

# FROM HOMES TO CLASSROOMS

The Relationship Between  
Housing Development and  
School Enrollment  
in New Hampshire

New Hampshire Housing Finance Authority  
Housing & School Enrollment Study

2024 Housing & Economy Conference, 10/23/2024

Urbanomics

## Firm Profile

Consultancy serving businesses and government in the areas of economics, public finance, and urban planning. Since 1984, the firm has offered public- and private-sector clients an array of economic development plans, market studies, tax policy analyses, program evaluations, and socioeconomic forecasts. Services include:

- Forecasting and modeling
- Economic development
- Market and financial feasibility
- Fiscal analysis
- Impact assessment



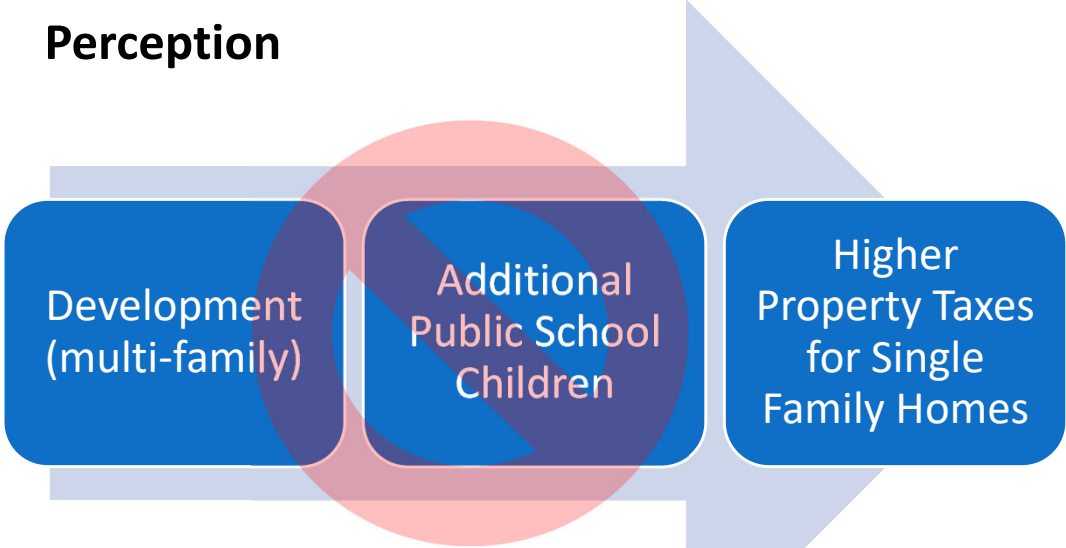
## Study Purpose & Key Issues

**Purpose:** Examine the shift in fiscal impacts of new housing construction on school enrollment, in comparison to similar NH Housing studies conducted since 2000

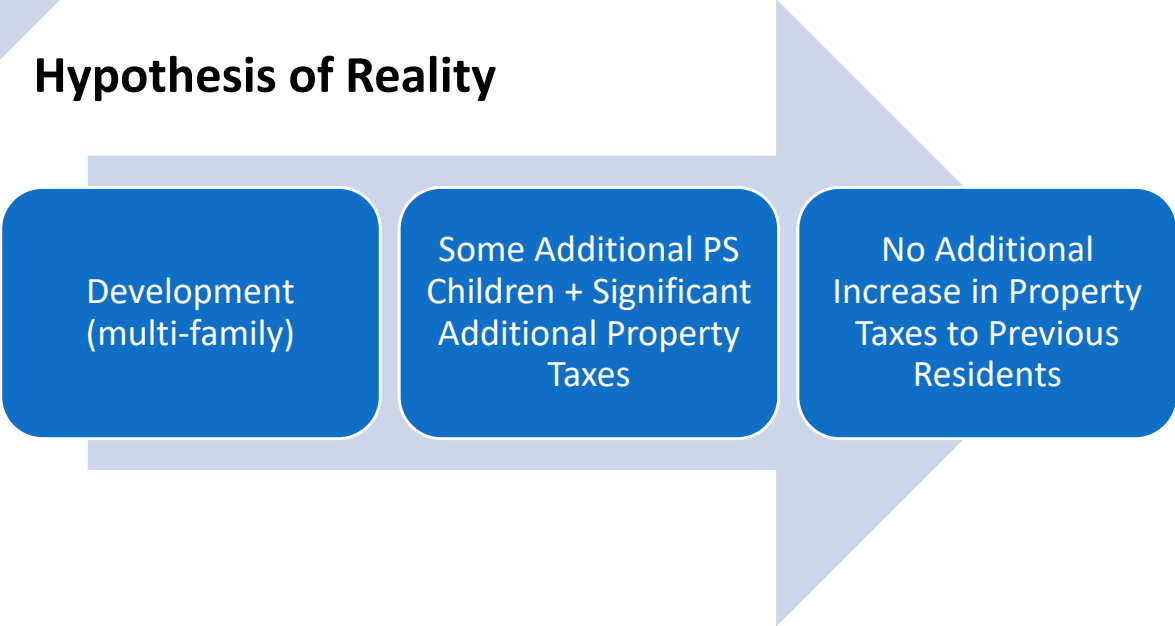
### Key Issues:

- **Past studies found little correlation between new housing development and increased school enrollment.**
  - Public concerns persist and continue to influence the approval process for new housing.
- **The State is experiencing a historic housing shortage in key economic growth regions, affecting affordability and economic competitiveness.**
- **Since New Hampshire schools are primarily funded through local property taxes, fiscal concerns among homeowners are especially strong.**
  - The factors driving increases in school district budgets and tax rate changes are not well understood
  - Residents often oppose new housing developments due to concerns about higher school district costs, which are associated with the "education cost per child."

