

Figure 3-1 Location of Residential Development (2002 – 2020)

Source: Town of Hanover Assessing Department, NHDOT

# Expanding Housing Opportunity

# 3

*We will promote economic and cultural diversity through improved housing choice and affordability. We strive towards enabling people of all economic means to live in and travel within Hanover.*

## GOALS:

- 3-1. Based on the 2023 assessment of need, Hanover will facilitate the development of approximately 800 new housing units between 2020 and 2040.
- 3-2. The Town's attainable and affordable housing stock will be expanded.
- 3-3. Hanover's housing stock will be improved to be more energy efficient and to include more accessibility features.
- 3-4. Educational resources and opportunities will expand the public awareness of Town housing initiatives, issues, and opportunities.

## Introduction

Hanover is a great place to live...if you can find housing. The housing supply in Hanover, as well as in the Upper Valley and more broadly across New Hampshire and the United States, is constrained – so much so that the shortage is considered a crisis. This crisis has created problems of availability and attainability. Limited housing availability impacts a community's quality of life and economic development potential. Lack of availability leads to more expensive, and thus, unattainable housing. The housing crisis can disproportionately affect demographic groups, particularly low-income populations.

In 2023, the town engaged consultants to prepare the *Missing Middle Housing Study*. It noted that dwelling units being produced in Hanover were intended for people with considerable wealth or for those who qualify for **affordable housing**. The result is that middle income households overpay or compete with lower income households for

housing. Missing in Hanover is housing that is in the middle in terms of both building scale and form and in level of affordability.

Solutions to the housing crisis need to come from all levels of government, as one community alone cannot solve its issues of housing supply and costs. However, local government can take the lead in creating partnerships with developers, employers, and non-profit organizations to expand housing opportunities.

## Statewide Housing Trends

The housing market in Hanover is influenced by statewide housing trends. The New Hampshire Housing Finance Authority (NHHFA) monitors statewide housing. Key findings of NHHFA's 2023 *Statewide Housing Needs Assessment* are shown in [Figure 3-2](#).

**Figure 3-2: Statewide Housing Needs Assessment – Key Findings**



**BY 2030, ALMOST 60,000 DWELLING UNITS WILL BE NEEDED TO SATISFY POPULATION GROWTH**



**FROM 2000 TO 2020, HOME SALE PRICES INCREASED BY 111% AND RENTS INCREASED 94% - OUTPACING WAGE GROWTH**



**POPULATION GROWTH WILL SLOW THROUGH 2040, WITH THE POPULATION BECOMING OLDER WITH FEWER CHILDREN PER HOUSEHOLD**

Source: NHHFA's 2023 *Statewide Housing Needs Assessment*

Statewide trends noted by NHHFA in their 2023 report include:

- ▶ Between 2010 and 2020, household incomes rose by 25 percent due to the influx of higher income households, and the decline in households with incomes of \$50,000 or less. The competition with higher wage households exacerbates the difficulty for lower income households to find an affordable place to live.
- ▶ Working age (25 to 64 years) households are increasingly likely to rent rather than own due in part to the rising costs of home ownership caused in part by insufficient supply.
- ▶ The number of working age households declined while the number of jobs increased, resulting in employers being less able to find employees.
- ▶ An increasing share of housing units are reserved for seasonal and vacation use.
- ▶ There is almost no change in types of housing in the state with housing types of 4 or fewer units in a single structure accounting for 80 percent of the state's total housing units.
- ▶ In 2022, New Hampshire had an overall rental vacancy rate of 0.5 percent – far too low to support a functional market. This means that if 10 percent of the state's lower-income renters wanted to move (about 7,400 renters), they would have about 350 units to choose from without overpaying. These renters would have about a 5 percent chance of finding an affordable, vacant unit.

[Appendix C](#) contains demographic and housing stock data for Hanover.



