

Appendix A

Roots Policy Research Fair Share Housing Production Model Report

This report accompanies the Fair Share Housing Production Model that was created to assist New Hampshire's Regional Planning Commissions (RPCs) and municipalities determine the housing production needed to meet current and future demand.

It begins with an overview of New Hampshire's housing needs. It then discusses the state laws that provide the rationale for the model's approach. The core section of the report discusses the model and includes a technical appendix with additional detail on the model worksheets and formulas.

New Hampshire's Housing Needs

Like many areas in New England, New Hampshire has experienced a recent and very rapid increase in housing prices. Between 2019 and 2022, the median price of a sold home increased by \$100,000—a 35% jump. The median cost of monthly rent reached \$1,510 in 2022—an increase of \$260 per month, or 21%, in three years.

Income growth has failed to keep pace with rising housing costs. Since 2000, median home values rose by 111%, and rents, by 94%—compared to a 73% increase in median income.

Homes for sale and for rent are very hard to find in the current market, as the state's housing vacancy rate is below 1%. Low vacancy rates depress the ability of households to move into housing that best meets their needs—for accessing employment, to achieve homeownership, to accommodate a growing family, and to respond to aging.

Currently,

- There are only 350 vacant rental units in the state that are affordable to households earning less than 60 percent of the area median income (or AMI), which state law defines as the “workforce” income threshold. There are 74,000 renter households whose incomes fall lower than that income level. To illustrate this challenge, if only 10% of those households were looking to move, they would have a 1 in 20 chance of finding an affordable vacant unit.

- Similarly, there are only 550 units for sale in the state that would be affordable for households with an income of 61 to 100% AMI—the target for “workforce” for sale housing. There are 37,000 renter households that fall within this income range, compared to 550 for sale units affordable for them to buy. If 10% of these households were looking to move, they would have a 1 in 7 chance of finding an affordable unit for sale.

The state’s lowest income renters face a severe shortage of affordable units. An estimated 3.5% of New Hampshire’s housing units have a contract or are managed by an entity that ensures their affordability. This supply is far short of need: an estimated 23,000 renters need more affordable units or rental assistance.

Cost burden—when households pay more than 30% of their income in housing cost—has historically been very high for the state’s lowest income owners and renters. The prevalence of cost burden has widened to include moderate income renters: 60% of renters with income of \$35,000 to \$50,000 are burdened; 25% of renters with income of \$50,000 to \$75,000 are burdened.

Rates of cost burden are higher among those unemployed or out of the labor force (45% are burdened), but they are almost as high among those working in the Arts, Entertainment, Recreation, Accommodation and Food Services industry—essential industries for the state’s tourism and recreation sector.

The shortage of affordable homeownership units has led to a decline in homeownership in the state. Middle aged (ages 35 to 44) adults experienced the largest decline in homeownership between 2010 and 2020, with rates dropping from 74% to 68%. Households with income of between \$75,000 and \$100,000 also saw a steep decline in ownership, dropping from 84% to 75%. The lack of affordable homeownership products requires renters to rent longer, limiting supply, especially for the lowest income renters who are less competitive in the market.

Additional public funding can realistically only address a proportion of needs. Housing needs and future housing demand should be addressed through a combination of affordable unit production and housing cost assistance.

State-level modeling on production needs estimates that between 2020 and 2040, approximately 88,400 units will be needed to meet household growth demand and bring the state’s housing market into balance (less than 1% growth per year). This is in addition to units needed to respond to seasonal and second home demand. The state has approximately 650,000 housing units currently.

In the past decade, housing development has lagged demand. As such, the number of units needed now is larger than it will be in the future. As of 2022, 10,905 additional rental units are needed and 12,764 ownership units are needed to meet current housing needs and balance the market.

This report and accompanying model provides guidance for the housing production needed to address demand.

New Hampshire Workforce Housing Statute

New Hampshire's Workforce Housing Law (RSA 674:58-61) requires every New Hampshire community to provide "reasonable and realistic opportunities" for the development of workforce housing.