## Perception



## Hypothesis of Reality





## Literature Review: Past Relevant NH Housing Studies



**Housing and School Enrollment in New Hampshire: A Decade of Dramatic Change**



June 2012



Prepared For: New Hampshire Housing Finance Authority

Prepared By: Applied Economic Research Laconia, New Hampshire



**Housing and School Enrollment in New Hampshire: An Expanded View**



May 2005



Prepared For: New Hampshire Housing Finance Authority

Prepared By: Applied Economic Research Laconia New Hampshire

**New Residential Development and School Enrollment: Just the Facts**

Planning boards are more interested than ever before in the property tax impact of new development, especially the impact of new housing on local school costs and enrollment. The level of interest far exceeds anything I've seen in my nearly 30 years as a New Hampshire-based economic consultant. Don't get me wrong, I appreciate the assignments, but it can be a daunting task to stand before a room of project opponents convinced that each new housing unit spells the doom of their community. Alternatively, it's difficult to explain to my developer clients why their project won't pay its way.

**Plenty to Be Concerned About**

The planning board's concern is legitimate. According to US Census figures, enrollment in New Hampshire's public schools increased by 39,000 students between 1990 and 2000. This represents a 24 percent increase, well in excess of the 11 percent increase in overall population. Moreover, schools typically require four-fifths of local operating, and many schools in the state are operating close to, if not over, capacity. For many communities the only thing worse than queuing more students into the already crowded system is the cost of building more capacity. At \$20,000 or more per student, the cost of a typical new elementary school can quickly hit \$10 million. As for middle and high schools, well, you don't want to go there.

So, what's a planning board to do? Perceiving that rising education costs and overcrowded schools arise primarily from new housing developments, many local planning boards have adopted a "go slow" or "no go at all" residential development strategy. Stricter Growth Ordinances that impose a temporary moratorium on new housing are becoming common. The subdivision approval process that used to take months, now often extends to a year or more. In one community I worked in recently, an application for a 12 lot subdivision drew 200 protesting residents to the planning board hearing—approaching attendance at the Annual Town Meeting.

Planning boards are feeling the heat and are responding to community pressure with residential growth restrictions. Planning boards are asking developers to present fiscal impact, traffic impact, historic preservation, environmental impact and a variety of other studies. From the perspective of my municipal clients, these studies and the reasonable follow-up peer review and additional questions are justified. From the perspective of my developer clients, the studies are part of a broader effort to avoid the perceived negative impact and local cost new residential development imposes. What's more, there is a knock-on effect at play. As more and more communities adopt various growth control measures, development pressure spills over into communities without those controls. Eventually, they, too, install controls.

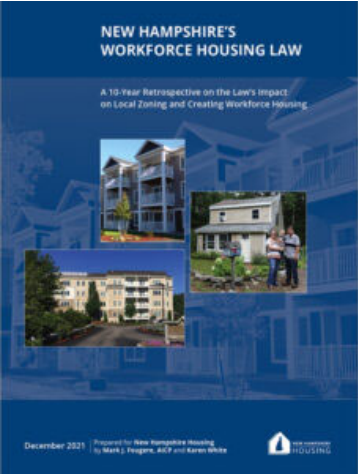
**The Frosting Without the Cake?**

More and more of my municipal clients seem to be pursuing a strategy of encouraging non residential development and discouraging all but age restricted residential development. In effect, they want the frosting (non-residential tax base and jobs) without the cake (new worker housing). This won't work if we don't have an affordable place for workers to live. Furthermore, Economics 101 holds that artificially constraining the supply of housing will result in higher prices—i.e. a time that affordable housing is already an economic development issue in many New Hampshire market settings.

In a nutshell, my planning board clients, even those enlightened enough to recognize the need for affordable housing, are worried that developers will bankrupt their town. Meanwhile, my developer

## Review Past Applied Economic Research Studies

- Historic State Trends & Issues
- Generational Shifts in Demand for K-12 Education
- Responses to Capital Spending on Schools



## Key Issues in State's Current Housing Needs

- Latest State Housing Needs Study

## Literature Review: Relationship Between Housing Construction, School Enrollment & Impacts on Property Taxes

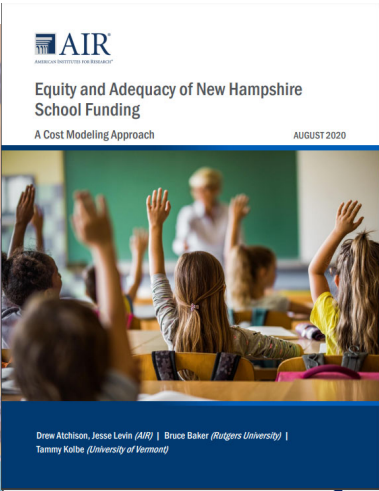
### Will More Kids in Town Raise the Local Tax Rate?

A Report to the  
New Hampshire Association of Realtors

By

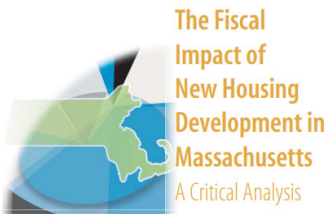
Richard W. England, Ph.D.  
Professor Emeritus of Economics  
Paul College of Business & Economics  
University of New Hampshire

August 15, 2019



### Areas of Focus

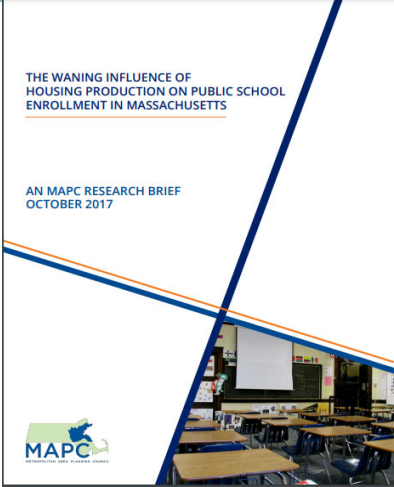
- Shifts in Policy Impacting Education Expenditures & Revenues
- Fiscal Impact Methods
  - Average vs. Marginal Costs
  - School Impacts from Other State Studies
- Local Tax Collection Systems
  - Shifts in Tax Rates