### **Goal 3-1. Based on the 2023 assessment of need, Hanover will facilitate the development of approximately 800 new housing units between 2020 and 2040.**

Hanover is home to Dartmouth College and within minutes of Dartmouth Hitchcock Medical Center; these institutions are two of the largest employers in the State. Their employees who wish to live close to their work, create a ready market for Hanover housing. Demand for housing in Hanover is high as evidenced by the low vacancy rate, low number of days on the market for house sales, and high prices. In 2021, nearly 8,200 people were employed in Hanover. With the resident labor force of approximately 4,800 people, there were at least 3,400 people who might like to live in the same town where they work.

Dartmouth College undergraduate and graduate students wish to be close to campus. The College and its graduate schools have been unable to supply housing to meet this demand. This demand spills over to put pressure on Hanover's housing market, making it impossible for workers who would like to live near their jobs in Hanover to find housing. Investment in neighborhood housing which can be rented to students makes housing scarce and drives housing prices beyond what typical workers can afford. Moreover, a house full of students will pay more to rent a house than a household reliant on service industry wages.

Short-term rentals put additional pressure on the housing market. Continuing to regulate rental of un-hosted housing units for 30 days or less helps keep rooms, accessory dwelling units (ADUs), and residences available for occupancy for people who want to reside in Hanover for school, employment, or retirement. Visitors can be accommodated by the 30-day or less un-hosted short-term rental provisions and the 90-day

hosted short-term rental provisions set forth in the Zoning Ordinance and by lodging accommodations in Hanover and the Upper Valley.

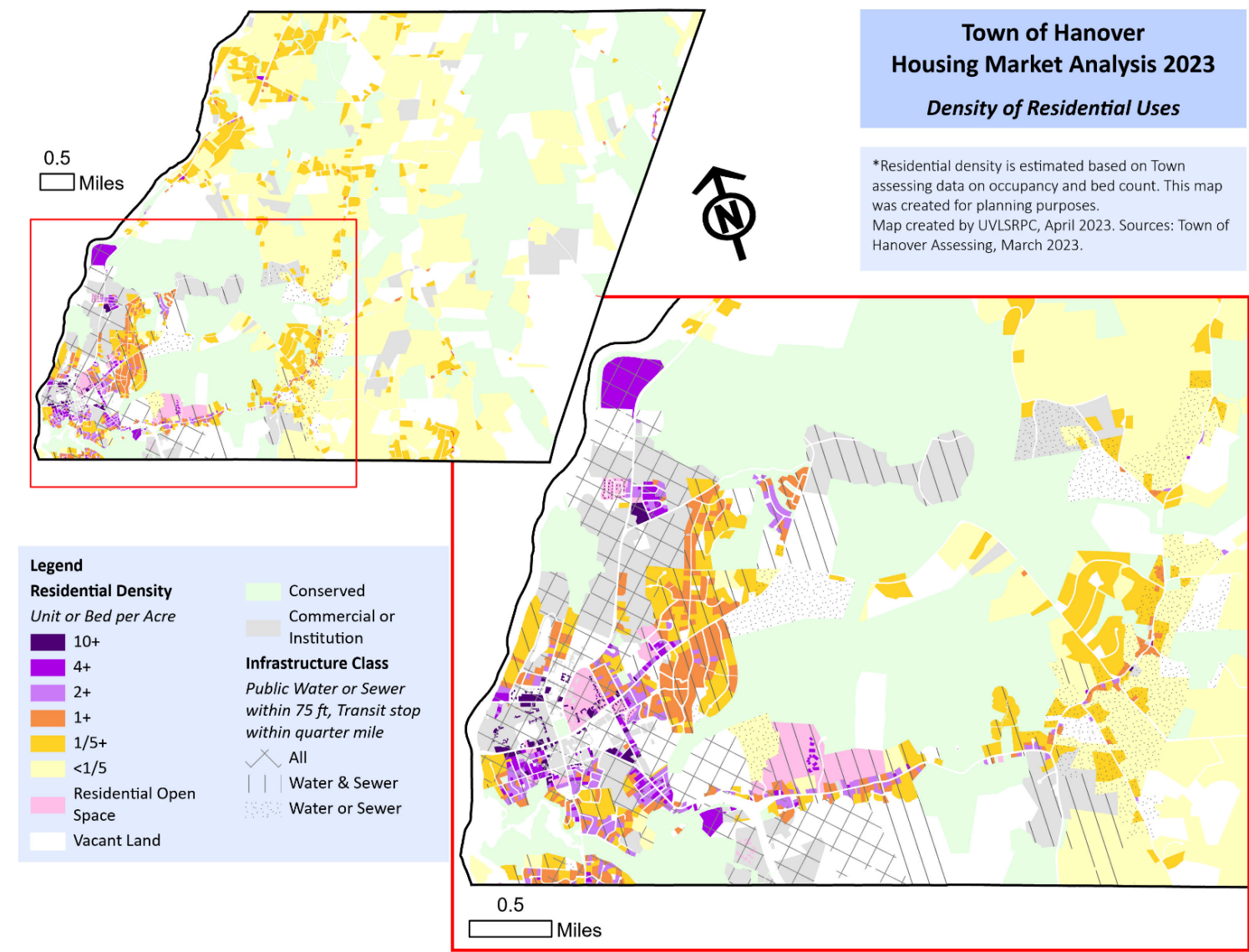
In Hanover, a number of homes, 11.8 percent of the total housing stock in 2021, are considered second homes. These could be used as short-term rentals, or could be occupied seasonally by choice or by location in the Forest and Recreation Zoning District where occupancy is limited to 183 days per year due to the difficulty in providing municipal services.

