRONMENTAL CONSIDERATIONS

Beyond the economic considerations detailed above there are substantive environmental concerns in Rye that impact the provision of reasonable opportunity for the creation of workforce housing. The most important of these is the prevalence of constrained soils in the remaining

undeveloped land in Town. Rye has tidal marshes, freshwater, wetland, shallow-to-bedrock soils as well as soils constrained by seasonal high water levels located one to four feet from the surface. These conditions are present on many of the parcels that remain to be developed and add a layer of complexity that often results in additional costs to the development process.

## **5A.6 ECONOMIC CONDITIONS BEYOND RYE’S CONTROL**

Even though Rye has amended its zoning regulations to provide reasonable and realistic opportunities for workforce housing, economic conditions beyond the control of the Town may constrain the economic viability of workforce housing development.

An important economic condition is the high value of land in Rye; i.e., the cost of land to a housing developer. Although comparative data of land values per se in the region is not available, it is no secret that land values in Rye are among the highest in the region and state. When developers pay a premium for land, they must factor that into their overall development plan and budget. One way to increase housing types and varieties is to allow the flexibility in our zoning so that density can be considered along with other key low impact development concepts. This will keep some new home prices down and make them affordable to more people.

A second important economic condition arises from the difficulty (and resulting expense) of developing the remaining vacant land in Rye. Most, if not all, of the “good land” in Rye has been developed. The larger vacant land parcels which remain generally have difficult soils; either shallow to ledge or with seasonally high water tables (or both).<sup>4</sup> Several parcels have limited frontage and wetlands inter-dispersed with upland soils in patterns which make it difficult to find large contiguous areas of land where streets and housing may be platted.

While there are many internal and external challenges, our Town and its residents will continue to remain positive with a keen focus on our past and an open and inclusive vision for our future.

---

<sup>4</sup> Rye has no public sewage outside of the fully developed Rye Beach – Jenness Beach coastal areas. The Mobile Home Park on Route 1 in Rye is connected to the Portsmouth sewerage system via a private force main which runs along Route 1.