That law codified the principles established in the 1991 *Britton v. Chester* case, which challenged the constitutionality of the Town of Chester's zoning ordinances. In that case, the state Supreme Court held that when exercising its authority to regulate the use of land through zoning, every state municipality must provide a reasonable and realistic opportunity for the development of affordable housing. The Court stated that regional needs are relevant in determining a jurisdiction's proportionate or "fair share" of affordable housing—although the court did not define fair share.

Workforce housing is defined by the law as:

- Ownership housing—affordable to households with income equal to or less than 100% of the Area Median Income (AMI) for a 4-person household, as published by the U.S. Department of Housing and Urban Development (HUD) for the MSA or county in which the municipality is located.
- Renter housing—affordable to households with income equal to or less than 60% of the Area Median Income (AMI) for a 3-person household, as published by HUD for the MSA or county in which the municipality is located.
- Affordable means housing costs, including utilities and combined mortgage loan debt, property taxes, and required insurance, that do not exceed 30 percent of a household's gross annual income.
- Housing developments that exclude minor children from more than 20% of the units, or in which more than 50% of the units have fewer than 2 bedrooms, do not constitute workforce housing.

The Workforce Housing Law does not define how much workforce housing must be developed in a municipality, nor does it prescribe a method for estimating that number. Instead, the law provides guidance, which was utilized in developing the Fair Share Housing Production Model in 2022, described in the remainder of this report. That model is an update to the 2014 model, and may be used by the state’s RPCs and municipalities as they address housing production needs and to raise awareness of the need for affordable and workforce housing.

Fair Share Housing Production Model

Overview of approach. The Fair Share Housing Production model (“model”) projects the number of housing units, by tenure and Area Median Income (AMI) threshold, that municipalities should allow or accommodate to meet projected population and employment demand—and to support a more balanced housing market in New Hampshire.

The employment component is critical to support economic stabilization and growth, especially in the state’s small towns and rural areas. A model based solely on demographic projections—which are based on historical trends—would drive housing demand into urban areas and away from rural areas that are aging. This would result in rural economies that cannot support the needs of aging residents, tourism and recreation activity—including second and vacation homeowners—and economic development.

How to use the housing production targets. The output from the model is the number of housing units that are needed to accommodate population growth and support employment growth, and move New Hampshire’s housing market toward a more stable and functioning state. Housing unit targets are provided for five-year increments in 2025, 2030, 2035, and 2040. Stabilization of the housing market is achieved through adding production to achieve a 5% rental vacancy and a 2% ownership vacancy rate. This stabilization factor is averaged throughout the 2020 to 2040 period to best reflect the cyclical nature of housing development (v. front loading the units needed as of 2022).

The model presents *cumulative* housing production targets for 2025, 2030, 2035, and 2040. For example, 2025 housing production targets represent projected need to accommodate demand between 2020 and 2025; similarly, 2040 housing production targets represent need to accommodate demand between 2020 and 2040 (v. need between 2035 and 2040).

These housing production targets are presented for all owners, and for owners below and above 100% the area median income (AMI) for a 4-person household; and for all renters and renters below and above 60% AMI for a 3-person household.¹ The AMI is the regional AMI which corresponds to individual RPC districts developed for use in regional housing needs assessments and for this model. It is based on the AMIs published by the U.S. Department of Housing and Urban Development (HUD). The accompanying memorandum, dated 7/14/2022 and entitled *Regional AMI methodology* describes the methodology used to derive the regional AMIs. In sum, the regional AMI is created through a weighted average of the HUD AMI assigned to each town in a region and occupied housing units as a share of total occupied housing units in the region.

Municipalities and Regional Planning Commissions (RPCs) should use these targets as guidance for accommodating and responding to development interests. It is important to note that RPCs are not required to do fair share analyses; they undertake this exercise to better understand and address regional housing needs and to support their member municipalities. Housing production numbers are what communities need to allow and accommodate should a developer propose to build them. There are many factors that will determine if/when units get built (e.g., developer interest, developer financing, building costs, economic development).

