

# Town of Brookline

## Workforce Housing Fair Share Analysis

### July 2022

The Nashua Regional Planning Commission (NRPC) conducted an evaluation of housing affordability in the Town of Brookline to assess whether the town currently meets its fair share of the regional need for workforce housing. This assessment is based on NRPC's *2019 Regional Housing Needs Assessment* with updated data from US Census's American Community Survey (ACS) and other available data sources.

NRPC's assessment indicates that more than 44.2% (regional fair share target) of owner-occupied housing units in Brookline are affordable based on the State of New Hampshire's statutory definition of workforce housing for owner-occupied units (NH RSA 674:58 IV). Therefore, the Town of Brookline does meet its regional fair share of the region's workforce housing needs. An overview of the analysis conducted by NRPC is provided below.

### Satisfying Workforce Housing Fair Share

This analysis seeks to answer: Does Brookline currently meet or exceed its workforce housing fair share of 44.2%?

The 44.2% target comes from the *2019 NRPC Housing Needs Assessment* and is based on the percentage of workforce households – defined as households earning below the Affordable Family Median Income (AFMI), within the NRPC region at the time of the assessment.

However, the 2019 assessment used a population projection model that was based on the NRPC region as a whole and not the individual aggregation of each member community. As so, the share of regional households per community (column b) was set to be constant between the time of the assessment and the projected timeframe (to 2025 and 2040).

The population projection provided the estimated households (column a), to which the 44.2% target (column c) was applied to get the estimated workforce units needed (columns d, e, and f).

**Table #1**  
**Housing Needs Assessment for the Nashua Region, NRPC (2019)**  
**Town of Brookline**

a. Estimated Households (Brookline)			b. 2040 Share of Regional Households (Brookline)	c. % of Households earning below Affordable AMI (Regional Average)	d. Estimated Workforce Units Needed (Brookline)			e. Additional Workforce Units Needed 2017-2025 (Brookline)		f. Additional Workforce Units Needed 2017-2040 (Brookline)	
2017	2025	2040			2017	2025	2040	Total	Annual	Total	Annual
1,750	1,928	2,051	2.20%	44.20%	774	852	906	79	10	113	6

The aforementioned Affordable Family Median Income (AFMI) is a key metric published by the US Department of Housing and Urban Development (HUD) every year, with the main purpose to set household income limits for various federally-funded housing subsidy programs. Geographically, AFMI is published by HUD-specified housing market region known as HUD Metro Fair Market Rent Area (HMFA).

The Town of Brookline falls within the Nashua, NH HMFA. The following table shows the AMFI for the Nashua, NH HMFA, which is based on AMFI data compiled by New Hampshire Housing.

**Table #2**  
**HUD Income Limits, New Hampshire Housing (2022)**

	2019	2020	2021	2022
Nashua, NH HMFA HUD Median Family Income (100% of AMFI for 4-person household)	\$102,900	\$113,600	\$109,600	\$122,400
Nashua, NH HMFA 60% of AMFI for 3-person household	n/a	n/a	\$59,220	\$66,120

Each row of AMFI numbers is used as an income limit for different housing subsidy programs, as well as for defining owner-occupied and renter-occupied workforce housing in RSA 674:58, IV:

1. Owner-occupied: 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; 100% of AMFI for 4-person household as published by HUD
2. Renter-occupied: 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; 60% of AMFI for 3-person household as published by HUD

Affordable means no more than 30% of income should be spent on housing. For owner-occupied housing, this includes mortgage principal and interest, taxes, and home insurance. For renter-occupied housing, this includes rent and utilities.

The RSA specifically excludes certain housing units from counting toward the fair share: Housing developments that contain restrictions excluding minors from more than 20% of the units and housing developments with more than 50% of the dwelling units with fewer than two bedrooms per unit.

The fair share does not differentiate the type of housing unit by tenure – a town can meet the fair share target by any mix of owner- and renter-occupied housing, or by either one alone.