Prepared for Citizens' Housing and Planning Association  
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social capital project  
A project of the Joint Economic Committee - Republicans | Chairman, Sen. Mike Lee  
jec.senate.gov | G-01 Dirksen Senate Office Building Washington, DC 20510 | (202) 224-5171



## Community Input Survey: Policy & Community Factors That Influence Housing & Enrollment

### **Policy Factors**

- State Adequate Education Aid Funding Formula
- Costs of Special Education
- Town Tuitioning Programs
- Education Freedom Account Grants
- Regional & Local School Systems

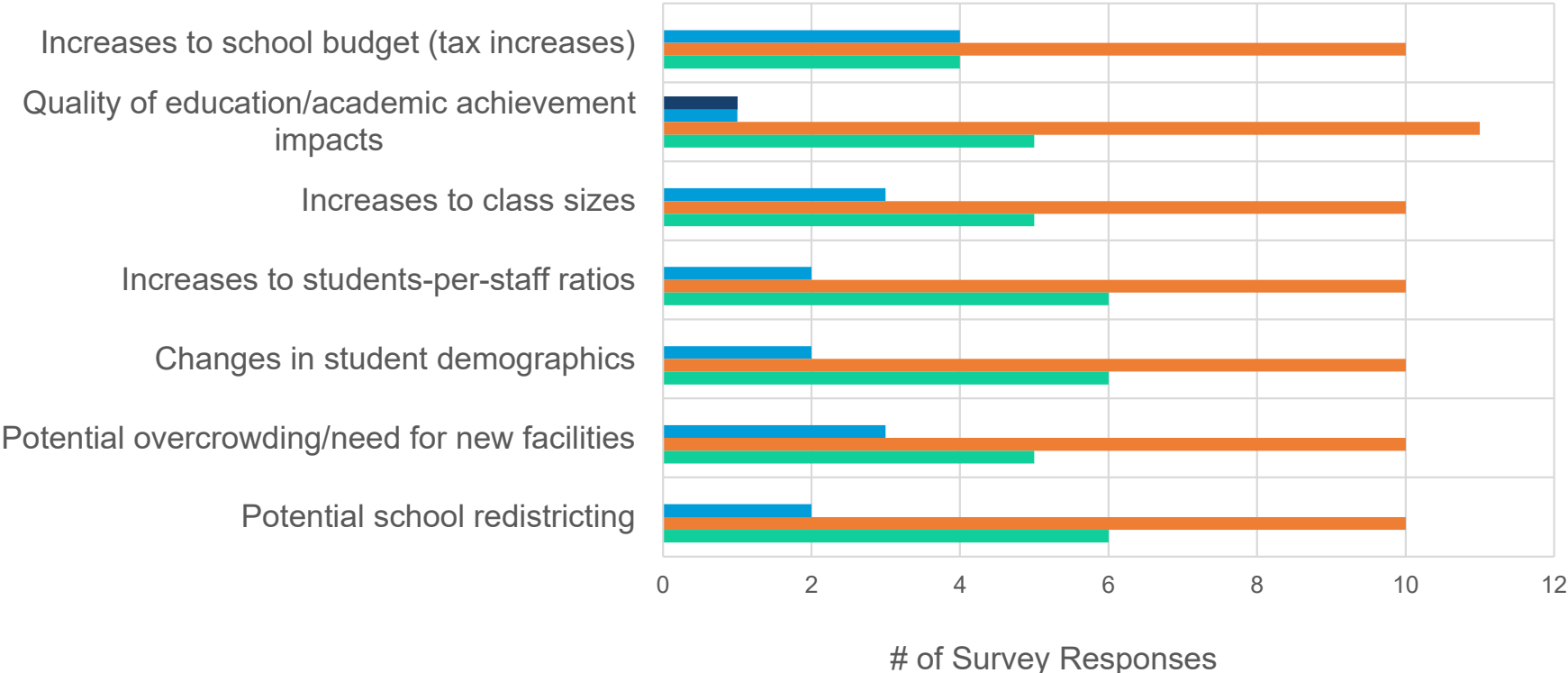
### **Local Knowledge on:**

- Obstacles to Housing Development
- Community Opposition to Housing Development
- Public Understanding of Fiscal Impacts
- School Influence and Educational Policy Impacts

# Community Input Survey: Policy & Community Factors That Influence Housing & Enrollment

## How Well Informed Are Local NH Communities in Regard to the Real Impacts of Housing Development on Local Schools for the Following Issues?

■ Very Informed   ■ Somewhat Informed   ■ Not Informed   ■ I don't know





## Socioeconomic Research

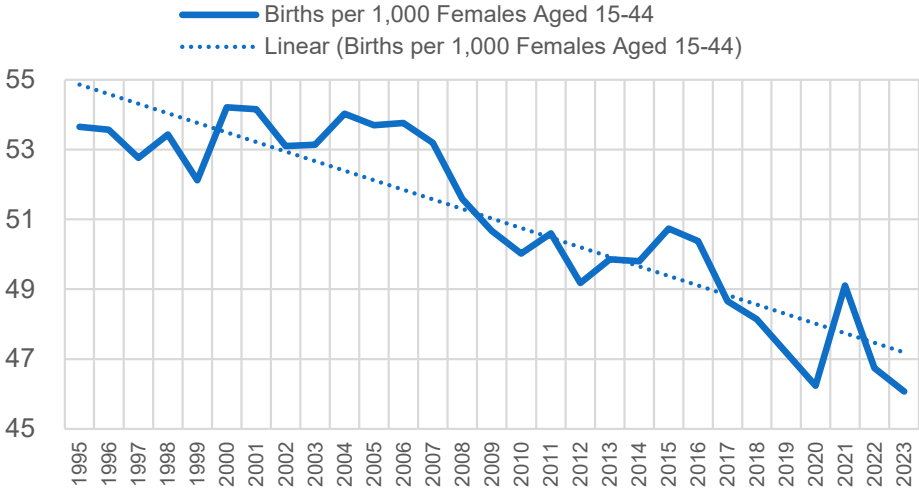
### Key Factors

- Population
  - Births, Deaths, Migration
  - Age Groups
- Households by Type
- Housing Stock
  - Units & Vacancies
  - Permits