Pressure is also placed on the housing market by retirees, including Dartmouth alumni, who have accumulated wealth during their careers, and are better able to afford to buy a Hanover home when one becomes available than is the typical worker in the Upper Valley. In addition, many older people have chosen to age in place, creating a barrier to new families moving into Hanover.

Addressing the local housing crisis begins with bringing more housing to Hanover. The 2023 Missing Middle Housing Study sets sight on an additional 781 units to fulfill the town's regional fair share by 2040. Depending on demographic and labor market changes, this number of dwelling units could change. Adding 781 new units can be accomplished in many ways, including more dormitory beds; adding an ADU over the garage; remodeling a larger home to accommodate four dwelling units; or tearing down an existing apartment building and re-building it with more apartments on the same lot.

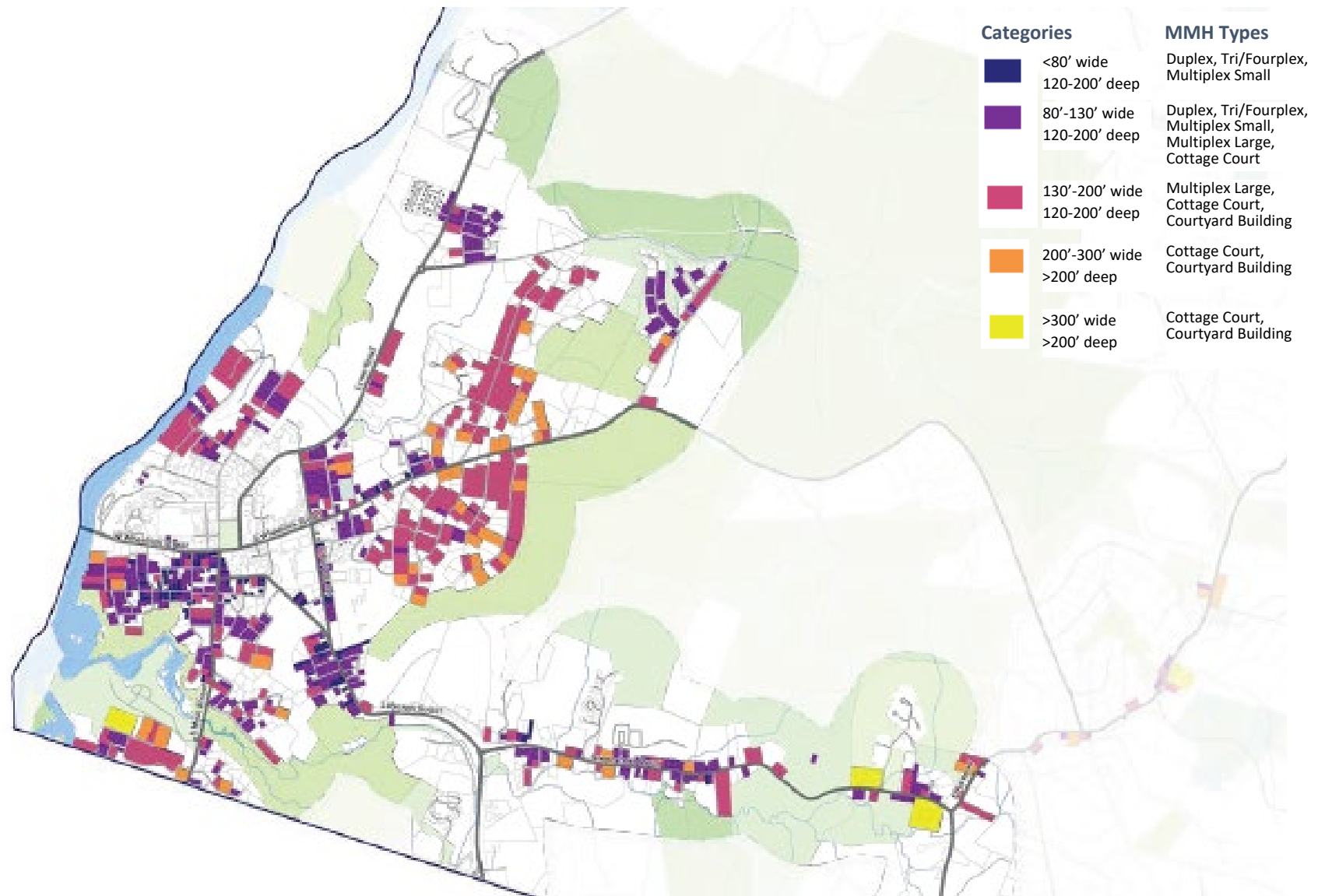
One place to start is with the laws and regulations that might inhibit housing production. The Zoning Ordinance contains guidance as to where, how, and how many dwelling units can be placed on any given piece of land. The town has engaged a consultant to identify where barriers to housing creation exist in the Ordinance. The detailed *Missing Middle Housing Study* identifies lot size, allowed uses, and parking requirements as the primary barriers. Setbacks are a secondary barrier.

Figure 3-3: Residential Density in Hanover



Source: Upper Valley Lake Sunapee Regional Planning Commission, 2023

**Figure 3-4: Potential of Lots for Siting Missing Middle Housing (MMH) Types**



Source: Opticos Design, Inc., 2023