Users should understand that the housing production model is not a perfect substitute for current conditions, and that other factors and data points should be taken into consideration—including current vacancy rates, wait lists in assisted housing developments, and current market data regularly provided by New Hampshire Housing—when development applications are evaluated.

Hypothetical case:

Community X reviews the Fair Share Tables and notes that it should be prepared to accommodate demand for 100 additional units by 2025 and 299 additional units by 2040. Of these units, 200 should be for owners, with about half affordable to households with income of 100% AMI and less. Another 100 should be for renters, with 55% affordable to renters with income of 60% AMI and less.

Community X looks to the Development Capacity Test tab and finds that it has plenty of capacity to accommodate about 95% of the units, but may need to consider some changes in density to allow for the units on land that has water and sewer connections. Increasing the allowable density to 8 units per acre in areas near Main Street appears to be a solution that would not only allow for needed housing production, it would also meet community goals of conservation and cost-efficient development.

¹ AMI is the median income for households. This statistical measure—literally the income of the household in the exact middle of all households when distributed from lowest to highest—is a better measure than the average, which can be skewed by very low or very high incomes.

A developer approaches Community X with an application. This community agrees to allow more density on a land parcel with the condition that the units would be affordable to <100% AMI owner and <60% AMI renter households.

Methodology

The model begins with projected population growth for 2025, 2030, 2035, and 2040 at the municipal level based on demographic projections that were conducted by RLS Demographics (*State of New Hampshire State, County, and Municipal Population Projections: 2020-2050*, Robert Scardamalia RLS Demographics, Inc. and New Hampshire Department of Business and Economic Affairs).

The RLS demographic projections included estimated numbers of people (not households) by age cohort. To form residents into households, the model applies a “headship ratio,” which converts people into households based on the share of people to households, by age cohort, in 2020. The age cohort considerations are important to adjust for the variance in household sizes and formation through lifecycles.

Component 1—Planning for Projected Household Growth. The model begins by considering projected household growth. Households include all types of people projected to live in a municipality: retirees, remote workers, unemployed people, and others.

To separate households into renters and owners, the model holds constant the statewide 2020 ownership rate, under the assumption that maintaining the current ownership rate is desirable. The statewide ownership rate is used to fairly distribute rental housing among regions and avoid replicating past exclusionary development patterns.

The model determines the share of owner and renter households that fall below and above the Area Median Income (AMI) categories of: 60% AMI for a 3-person household for renters, 100% AMI for a 4-person household for owners, with AMI defined by the regional AMI. *This is consistent with RSA 672:1.*

Component 2.—Planning for Employment Growth. The second part of the model allocates the remaining 50% of projected household growth weighted toward workforce housing needs, embracing the premise that workers should have the option to live within the labor market area in which they work.

There are two parts to Component 2. The state’s Workforce Housing Statute states that:

- a. *“In every municipality that exercises the power to adopt land use ordinances and regulations, such ordinances and regulation shall provide reasonable and realistic opportunities for the development of workforce housing.”* To satisfy this clause, the model considers the proportion of the state’s employment that exists in the labor market area (LMA) in which a municipality is a part.
- b. *“A municipality’s existing housing stock shall be taken into consideration in determining its compliance...”* The model then reapportions housing production to municipalities based on their proportion of the defined LMA housing units. The model effectively says that all municipalities should contribute to the workforce housing needed for a functioning labor market. Those municipalities that have not historically kept pace with growth will typically have very low vacancy rates; the model’s vacancy adjustment will correct for this lack of production.

A balanced approach. We recommend weighting Components 1 and 2 equally for two reasons:

- Weighting household growth too heavily would perpetuate the state’s trends of declining workforce, which is linked to lack of affordable housing;
- Weighting household growth too heavily would create labor markets where older adults exist without the workforce needed for them to receive adequate health care, home care, and related supportive services as they age.