## Calculating Maximum Affordable Home Price

With housing affordability defined as 30% of the HUD's AMFI, the maximum monthly housing cost for owners that would be considered affordable was calculated as follow:

Maximum Monthly Owner-Occupied Housing Cost:  $(\$122,400 \text{ [HUD's AMFI for Family Household of 4]} * 0.3) / 12 = \$3,060$

The analysis then used this maximum monthly cost to back solve the Maximum Affordable Home Price (MAHP), which involves multiple input variables, amortization, and back-solving (also known as goal-seeking). Google's Mortgage Loan Calculator<sup>1</sup> ("Monthly payment" function) readily tackles the input variables and amortization and, with some fine-tuning on the variables (more details below), it is possible to use this Calculator to back-solve a "Home Price" with a monthly payment that equals the maximum monthly cost. To illustrate, the following is a screenshot of the Calculator:

The screenshot shows the Google Mortgage Loan Calculator interface. The 'Monthly payment' tab is selected. The 'Include taxes & fees' toggle is turned on. The input fields are filled with the following values:

- Home price: \$ 406,000
- Down payment: \$ 40,600 (10 %)
- Loan term: 30-yr fixed
- Interest: 6.059 %
- State: New Hampshire
- Credit score: 700 - 719
- Property tax (yearly): \$ 6,826
- Home insurance (yearly): \$ 1,421
- Private mortgage insurance (monthly): \$ 167
- Homeowners association (monthly): \$ 0

The results on the right side of the calculator are:

- Total monthly payment: \$ 3,059
- Loan: \$ 2,205
- Taxes & fees: \$ 854

At the bottom right, there are links for 'Disclaimer' and 'Feedback'.

<sup>1</sup> Google; "Mortgage Loan Calculator" – a web browser-based application;  
<<https://www.google.com/search?q=google+mortgage+calculator>>; accessed 06/27/2022.

For this analysis, a conservative set of input variables was used, which provided a more conservative MAHP:

- Down Payment: 10%, in which case the loan will require Private Mortgage Insurance (PMI)
- Loan Term: 30-year fixed
- State: New Hampshire
- Credit Score: 700 - 719, which is a good but not exceptional credit score
- Interest Rate: The default rate provided by the Calculator; 6.059% on 06/27/2022 (based on Google's database of ongoing mortgage rates, and accounted automatically for the loan amount, down payment percentage, state, and credit score entered)
- Property Tax: Customized at 0.0168118 of the Home Price – *see discussion after this list*
- Home Insurance: At the default rate provided by the Calculator (0.35% of the Home Price)
- Private Mortgage Insurance: At the default rate provided by the Calculator (0.55% of the Loan Amount).
- Homeowner Association: Left at default – zero.

On Property Tax, while the Calculator automatically calculates a value based on a reasonable assumed tax rate for New Hampshire, it does not use a local-specific tax rate. This was improved by replacing it with the Town's published tax rate.

Brookline's published tax rate for 2021 is \$28.58 per thousand dollars of assessed value. However, the assessed value is typically lower than the market value, which the Calculator calls for. To resolve this difference, a back-of-the-envelope comparison analysis between assessed value and sale price on recently sold homes via Zillow.com was done, which yielded an average factor of 1:1.7. Consequently, a property tax amount devised from the customized property tax rate of  $(28.58 / 1000) / 1.7 = 0.0168118$  of the Home Price was manually entered to the Calculator at each iteration.

With the variables entered and \$3,060 as the Total Monthly Payment target, the Home Price and Property Tax value were adjusted until the target monthly payment amount was reached.

The Maximum Affordable Home Price (MAHP), to the nearest thousand, was calculated to be **\$406,000**, with a total monthly cost of \$3,059.

## Calculating the Maximum Affordable Monthly Rent

Compared to the MAHP, the calculation for the Maximum Affordable Monthly Rent (MAMR) was more straightforward. However, while housing affordability for renter-occupied housing is similarly defined as 30% of the HUD's AMFI, the cost of utilities had to be included.

