

# Affordable Housing 101

## Seven Steps to Developing Affordable Housing in Your Town: *Lessons Learned in Southern Maine and Seacoast New Hampshire*

Communities across the country are taking action to ensure that housing options include the full range of income levels. Successful strategies from Maine and New Hampshire have been gathered to provide municipal officials and board members with a recommended step-by-step approach to achieving affordable housing goals.

### Step 1: Set a Community Goal

Maine's Growth Management Act and most Maine towns have set a goal of 10% affordable housing as a critical community need. And according to state statute (RSA 672) New Hampshire communities should not prohibit or discourage affordable housing. Successful affordable housing goals are those that are supported by the community *before* discussion of any particular development project. Public

dialogue is needed to engage residents in the issue and provide an opportunity for addressing concerns, in order to confront common negative perceptions of affordable housing. Because some of these perceptions are not based in fact, the Workforce Housing Coalition of the Greater Seacoast has developed a fact sheet addressing the myths of affordable housing [www.seacoastwhc.org/resources.htm](http://www.seacoastwhc.org/resources.htm).



At a community forum, participants discuss balancing land conservation and affordable housing needs. Photo by Jon Prichard

### Pointers for Setting the Community Goal

- Remind community members that affordable housing serves working, tax-paying families who need good credit to be eligible for rental units or to qualify for a mortgage.
- Humanize the issue. Often well-respected members of the community are eligible for affordable housing and are willing to directly link their names to the issue.
- Involve the media to encourage community dialogue and gather supporters.
- Form an affordable housing committee with representatives appointed by elected town officials to provide leadership, research possible ordinance changes, set goals with the public, and track progress toward achieving those goals.

### Step 2: Create the Tools Needed to Achieve the Goal

Developing affordable housing requires creating economies of scale: spreading costs over more units and reducing per unit price. Unfortunately, zoning and codes in most communities often do not allow for the necessary economies of scale.

Therefore, to achieve an affordable housing goal, new and/or revised planning tools are needed, along with political will and community support. Ideally, these tools should be in place before any specific project has been proposed.



In Brunswick, an Affordable Housing Ordinance was in place for the development of a project that included 14 affordable, single-family homes. Photo by John Hodge

### Tools for Achieving the Goal

- **Affordable housing ordinance or inclusionary zoning ordinance:** A single, comprehensive tool addressing many of the conditions necessary to promote affordable housing, such as reducing development costs, providing for denser development, and the guarantee of affordability for certain units over time. See *The Model Long-Term Affordability Covenant*, [www.seacoastwhc.org/resources.htm](http://www.seacoastwhc.org/resources.htm) as well as New Hampshire Office of Energy and Planning's Innovative Planning Techniques Handbook [www.des.nh.gov/REPP/index.asp?go=ilupth](http://www.des.nh.gov/REPP/index.asp?go=ilupth).
- Other individual tools can be used to address particular conditions desired by a community:
  - A **density bonus** allows for additional units when an identified number of units are set aside as long-term affordable.
  - **Strategies for reducing development costs**, such as streamlining the permit and review processes, reducing lot sizes, parking requirements, and widths of street rights-of-way and pavement all serve to reduce infrastructure costs, enabling developers to pass on savings to occupants.
- See *The Housing Toolbox* [www.seacoastwhc.org/resources.htm](http://www.seacoastwhc.org/resources.htm) for more information.

## Step 3: Decide Whom to Serve

Maine's Growth Management Act defines affordable housing as *a decent, safe and sanitary dwelling, apartment, or other living accommodation of a household whose income does not exceed 80% of the area median income*. Instead of a formal definition of affordable housing, New Hampshire funding programs set the affordable limits. Generally, affordable housing in New Hampshire is seen as housing serving families earning up to 80% of area median income, while workforce housing serves households earning between 60% and 120% of area median income. In both states, households earning incomes of 50% or less of the area median income are considered very low income; those between 51% and 80% are

considered lower income; and households above that threshold (up to 120%) are considered moderate-income. The groups found to be most at risk include those on fixed incomes, such as single parents and the elderly, and workers who can't afford to live where they work such as hospitality and retail employees, health care workers, and entry-level firefighters and teachers. Many of these households are also first-time homebuyers with limited funds available to make a down payment on a home. Maine State Housing Authority [www.mainehousing.org](http://www.mainehousing.org) and New Hampshire Housing Finance Authority [www.nhhfa.org](http://www.nhhfa.org) can provide guidance on which income level(s) are most in need in your town.

### Pointers for Choosing Target Income Levels

- Work with your state housing authority to identify occupants most in need.
- Depending on the need identified, various income configurations (such as between 50% and 120% area medium income) can be used to meet the parameters of specific projects.
- Set rent (plus utilities) or mortgage (principal, interest, property taxes and insurance) at no more than 30% of the gross monthly income of the identified occupant group(s).

## Step 4: Choose a Smart Site

People in Maine and New Hampshire are connected to the land, and we have model networks of land trusts and a long history of funding open space preservation. Therefore, as with any development project, we need to

carefully consider the locations chosen for affordable housing. Fortunately, sites that foster protection of open space also often present the greatest opportunities for the cost savings needed to make affordable housing viable.