### Historic Determinants of School Enrollment Trends



### Students per Housing Unit by Type

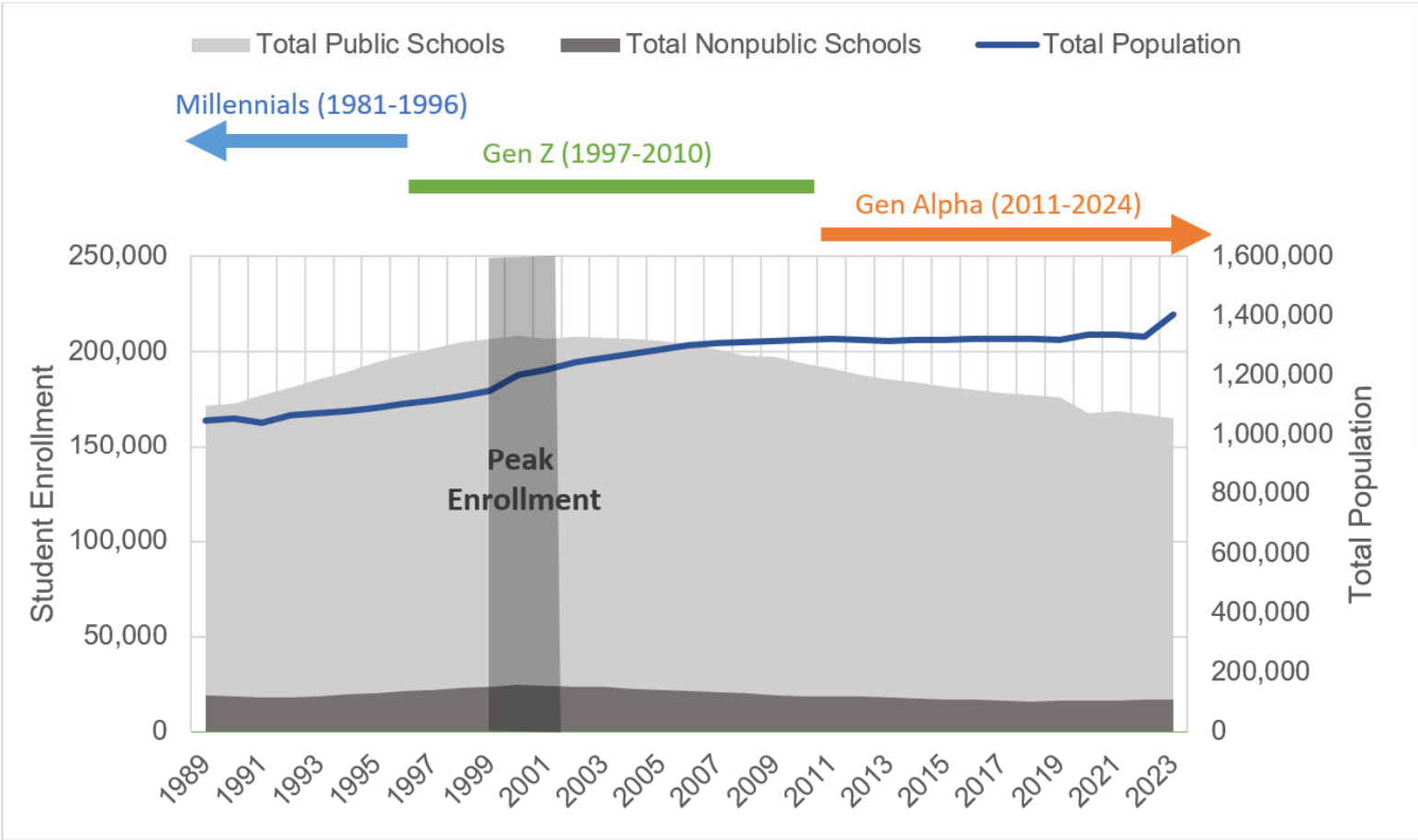


# Analysis of Enrollment Trends

### Key Factors

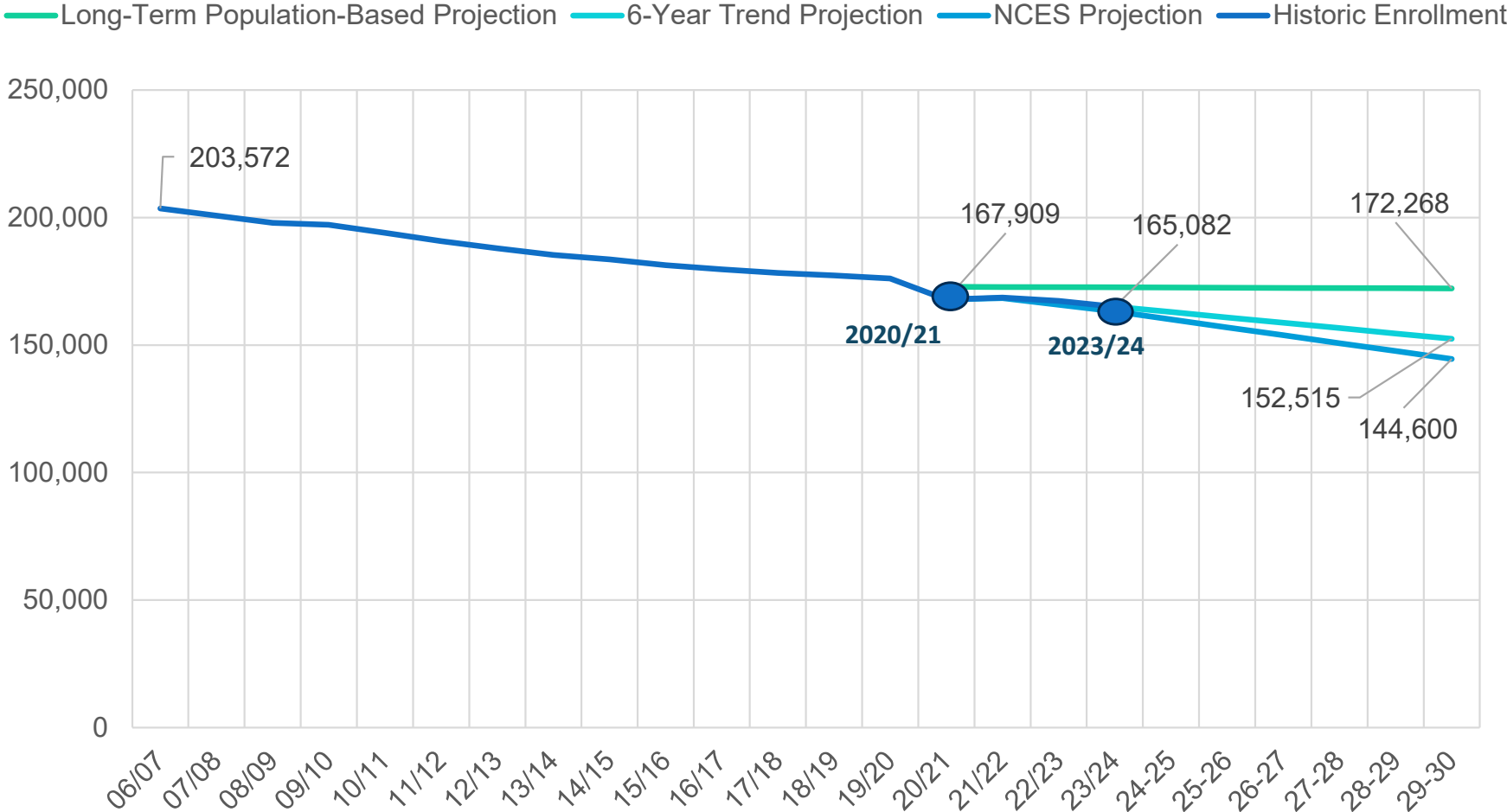
- Enrollment by Grade Level & School Type
- Geographic Trends by County, Town & District