A 2018 *Nashua Telegraph* news article by Adam Urquhart<sup>2</sup> provides a state-wide average cost of utilities of \$477.02 per month. A more recent estimate by SoFi.com<sup>3</sup> provides a lower statewide estimate of \$402 per month. The higher number was used to be conservative and rounded up into a whole number.

Maximum Monthly Affordable Monthly Rent (MAMR): (\$66,120 [HUD's AMFI for Family Household of 3 at 60% AMFI] \* 30%) / 12 - \$478 [monthly cost of utilities] = **\$1,175**

## Determining Fair Share

With the MAHP and MAMR calculated, this analysis relied on US Census's American Community Survey (ACS) data to determine the percentage of housing meeting Workforce Housing criteria. All data used is from the 2016-2020 ACS 5-Year Estimates for "Brookline Town, Hillsborough County, New Hampshire". The tables on the following pages summarize the data used.

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<sup>2</sup> Urquhart, Adam; "Report: Utility costs high in New Hampshire"; 11/23/2018; the *Nashua Telegraph*; <<https://www.nashuatelegraph.com/news/local-news/2018/11/23/report-utility-costs-high-in-new-hampshire/>>; accessed 06/27/2022.

<sup>3</sup> SoFi.com; "Cost of Living in New Hampshire"; <<https://www.sofi.com/cost-of-living-in-new-hampshire/>>; accessed 06/27/2022.

**Table #3**

**Brookline town, Hillsborough County, New Hampshire  
Owner-occupied housing units with a mortgage**

<b>Label (Grouping)</b>	<b>Estimate</b>	<b>Margin of Error</b>	<b>Percent owner-occupied housing units with a mortgage</b>	<b>Margin of Error</b>
<b>Owner-occupied housing units with a mortgage</b>	1192	±170	1192	±170
VALUE				
Less than \$50,000	10	±17	0.8%	±1.4
\$50,000 to \$99,999	0	±17	0.0%	±2.7
\$100,000 to \$299,999	371	±108	31.1%	±7.8
\$300,000 to \$499,999	687	±138	57.6%	±7.4
\$500,000 to \$749,999	98	±64	8.2%	±5.3
\$750,000 to \$999,999	26	±30	2.2%	±2.5
\$1,000,000 or more	0	±17	0.0%	±2.7
Median (dollars)	343,800	±15,299	343,800	±15,299
MORTGAGE STATUS				
With a mortgage and either a second mortgage or home equity loan	274	±91	23.0%	±7.5
Only Second mortgage	28	±31	2.3%	±2.6
Only Home equity loan	240	±84	20.1%	±7.0
Both second mortgage and home equity loan	6	±10	0.5%	±0.8
No second mortgage and no home equity loan	918	±170	77.0%	±7.5
Home equity loan without a primary mortgage	0	±17	0.0%	±2.7
HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2020 INFLATION-ADJUSTED DOLLARS)				
Less than \$10,000	19	±23	1.6%	±1.9
\$10,000 to \$24,999	0	±17	0.0%	±2.7
\$25,000 to \$34,999	0	±17	0.0%	±2.7
\$35,000 to \$49,999	46	±41	3.9%	±3.4
\$50,000 to \$74,999	85	±46	7.1%	±3.7
\$75,000 to \$99,999	86	±47	7.2%	±3.9
\$100,000 to \$149,999	304	±121	25.5%	±8.8
\$150,000 or more	652	±134	54.7%	±9.3
Median household income (dollars)	164,808	±25,679	164,808	±25,679