Therefore, the model assumes an equal balance between household growth and workforce growth.

The model also balances housing needed to accommodate future growth with existing needs and accounts for deficiencies in housing supply. The model includes a factor to bring the state’s housing vacancy rate up to a functioning level. Industry standards are used to determine functional vacancy rates of 5% for rental units and 2% for ownership units. This reflects current need, particularly the need for units in high demand, low vacancy municipalities. It also corrects for past activity that has resulted in a low supply of workforce housing units.

The model does not factor in housing in poor condition because public data are unavailable. As such, Regional Planning Commissions may consider assisting municipalities to account for units that are uninhabitable, not appropriate for workforce housing, and/or will be demolished.

Buildable land and infrastructure considerations. Housing production can be constrained by limited public infrastructure—water and sewer systems and roads—which is often costly to extend and maintain over time. A similar constraint is found in areas with physical limitations to development (e.g., wetlands, steep slopes, shallow depth to bedrock, etc.). Allocating an unrealistic number of units to municipalities where infrastructure and environmental constraints are major impediments could result in an underproduction of housing units statewide.

To address this, the Office of Planning and Development developed a worksheet that estimates the buildable area by municipality after accounting for environmental constraints (water bodies, wetlands, and steep slopes > 20%), public roads, and conservation/public land restrictions. The buildable land is categorized by the number of acres that are (1) within a 500-foot buffer of areas currently served by public water and sewer systems; or (2) within 500 feet of one but not both; or (3) outside a 500-foot buffer of areas currently served by public water and sewer systems. Buildable land includes land with existing housing or other structures since some of this land could lend itself to infill development.²

This buildable land worksheet was used to check each municipality's capacity to accommodate housing production targets (see Development Capacity Test worksheet description in the Technical Appendix). That exercise estimates new unit capacity based on two scenarios: four units/acre and one unit/acre and flags municipalities in which there may be insufficient capacity to meet the housing production targets.

Limitations of the model. Housing markets are very dynamic and subject to many factors—e.g., interest rates, health of the economy, public funding—that are difficult to predict. The model housing production targets model is based on future projected growth and resulting housing demand (v. speculating what is likely be built based on the current pipeline of workforce housing). The housing production targets are an indication of the amount of development that is needed to meet workforce housing needs.

An evaluation of point-in-time workforce housing needs should also take into account wait lists, current vacancy rates, changes in job growth, and local economic conditions.

² RSA 674:58 (III) allows municipalities to take into account land that may be “unduly inhibited by natural features.”

Technical Appendix

This appendix accompanies the Fair Share Housing Production model. It defines the parameter variables, describes the function of each worksheet within the Excel model (with a [How to use this worksheet](#) section for relevant worksheets, and steps through the model formulas. It is organized by worksheet tab.

Parameters. This worksheet contains the assumptions that drive the model including:

- *Headship Ratio 2020.* This assumption “fits” people into households based on their age. For example, young adult and older senior households are more likely to be placed in single-person households than middle age households. It is based on 2020 Census data.
- *Component weight parameters.* This assumption determines the weights applied to population and household growth v. employment-driven growth.
- *Vacancy rates.* This assumption is the statewide rental and ownership vacancy rate to achieve a functioning market that is applied to the housing production targets.
- *Workers.* This assumption is the number of workers per household; it “fits” workers into housing units. A lower number of workers per housing unit increases housing production needed at lower AMI levels.
- *Ownership rate.* The 2020 statewide ownership rate that is held constant to determine the share of new households who will be owners v. renters.
- *Development capacity.* These assumptions feed the Development Capacity Test worksheet. They determine the share of developable land that could support residential development, the average units per acre for both land with and without public water and sewer service, and the efficiency of a land parcel to accommodate development.

How to use this worksheet. Users can change the following fields within the worksheet to see how unit production varies with changes in economic and planning assumptions.