- Long- and Near-Term Trends
- COVID Impacts

### Historic Enrollment & Population Growth



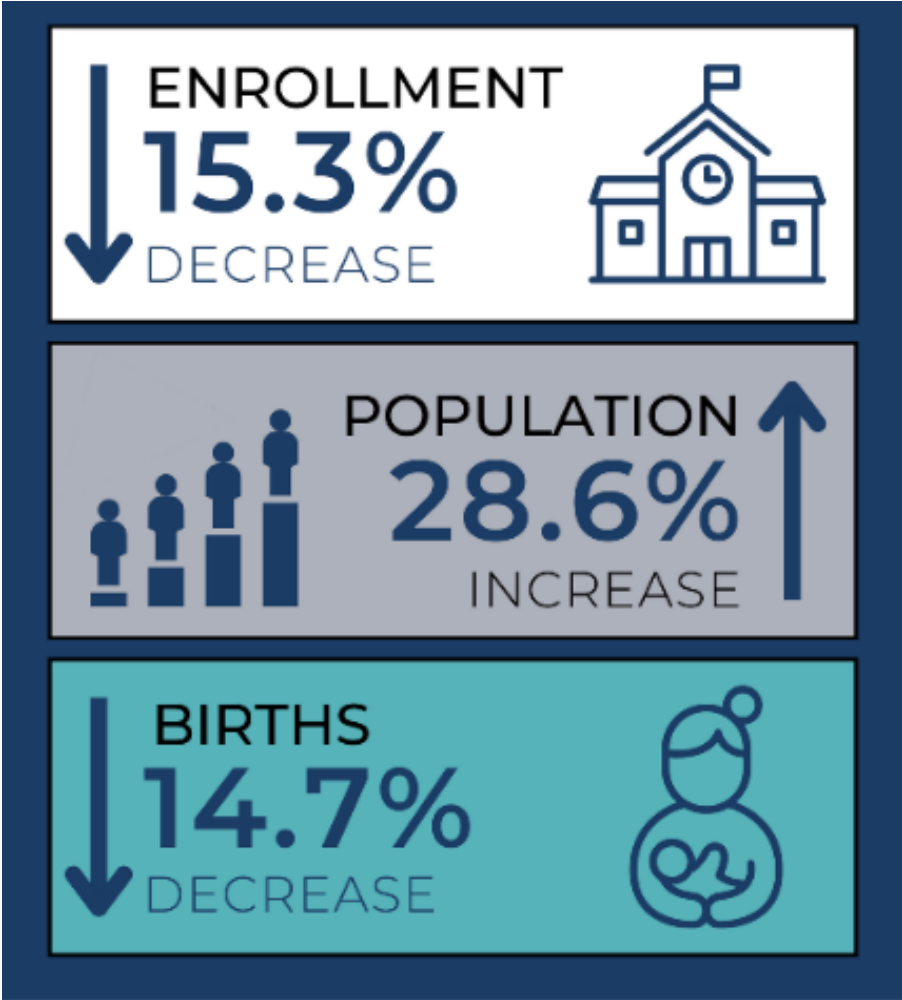
Source: NH Department of Education. *State totals, public and private fall enrollments, SY 1989/90 to 2023/24*. U.S. Census Bureau, *1970-2023 Intercensal Population Estimates Program*.