### Pointers for Smart Siting

#### Seek out:

- downtowns that offer job opportunities (see Resources for Employers [www.seacoastwhc.org/resources.htm](http://www.seacoastwhc.org/resources.htm)) to provide live/work options.
- walkable town centers that provide alternative transportation options.
- mixed-use centers with opportunities for reuse of existing structures and infill of underused sites.
- designated growth areas zoned for the town's highest densities.
- areas with existing municipal infrastructure (sewer, water, roads, sidewalks) to eliminate costs of extending these services or minimize costs by upgrading existing services.



Projects in the downtowns of (1) Exeter, NH, (2) Kennebunk, ME, and (3) North Berwick, ME, all took advantage of infill opportunities or redevelopment of existing structures.

Photos by Nathan Szanton (top); Avesta Housing (bottom and left)

## Step 5: Find the Best Fit for the Project

In an ideal world, we would keep the horse before the cart in affordable housing development (or create the enabling tools before proposing a

project). But should a desirable project present itself before tools were in place, towns have approaches available to facilitate the development.

### Pointers for Working Within Existing Zoning Regulations

- Currently, most towns do not have affordable housing ordinances, and must work creatively within existing zoning that best meets the project's goals. Seek permits with as few waivers and exemptions as possible, treating the project in the same way as any other development project.
- Review existing ordinances such as open space, cluster subdivision, alternative subdivision, or downtown/commercial zoning for application to affordable housing goals. Minor amendments to existing ordinances may be easier to pass initially than an entirely new ordinance. The public dialogue generated by amendments may lead to future passage of an affordable housing ordinance.

## Step 6: Facilitate Access to Subsidies

While towns rarely act as developers of large-scale affordable housing projects, towns can employ strategies to facilitate project funding for private developers. Generally, affordable housing projects cannot be developed without public or private subsidies, and so developers seek a variety of funding sources. The major sources of subsidies used in Maine and New Hampshire are Community Development

Block Grants [www.NHCDEA.org](http://www.NHCDEA.org) in NH; [www.meocd.org](http://www.meocd.org) in ME, Federal Home Loan Bank of Boston [www.fhlbboston.com/communitydevelopment/communitycenter/index.jsp](http://www.fhlbboston.com/communitydevelopment/communitycenter/index.jsp), U.S. Department of Agriculture/Rural Development [www.rurdev.usda.gov/rhs](http://www.rurdev.usda.gov/rhs), Maine State Housing Authority [www.mainehousing.org](http://www.mainehousing.org), or New Hampshire Housing Finance Authority [www.nhhfa.org](http://www.nhhfa.org).

### Strategies to Promote Subsidies

Funding from the sources listed above is allocated through a highly competitive process based on scoring criteria. A project's score can be significantly improved with municipal support by:

- donating land, such as tax reverted parcels, to affordable housing developers.
- implementing a rapid permit approval process.
- codifying the tools listed in Step 2 to reduce barriers to affordable housing.
- applying for Community Development Block Grants (developers cannot apply directly for CDBG funds unless the project is located in a CDBG entitlement city) for land purchase and off-site infrastructure (but not actual housing construction).

## Step 7: Promote the Use of Green Design

By facilitating access to subsidies from the Maine State Housing Authority and NHHFA, towns are also helping to ensure that new affordable housing units will meet green design standards. MSHA

was the first housing finance agency in the U.S. to adopt these standards for all new housing it finances.

### Green Design Basics

- Green design standards improve energy efficiency, reduce environmental impacts of development, and provide a healthy living environment for occupants.
- Examples include recycling construction materials; maintaining and using native vegetation; ensuring high air quality in units; using stringent insulation requirements and only energy-efficient windows, appliances and lighting; and using low-emission paint, sealant and carpet.

For a more in-depth analysis of the case studies referenced in this document, see the Coastal Community Housing link at: [www.seagrants.umaine.edu/extension/cc.htm](http://www.seagrants.umaine.edu/extension/cc.htm)

### Primary source material gathered from interviewing:

Judy Bernstein, Town of Kennebunk, ME  
Diane Hartley, Workforce Housing Coalition of the Greater Seacoast, Portsmouth, NH  
John Hodge and Marty Szydowski, Brunswick Housing Authority, Brunswick, ME  
Deb Keller, Avesta Housing, Portland, ME  
Nathan Szanton, New England Workforce Housing, Portland, ME

**Links:** Coastal Enterprises Inc. [www.ceimaine.org/content/section/7/49/](http://www.ceimaine.org/content/section/7/49/)  
Center for Housing Policy [www.nhc.org/housing/chp-index](http://www.nhc.org/housing/chp-index)  
Maine Housing Authority [www.mainehousing.org](http://www.mainehousing.org)  
New Hampshire Housing Finance Authority [www.nhhfa.org](http://www.nhhfa.org)  
Workforce Housing Coalition of the Greater Seacoast [www.seacoastwhc.org/resources.htm](http://www.seacoastwhc.org/resources.htm)