- **Headship Ratio 2020.** *Modifying the parameters will change household formation rates and therefore housing unit demand. It is advised to modify the assumptions for illustrative purposes only. As this assumption is a major driver of housing units production estimates, any permanent changes should be agreed upon and applied consistently across the State.*

- **Component weight parameters**—could be adjusted if a policy decision is made to weight population and household growth and employment growth differently. This field flows to Component 1 and Component 2 worksheets.
- **Vacancy rates**—could be adjusted to increase or lower the target residential vacancy rates for owner and rental housing. Note that the current rates are those considered reasonable industry standards, which allow households to move among units and between rentership and ownership to maximize housing choice.
- **Workers**—could be adjusted to reflect changing workforce to housing unit trends.
- **Ownership rate**—could be adjusted if sustaining 2020 homeownership rates appears to be inconsistent with trends, as new data on homeownership become available from the American Community Survey.
- **Development capacity**—could be adjusted to replicate realistic or changing development patterns. Changes should be agreed upon and documented to avoid inconsistencies among regions and appearance of bias.

Fair Share Tables. This worksheet contains the resulting housing production targets by municipality and region for 2025, 2030, 2035, and 2040, by tenure and AMI. The AMI thresholds by tenure used household size are determined by the State Workforce Housing law.

[How to use this worksheet.](#) These are the final housing production targets. Users should copy and paste these tables for sharing with municipalities and other audiences.

This worksheet also contains fields for a reapportionment by RPCs based on:

- *Uninhabitable and poor condition units and known future demolitions.* If there exist known and significant uninhabitable housing units and/or known future demolitions, the housing production target should be increased by the number of uninhabitable, poor condition, and to-be-demolished units.
- *Buildable land and infrastructure.* The Development Capacity Test worksheet indicates, through a TRUE or FALSE flag, if a municipality has sufficient buildable land and infrastructure to accommodate the housing production targets. Those flags indicate the units that could be developed on buildable land assuming three density scenarios (four units to an acre, 1.5 units an acre, and one unit to an acre).

If a municipality does not have sufficient capacity to accommodate its housing production targets, attention should be given to confirm the limitation and explore solutions.

Solutions could include:

- Modest upzoning and/or modified setbacks of land with water and sewer connections, with incentive created in exchange for affordability of a certain share of units;
- Exploring funding to extend infrastructure in strategic locations where development is desirable and/or likely to occur;
- Repurposing existing underutilized property—both residential and commercial—to accommodate housing. Utilizing infill, redeveloping existing properties, and facilitating ADU development, are all reasonable solutions that should be considered in this situation.

- *Opportunity index.* The opportunity index is based on New Hampshire Housing’s opportunity index used in Qualified Allocation Plan scoring for Low Income Housing Tax Credit (LIHTC) development proposals. This index uses NH Hampshire Housing’s scores for prosperity, education, and health to measure access to economic opportunity.

Higher values indicate municipalities with better access. Users should be mindful of reapportioning units from high to low opportunity areas without sufficient rationale. Methodology for the index is appended to this report.

- *Community resources.* This factor uses the Assessed Valuation of property as a proxy for the ability of a municipality to dedicate resources and budget for growth. It is presented as the municipality’s value per acre and the proportion of the region’s total valuation. Users should consider these measures to understand a municipality’s relative ability to provide services to new households and support growth in the region.

Reapportionment considerations. To reapportion units, users should consider dividing that reapportionment among several, adjacent communities, rather than assign the full reapportionment to a single community. In addition:

- The apportionment should consider units by tenure and AMI (v. a broad reapportionment of total housing production targets).
- Reapportionment should occur among communities within the same LMA, or closely adjacent LMAs. Great weight should also be given to communities with regional employment centers.