# Enrollment Projection Comparison



Findings:  
Nexus of Births, School Enrollment & Population Growth in NH

Statewide Shifts: 1995-2023



## Case Studies: Examining New Housing Development & School Enrollment Relationship

### Selection Process

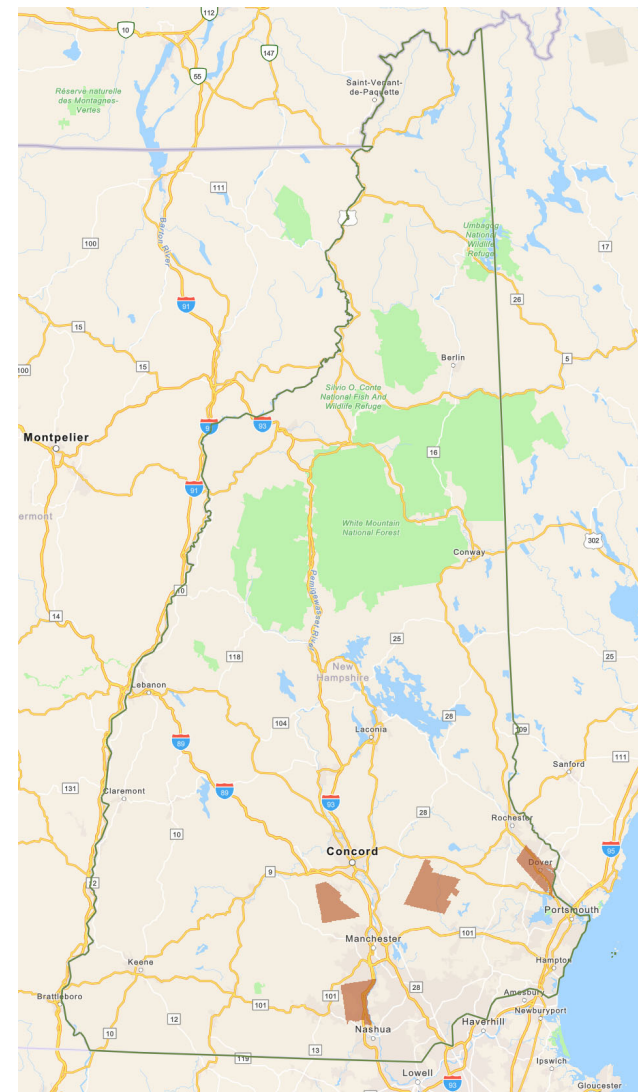
- Review of community characteristics
- Worked with districts & municipal government to provide data sharing and local knowledge

### Municipal Socioeconomic & Housing Profiles

- Target communities identified based on growth trends in enrollment, population, and housing
- Diversity sought in geographic location, school structure, land uses, and housing mix

### 4 Representative Communities Case Studies

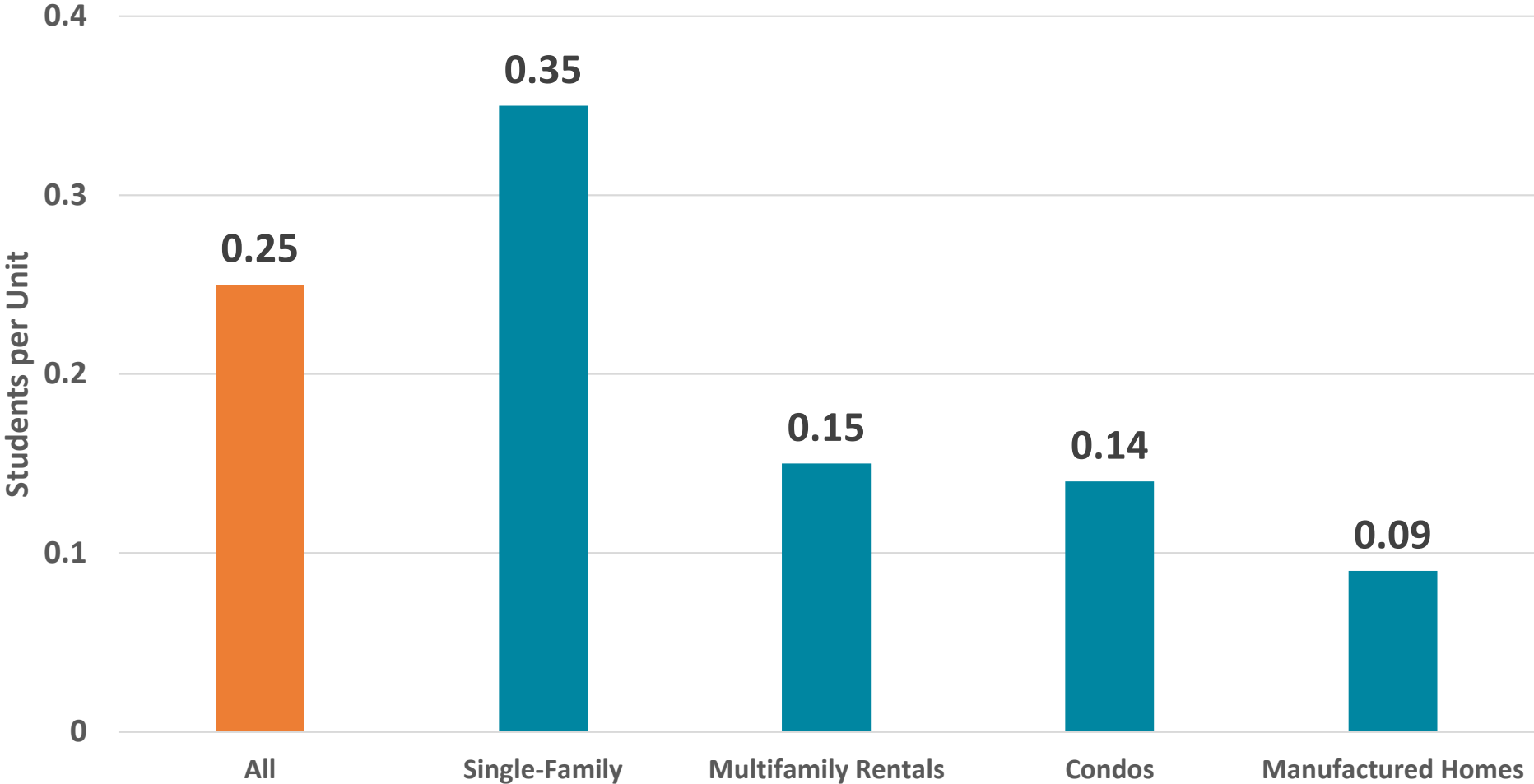
- Deerfield
- Dover
- Dunbarton
- Merrimack