While allowing more housing to be located on a lot or in a particular structure, a balance must be struck between the increased number of housing units and assuring that neighborhoods maintain their character, municipal systems are not overburdened, and the natural systems that sustain the environment are not overwhelmed. Existing residential density is shown in [Figure 3-3](#). Opportunities for housing types with more than a single-family home with ADU are shown in [Figure 3-4](#). The Missing Middle Housing Study details the analysis that was used to prepare this map.

New housing production should be focused in the greater downtown area, where public water, sewer, and transit services are available. As pointed out in other chapters of this Sustainability Master Plan, locating new housing in neighborhoods that are an easy walk to work, school, shops, services, and transit stops support a healthy lifestyle and the shift from use of automobiles.

The town's Rental Housing Ordinance was adopted to assure that safe and decent housing is available to Hanover's renters. A Rental Housing Inspector is being hired to visit rental properties once every 3 years and to follow up on tenant complaints regarding the health and safety of their rental unit.

Multi-generational housing happens when the kids come home from college or when a parent can no longer manage independent living. Assuring that this form of communal living can take place among people who are *not* family members speaks to the need for a new design sensibility that provides flexible room layout and accessible entrances, doorways, rooms, and features, such as counters and bathroom fixtures. With sharing between generations, housing expenses, childcare and adult care can all be reduced.