- Greater weight should be given to communities with high opportunity indices—indices that are 4.0 and higher. In keeping with typical affordable housing policies, it is reasonable to assign a 10% to 15% boost in reapportioned *affordable* units to high opportunity communities.
- After reallocating based on the opportunity index, users should look to the community resources measure to ensure that communities have the capacity to support growth of the reallocated units. Communities with very low valuation per acre relative to other communities in the region are likely to have trouble absorbing growth without additional funding.

Fair Share Targets. This worksheet combines the results of Component 1 and Component 2 to produce a total housing production target, by municipality, by tenure, by AMI, and for 2025, 2030, 2035, and 2040.

Development Capacity Test. Total developable land by municipality was determined by the Office of Planning and Development, who developed a model in GIS that estimates the buildable area by municipality after accounting for environmental constraints (water, wetlands, steep slopes > 20%), public roads, and conservation/public land restrictions. The buildable land is categorized by the number of acres that are (1) within a 500-foot buffer of areas served by public water and sewer systems; or (2) within 500 feet of one but not both; or (3) outside a 500-foot buffer of areas served by public water and sewer systems. Buildable land includes land with existing housing or other structures since some of this land could lend itself to infill development.

An adjustment is applied to the total number of buildable acres to account for non-residential land (commercial, industrial, institutional); this is currently set at 20% of land and is changeable in the Parameters worksheet. The model also applies an “efficiency” adjustment—currently set at 65% and changeable in the Parameters worksheet—to account for parts of parcels that may not be developable.

The model assumes the following densities:

- 4 units per acre³ for land within a 500-foot buffer of areas served by public water and sewer systems;
- 1.5 units per acre for land within 500-feet of one but not both;

³ An acre is 43,560 square feet; for example, four units per acre would be a 10,890 sq ft lot on average.

- 1 unit per acre for land outside a 500-foot buffer of areas served by public water and sewer systems; and
- For Concord, Manchester, and Nashua, density is assumed at 8 units per acre rather than 4 units per acre for land within a 500-foot buffer of public water and sewer systems to reflect historical development patterns and densities.⁴

It then aggregates the buildable land under the above densities and removes current housing units to calculate the potential for new units. Where the potential for new units is less than the housing production targets under the above assumptions, the model flags that condition with “1”. The column on the far right shows excess unit capacity—or, if negative, shortage—beyond what is needed to accommodate 2040 housing production needs.

Three worksheets provide the source data for the Development Capacity Test worksheet: Data Development Capacity Test, towns_polygon_Build_Watsew, and towns_build_notbuild_types

[How to use this worksheet.](#) Users should examine the “Insufficient Capacity” flag for the municipalities in their region. It is important to note that this flag is meant to be an initial but blunt first step in assessing development capacity. After examining the flagged data, and evaluating the capacity against the assumptions used, users may want to coordinate with municipalities to discuss options for increasing development capacity.

Component 1. This worksheet takes the number of projected households, separately for owners and renters, and applies the share of growth allocated to Component 1 in the Parameters worksheet. It then distributes owner and renter households to above and below AMI categories as determined by the Workforce Housing Statute: 100% 4-person AMI for owners and 60% 3-person AMI for renters.

Component 2. This worksheet allocates the remaining share of projected household growth for the State of New Hampshire overall to municipalities by weighting their share of state jobs and their share of housing units within the LMA.

The premise of this component is that municipalities are expected to support the LMAs in which they exist by providing the same share of housing for workforce that they do for all types of housing units. It also corrects for undersupply relative of housing in municipalities that have not contributed a fair share of workforce housing. Municipalities that have not been providing workforce housing relative to their share of all units will increase housing production targets; the inverse will reduce housing production targets.

⁴ If this is not assumed, the model incorrectly attempts to house existing residents in densities too low to accommodate current population.

Units are distributed according to the AMI distribution derived from average wages by industry in each LMA. For example, if the model concludes a municipality needs 10 rental units, and in the LMA 20% of all employment belongs to the retail industry, then 2 units will be assigned the average wage level of the retail industry. To calculate the annual income, the annual wage level of the retail industry is multiplied by 2 workers per household. The resulting income level is then compared to the regional AMI brackets to assign the units to the appropriate AMI bracket (e.g., below or above the 60% AMI for a 3-person household).