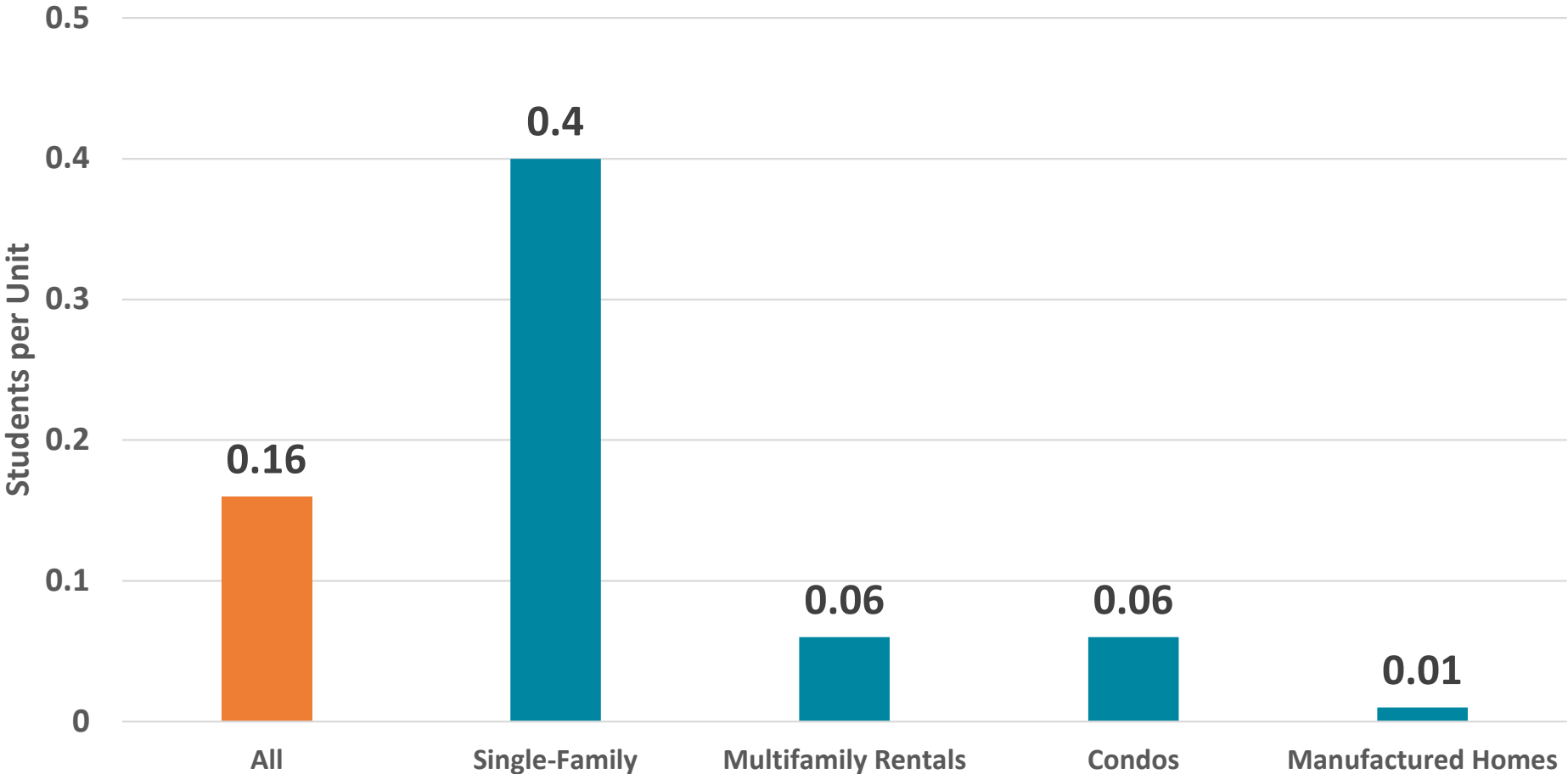
# Findings: Students Per Unit

All Construction Years Case Study Impacts: Students-per-Unit by Building Type



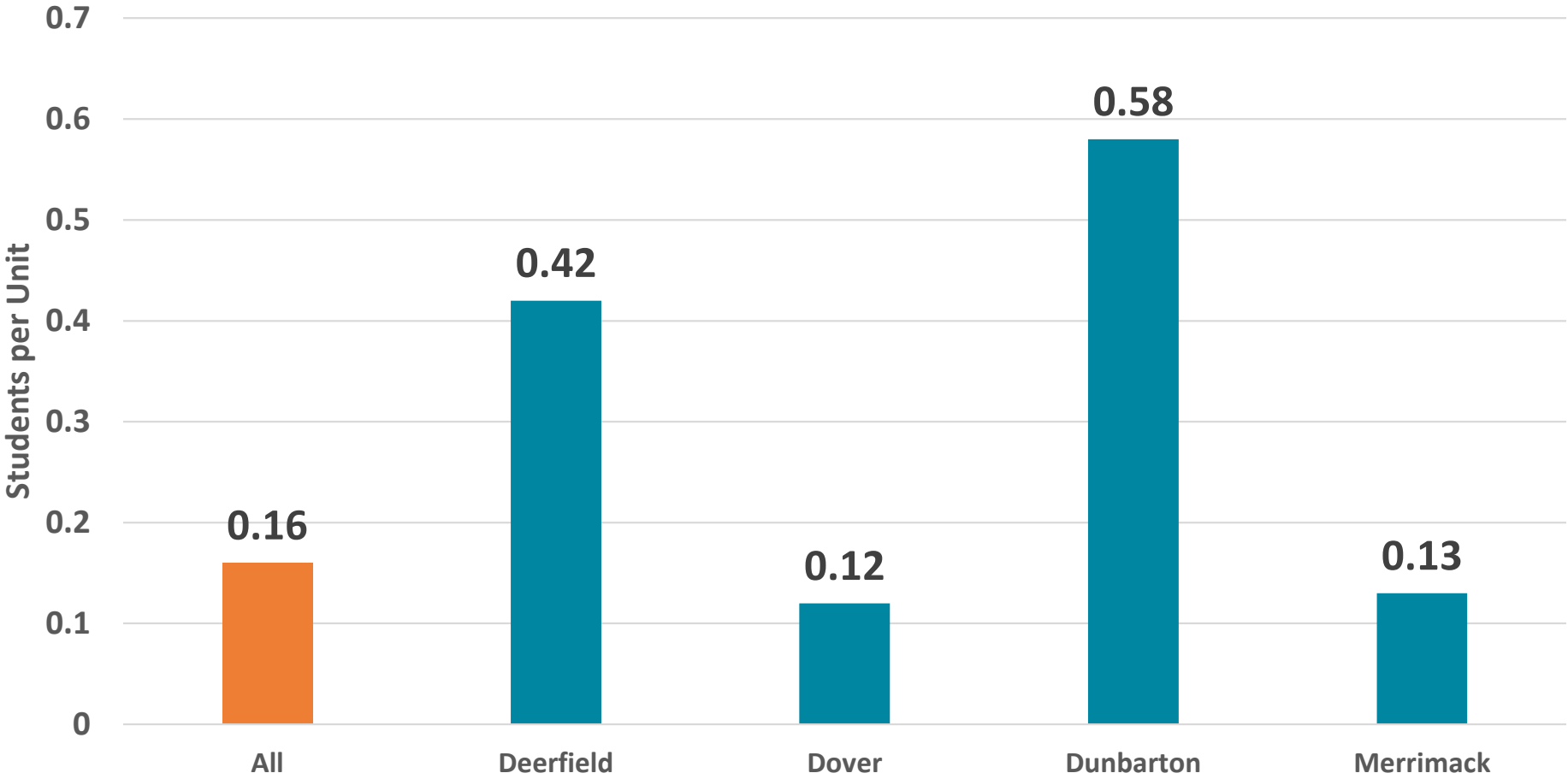
# Findings: Students Per Unit in New Construction Housing