## Goal 3-1: Supporting Strategies<sup>1</sup>

- ▶ **Strategy 3-1.1:** Anticipate the housing production needed to be sure that it is feasible for developers to produce and for Hanover to accommodate its regional fair share of housing.
- ▶ **Strategy 3-1.2:** Explore legislative and regulatory opportunities to enhance Hanover's housing affordability and safety.
  - Support the development of ADUs.
  - Modify zoning criteria for detached ADUs, such as entrance location, height, and aesthetic requirements.
  - Initiate changes to the Zoning Ordinance to encourage a greater range of housing types including allowing a palette of housing types, from duplexes and small to medium scale multi-family dwellings, to large (up to 20 unit) multi-plex structures, plus mixed-use housing across the greater downtown.
  - Encourage denser housing development in areas with existing public water and sewer infrastructure and transit services.
  - Consider a form-based approach to zoning to incorporate more dwelling units in mixed use situations, with an emphasis on maintaining neighborhood character.
  - Remove/reduce parking requirements to provide for additional housing units on a lot.

---

<sup>1</sup> Strategies accompanied by an icon are those that enable greenhouse gas emissions reduction.

- Implement the 2023 Rental Housing Ordinance’s system of registration and inspection to assure compliance with basic building codes regarding safe and decent rental housing.
- Continue to regulate short- term rentals.



- ▶ **Strategy 3-1.3:** Encourage the development of housing in areas that are walkable to services and easily accessible by public transit so that vehicle ownership is not necessary.
- ▶ **Strategy 3-1.4:** Work with property owners and developers to overcome constraints to create housing in the water and sewer service area.
- ▶ **Strategy 3-1.5:** Evaluate the feasibility of developing housing on College- and Town-owned land in the water and sewer service area.
- ▶ **Strategy 3-1.6:** Investigate ways for seniors to age in the community, including multi-generational housing.

### Goal 3-1: Performance Metrics

- ▶ Number of new dwelling units permitted and those ready for occupancy each year between 2023 and 2040
- ▶ Number of new dwelling units located in the greater downtown area
- ▶ Number of ADUs approved, developed and registered in the Rental Housing Registry
- ▶ Number of building permits issued for non-single family housing types
- ▶ Number of violations identified through the Rental Housing Ordinance’s system of inspection

### Goal 3-2. The Town’s attainable and affordable housing stock will be expanded.

Hanover’s housing is expensive. In 2020, the median house price in Hanover was \$623,436, more than double the median price in the state. Rents are equally inflated. Between 2010 and 2019, rents in Hanover increased 19 percent. In 2020, the median gross rent in Hanover was \$1,687, 61.4 percent higher than in Grafton County. One could estimate that the median gross rent in Hanover in 2023 is over \$3,000 per month based on the reported median 2023 rent of \$2,081 for Grafton County. The 2023 statewide rental vacancy rate is 0.6 percent, evidence of the scarcity of available rental housing units.

**Attainable housing** is reasonably priced for households earning around the area median income (AMI; \$115,100 for Hanover in 2022). **Affordable housing** is housing that is subsidized to allow households that earn less than the AMI to buy or rent a home. In all cases, the rule of thumb for affordability is paying no more than 30 percent of a household’s income for housing expenses including utilities. Those who pay more are considered cost-burdened. According to the *2016-2020 American Community Survey*, 67.1 percent of Hanover’s renting households met this cost-burdened criterion. Included are 47.3 percent of households considered to be severely cost- burdened because they pay more than 50 percent of their household income on rent and utilities. For Hanover homeowners, the situation is not as extreme. In 2020, 13.1 percent of owner households with a mortgage and 6 percent of owner households with no mortgage met the cost-burdened criterion, while 5.8 percent of owner households with a mortgage and 3.6 percent of owner households with no mortgage met the severely cost-burdened criterion.

Key to addressing the attainable and affordable aspects of the housing market is to produce a greater variety of housing types. A single-family home, 71 percent of all housing units in Hanover, is the most common type of housing, and also the most expensive to produce and to



purchase. Middle range housing, middle in both size and purchase price/rental cost, offers variety at price points that are affordable to more households.