Headship Ratio. The demographic projections conducted by RLS Demographics (*State of New Hampshire State, County, and Municipal Population Projections: 2020-2050, Robert Scardamalia RLS Demographics, Inc. and New Hampshire Department of Business and Economic Affairs*). included projected numbers of people (not households) by age cohort. To form residents into households, this worksheet applies a “headship ratio,” which converts people into households based on the share of households to people in 2020. The headship ratio is used in the Population and Households worksheet to convert projected population growth in to projected household growth.

Population and Households. This worksheet contains the population forecasts by age cohort from the RLS Demographics report. Those are presented for 2020, 2025, 2030, 2035, and 2040. The Headship Ratio is then applied to convert people into households and then into households added, by subtracting total households from 2020 households. The Households Added fields feed the Tenure worksheet.

Tenure. This worksheet divides the households added into owners and renters.

It also contains the vacancy adjustment. The vacancy adjustment increases housing production to achieve a reasonable vacancy rate for ownership and rental housing. These numbers exclude housing that is vacant for seasonal and recreational use. Housing production targets represent the units needed for year-round residents, including workers, families, and retirees.

That adjustment is as follows:

- 1) The target of units to accommodate new owners and renters are increased by the desired vacancy rates; this ensures that these new households have an ample supply of homes from which to choose.
- 2) An adjustment is applied to fix the current deficit of housing. That adjustment increases or lowers a municipality’s housing production target based on the county’s current level of vacant for sale and for rent units and applied to the municipality with

a population weight. Each municipality is assumed to have the countywide vacancy rate estimated by the latest New Hampshire Housing Rental Cost Survey Report; these units are then subtracted from the units needed to reach a 5% vacancy rate. To estimate vacant units for sale, the number of “vacant for sale units” from the Census is used; these units are subtracted from the units needed to reach a 2% vacancy rate. That deficit “catch up” is spread out over the 20 years modeling time period.

3) The result is a final housing production target with vacancy adjustments.

LMA Data. This worksheet feeds the Component 2 worksheet. It contains the share of state jobs for each municipality based on that municipality’s inclusion in a Labor Market Area (LMA). LMAs are defined by the U.S. Bureau of Labor Statistics, a map of the LMAs used can be found here: <https://www.nhes.nh.gov/elmi/tools/documents/nh-towns-lma.pdf>

It also compares the housing units in each municipality to the LMA.

The second part of the worksheet contains the distribution of jobs across industries. This distribution is used in the Renter and Owner Industry Distribution worksheets to assign workers to specific industries. The average wages of those workers by industry determine the AMI categories for housing units.

AMI Distribution. This worksheet contains the proportion of each municipality’s owners and renters that fall above the AMI levels determined by the Workforce Housing Statute: 100% 4-person AMI for owners and 60% 3-person AMI for renters. The regional AMI measure is created by averaging the AMI assigned to each town in a region. The average is a weighted average where the weight represents the share of occupied housing units in a town as a percent of total occupied housing units in the region—obtained from Census counts included in table H1: Occupancy Status. See the accompanying memo "Regional AMI methodology."

Wage AMI Distribution, Renter Industry Distribution, Owner Industry Distribution. These worksheets all feed the Component 2 worksheet. They are used to fit average industry wages by profession into the above or below AMI categories for owner and renter households. Data used for this analysis can be found here: <https://www.nhes.nh.gov/elmi/statistics/qcew-ann-data.htm>

Vacancy Data. This worksheet contains the number of vacant units for sale and for rent and is used for the vacancy adjustment in the Tenure worksheet to ensure that the existing supply of vacant units that could be occupied by owners and renters are considered in the housing production targets. Supporting worksheets. Several worksheets appear after the Vacancy Data tab. These are informative in nature and contain the source data for the key variables in the model described in this Technical Appendix.