**Table #4**

**Owner-occupied housing units without a mortgage  
Brookline town, Hillsborough County, New Hampshire**

<b>Label (Grouping)</b>	<b>Estimate</b>	<b>Margin of Error</b>	<b>Percent owner-occupied housing units with a mortgage</b>	<b>Margin of Error</b>
<b>Owner-occupied housing units without a mortgage</b>	466	±133		466 ±133
VALUE				
Less than \$50,000	24	±36	5.2%	±7.7
\$50,000 to \$99,999	0	±17	0.0%	±6.7
\$100,000 to \$199,999	44	±41	9.4%	±9.2
\$200,000 to \$299,999	121	±51	26.0%	±13.4
\$300,000 to \$499,999	267	±136	57.3%	±17.4
\$500,000 to \$749,999	10	±15	2.1%	±3.4
\$750,000 to \$999,999	0	±17	0.0%	±6.7
\$1,000,000 or more	0	±17	0.0%	±6.7
Median (dollars)	350,000	±96,036		350,000 ±96,036
HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2020 INFLATION-ADJUSTED DOLLARS)				
Less than \$10,000	0	±17	0.0%	±6.7
\$10,000 to \$24,999	6	±9	1.3%	±2.2
\$25,000 to \$34,999	0	±17	0.0%	±6.7
\$35,000 to \$49,999	38	±29	8.2%	±6.9
\$50,000 to \$74,999	68	±41	14.6%	±9.4
\$75,000 to \$99,999	38	±41	8.2%	±8.9
\$100,000 to \$149,999	181	±144	38.8%	±23.6
\$150,000 or more	135	±71	29.0%	±16.6
Median household income (dollars)	140,585	±29,787		140,585 ±29,787

**Table #5**  
**Owner-occupied housing units**  
**Brookline town, Hillsborough County, New Hampshire**

Label (Grouping)	Brookline town, Hillsborough County, New Hampshire			
	Estimate	Margin of Error	Percent owner-occupied housing units with a mortgage	Margin of Error
<b>HOUSING OCCUPANCY</b>				
Total housing units	1,778	±100	1,778	(X)
Occupied housing units	1,738	±95	97.8%	±2.6
Vacant housing units	40	±46	2.2%	±2.6
Homeowner vacancy rate	0	±1.9	(X)	(X)
Rental vacancy rate	10.1	±16.1	(X)	(X)
<b>BEDROOMS</b>				
Total housing units	1,778	±100	1,778	(X)
No bedroom	10	±17	0.6%	±1.0
1 bedroom	0	±17	0.0%	±1.8
2 bedrooms	218	±93	12.3%	±4.9
3 bedrooms	899	±143	50.6%	±8.3
4 bedrooms	613	±120	34.5%	±6.4
5 or more bedrooms	38	±35	2.1%	±1.9
<b>HOUSING TENURE</b>				
Occupied housing units	1,738	±95	1,738	(X)
Owner-occupied	1,658	±93	95.4%	±2.9
Renter-occupied	80	±52	4.6%	±2.9
Average household size of owner-occupied unit	3.16	±0.17	(X)	(X)
Average household size of renter-occupied unit	1.91	±0.52	(X)	(X)
<b>SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME (SMOCAPI)</b>				
Housing units with a mortgage (excluding units where SMOCAPI cannot be computed)	1,192	±170	1,192	(X)
Less than 20.0 percent	575	±120	48.2%	±8.9
20.0 to 24.9 percent	238	±96	20.0%	±7.4
25.0 to 29.9 percent	165	±78	13.8%	±5.9
30.0 to 34.9 percent	42	±36	3.5%	±2.9
35.0 percent or more	172	±69	14.4%	±5.4
Not computed	0	±17	(X)	(X)
Housing unit without a mortgage (excluding units where SMOCAPI cannot be computed)	466	±133	466	(X)
Less than 10.0 percent	140	±76	30.0%	±16.2
<b>Table 5 continues next page</b>				