A cost variable that can be added to the type and size of units is location. Reliance on an automobile for all commuting and other trips around the town adds significant transportation costs to the cost of living. Housing located proximate to jobs, services, and commercial offerings could eliminate or reduce transportation costs. Thus, guiding new residential development to the greater downtown area with transit, easy walking and **micro-mobility** options has a beneficial impact on affordability when it comes to living in Hanover.

As the housing market has not been productive in terms of provision of **workforce** and **affordable housing**, the town must continue its leadership in finding locations, development partners, and funding to ensure additions to the housing stock for households at these price points.

Hanover does not have a shelter to respond to the housing needs of people who find themselves homeless. The town should support regional temporary housing situations, such as those provided by Upper Valley Haven and the City of Lebanon (seasonal shelter).



*Missing Middle Housing. Source: Opticos Design, Inc.*

## ATTAINABLE HOUSING

*Housing that is reasonably priced for households earning around the area median income.*

## AFFORDABLE HOUSING

*Housing that is subsidized to allow households that earn less than the area median income to buy or rent a home.*

## WORKFORCE HOUSING

*Housing that is affordable to renter households making up to 60% of the area median income (AMI) and to owner households making up to 100% of the AMI.*

### Goal 3-2: Supporting Strategies

- ▶ **Strategy 3-2.1:** Support Dartmouth College’s 2020 *Planning for Possibilities* to ensure an adequate **attainable housing** supply for students, faculty, and staff.
- ▶ **Strategy 3-2.2:** Encourage Dartmouth College to house 90 percent of its undergraduate students on the main campus and graduate students, faculty, and staff within the transit area.
- ▶ **Strategy 3-2.3:** Support the efforts of the region’s large employers to develop **workforce housing** that is logically integrated with existing development and transit services.
- ▶ **Strategy 3-2.4:** Encourage major employers to institute repurchase programs to moderate inflated housing re-sale values.

- ▶ **Strategy 3-2.5:** Facilitate new **affordable** and **workforce housing** production using public sector assets, such as government funds, public lands, and public infrastructure improvements.
- ▶ **Strategy 3-2.6:** Partner with housing organizations to identify suitable locations for **workforce housing**.
- ▶ **Strategy 3-2.7:** Explore adopting an inclusionary zoning policy, which would require developers to create **affordable housing** units within specified rental and home-ownership developments.

### Goal 3-2: Performance Metrics

- ▶ Number and percent of **affordable housing** units
- ▶ Number of new “missing middle” housing projects approved and developed
- ▶ Number and percent of owners and renters considered cost-burdened or severely cost-burdened
- ▶ Number and percent of population receiving housing subsidies
- ▶ Number of undergraduate/graduate students living in Hanover in non-Dartmouth College provided living quarters
- ▶ Plan for future **affordable** and **workforce housing** developments

### **Goal 3-3. Hanover's housing stock will be improved to be more energy efficient and to include more accessibility features.**

Older housing units were not built with current energy efficiency standards as a guide, nor with the idea of an occupant aging in place. The median age of a home in Hanover is nearly 50 years. As homes are built or renovated, current energy efficiency standards are required of the new construction or the targets of the renovation, as set forth in the State's Residential Energy Code. This means that unless a residence is updated with energy efficiency as a goal, its insulation, quality of windows and doors, and efficiency of the heating/cooling and ventilation systems might all combine to result in expensive heating costs, another way to financially burden Hanover residents. Weatherize Hanover is a program of Sustainable Hanover created to help residents save money, stay warm, and reduce their energy usage by making their homes more energy efficient. Improved energy efficiency is a critical step toward the town's 2017 pledge to work toward the goals of 100 percent renewable electricity by 2030, followed by 100 percent renewable fuel for transportation, heating, and cooling by 2050.

The first step in a weatherization project is usually an energy audit to determine which features of a home should be updated. Representatives from Sustainable Hanover and Vital Communities can assist owners who wish to act on the advice in the energy audit. There are programs for renters and landlords as well. With nearly 39 percent of Hanover's households renting, outreach is needed to assess the rental units for energy efficiency. As renovations occur and rents are increased to cover the costs of improvements, a safety net, such as interim or alternate housing, should be devised so that tenants are not displaced when faced with even higher overall housing costs.

As is the case across most of the country, Hanover's population is aging. People over 65 years old comprise 15.7 percent of Hanover's population in 2020. This compares to 6.1 percent (1970), 8.4 percent (1980), and 13.6 percent (2000). The over-65 demographic is expected to continue to increase across the state and in Hanover. With this expectation comes impacts on the housing market.

As noted above, many older people have chosen to age in place. This means that they will continue to inhabit a home where they raised their children and/or led their professional lives. These homes might be larger than needed and because of their age are likely more expensive to maintain. These homes were not built to support a person with mobility issues or who is not able to drive. Older homes often have narrower door frames, many steps and kitchen and bathroom fixtures that are not easy or safe for their long-time residents. By the time an older person needs accessibility upgrades to their home, they may be on a fixed income and are less able to modify their dwellings themselves. In addition, many homes in Hanover are located outside the greater downtown where there is no transit service and where topography and distance make walking and biking impractical as a sole means of transportation. Homes such as these are not appropriate for residents who cannot drive. Thus, it makes sense to accommodate our expanding over 65 population who wish to live in the greater downtown in walkable neighborhoods that are near transit routes.

Hanover is fortunate to have retirement communities and over 55 years of age living situations including Kendal at Hanover, 63 South Main Street, Summer Park, Wheelock Terrace, and Hanover Greens. Hanover residents can move to more efficient, safer living situations needing less maintenance while remaining part of the community.

## Goal 3-3: Supporting Strategies



- ▶ **Strategy 3-3.1:** Adopt a building code with higher standards for energy efficiency.
- ▶ **Strategy 3-3.2:** Provide contractors and homeowners with information about how to make residences more accessible to people with disabilities.
- ▶ **Strategy 3-3.3:** Connect residents to programs for retrofitting the older housing stock to ensure it is healthy and energy efficient.
- ▶ **Strategy 3-3.4:** Encourage the property owner or developer to address displacement, a potential problem when rental units are renovated, by, for example, providing interim or alternate housing.



## Goal 3-3: Performance Metrics

- ▶ Adoption of a building code with higher energy efficiency standards
- ▶ Educational materials about accessibility improvements
- ▶ Number of energy audits for Hanover dwellings



Common ADU Applications. Source: American Planning Association



### Goal 3-4. Educational resources and opportunities will expand the public awareness of Town housing initiatives, issues, and opportunities.

Addressing the housing crisis must involve everyone. The number of dwelling units could be almost doubled if homeowners take advantage of the ability to create an ADU in, attached to, or on their property.

Neighborhoods must be open to welcoming new neighbors as the number of dwelling units in the greater downtown increases. Opposition to new residential construction is counter-productive given the significant need for housing to keep our community vibrant and prosperous. Our businesses cannot continue without a labor force. Our restaurants, stores, schools, health care organizations, and every other business rely on workers at different wage levels. For that reason, a diverse stock of housing at different price points must be available to support our economy.

Bringing attention to the housing crisis is critical for current residents to understand why change in their neighborhood may be occurring to accommodate new dwellings. It is incumbent on developers and the town to give neighbors plenty of time to respond to plans for new development so that their concerns can be incorporated into the plans.

Information and outreach about how to make housing more energy efficient and suitable for older residents should also be made available to assist property owners in upgrades.

### Goal 3-4: Supporting Strategies

- ▶ **Strategy 3-4.1:** Continue to conduct targeted public outreach and promote public awareness of the importance of new housing projects.
- ▶ **Strategy 3-4.2:** Create new educational programs or expand existing program relationships with partners (e.g., Twin Pines Housing Trust, Vital Communities) to provide guidance and resources to current homeowners and potential home buyers in Hanover and the Upper Valley region, including downpayment and closing cost assistance, lease-purchase programs, and financial literacy and mortgage counseling.

### Goal 3-4: Performance Metrics

- ▶ Number of engagements with the community on housing issues
- ▶ Number of educational programs on housing issues