Table 5 continued

Label (Grouping)	Estimate	Margin of Error	Percent owner-occupied housing units with a mortgage	Margin of Error
10.0 to 14.9 percent	161	±141	34.5%	±24.2
15.0 to 19.9 percent	86	±52	18.5%	±12.1
20.0 to 24.9 percent	17	±19	3.6%	±4.2
25.0 to 29.9 percent	25	±25	5.4%	±5.8
30.0 to 34.9 percent	9	±13	1.9%	±2.9
35.0 percent or more	28	±25	6.0%	±5.8
Not computed	0	±17	(X)	(X)
GROSS RENT				
Occupied units paying rent	53	±38	53	(X)
Less than \$500	0	±17	0.0%	±40.7
\$500 to \$999	7	±12	13.2%	±21.6
\$1,000 to \$1,499	25	±28	47.2%	±38.2
\$1,500 to \$1,999	21	±22	39.6%	±34.4
\$2,000 to \$2,499	0	±17	0.0%	±40.7
\$2,500 to \$2,999	0	±17	0.0%	±40.7
\$3,000 or more	0	±17	0.0%	±40.7
Median (dollars)	1,402	±289	(X)	(X)
No rent paid	27	±30	(X)	(X)
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME (GRAPI)				
Occupied units paying rent (excluding units where GRAPI cannot be computed)	53	±38	53	(X)
Less than 15.0 percent	3	±17	5.7%	±34.7
15.0 to 19.9 percent	13	±19	24.5%	±35.4
20.0 to 24.9 percent	0	±17	0.0%	±40.7
25.0 to 29.9 percent	25	±28	47.2%	±38.2
30.0 to 34.9 percent	0	±17	0.0%	±40.7
35.0 percent or more	12	±14	22.6%	±26.0
Not computed	27	±30	(X)	(X)

## Findings from Census Data

1. From Table #5, on housing units by tenure: 1,778 total units; 40 vacant units; 1,658 owner-occupied units (95.4% of occupied), 80 renter-occupied units (4.6% of occupied)
2. From Tables #3 and #4, on owner-occupied units: The median value for units with a mortgage is \$343,800, which is less than the Maximum Affordable Home Price (MAHP) of \$406,000. The breakdowns by value for both units with or without a mortgage (1,658 units), 536 units (32.3%) are under the MAHP while 954 units (57.5%) are between \$300,000 and \$499,999 – a portion of the units could be under the MAHP but there is no way to tell from the given data as the ACS does not provide a further breakdown. 134 units (8.1%) are above \$500,000 – certainly above the MAHP.
3. From Table #5, on renter-occupied units: The median rent is \$1,402, which is above the Maximum Affordable Monthly Rent (MAMR) of \$1,176. The breakdowns by rent, of the 80 renter-occupied units, 27 units have no rent paid and they will not be counted in the aggregate. Of the remaining 53 units, 7 units (13.2%) are under the MAMR. 25 units (47.2%) are between \$1,000 and \$1,499 -- a portion of the units could be under the MAMR but there is no way to tell from the given data as the ACS does not provide a further breakdown. 21 units (39.6%) are above \$1,500 – certainly above the MAMR.
4. From Table #5, on housing units excluded from counting toward the fair share:
  - a. Housing developments with 50% of its units with less than 2 bedrooms: 10 (0.6%) units out of the total 1,778 units have less than 2 bedrooms. However, there is no breakdown of these units by housing tenure, nor whether they are standalone units or are part of any housing developments.
  - b. Housing developments excluding minors from more than 20% of the units (e.g. Age-Restricted Housing): The ACS data do not provide any helpful information on this.

## **Analysis**

While there are many ways to analyze the data, the most straightforward approach was taken to reach a yes or no conclusion to our question: Does Brookline currently meet or exceed its workforce housing fair share of 44.2%?

95.4% of the non-vacant units in Brookline are owner-occupied and the median home value for owner-occupied units with a mortgage is \$343,800, and that for owner-occupied units without a mortgage is \$350,000 – both median home values are below the MAHP of \$406,000. Given that  $95.4\% * 50.0\% = 47.7\%$ , looking at just owner-occupied housing alone, more than 44.2% (regional fair share target) of the housing units in Brookline are considered affordable under the workforce housing definition in the RSA.

Since the target had been met, there was no need to consider the number of renter-occupied housing units that would be considered affordable, nor the number of housing units (units with age restrictions, units with less than 2 bedrooms) that cannot count toward the fair share target.

## **Conclusion**

This analysis shows that the Town of Brookline meets its regional fair share of the region's workforce housing needs.