New Construction Case Study Impacts: Students-per-Unit by Building Type



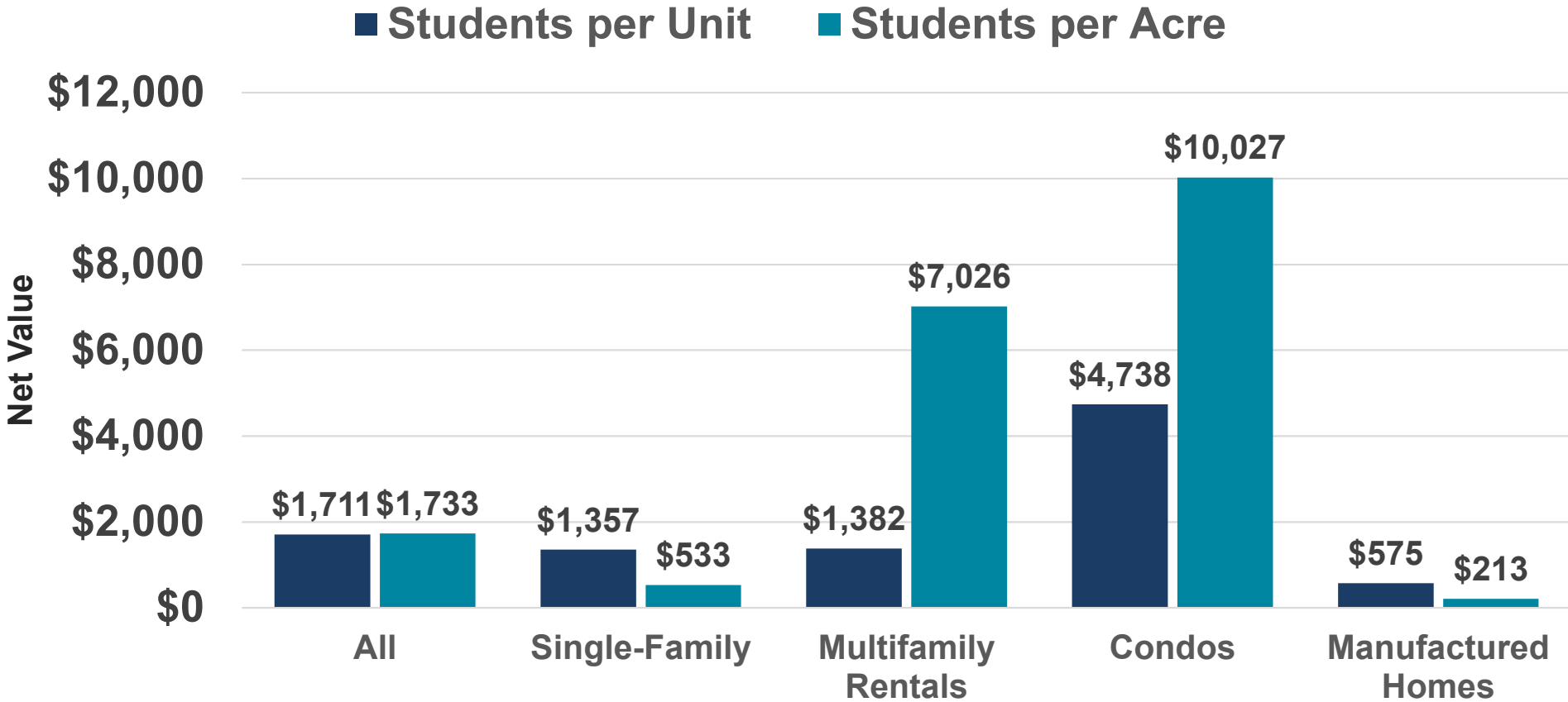
# Findings: Students Per Unit in New Construction Housing

New Construction Case Study Impacts: Students-per-Unit by Case Study Community



# Findings: Fiscal Impacts of Housing on School Districts

New Construction Case Study Impacts: Net Fiscal Value per Unit & Per Acre



## Conclusions

### Higher-density housing is most likely to have the highest net fiscal impacts

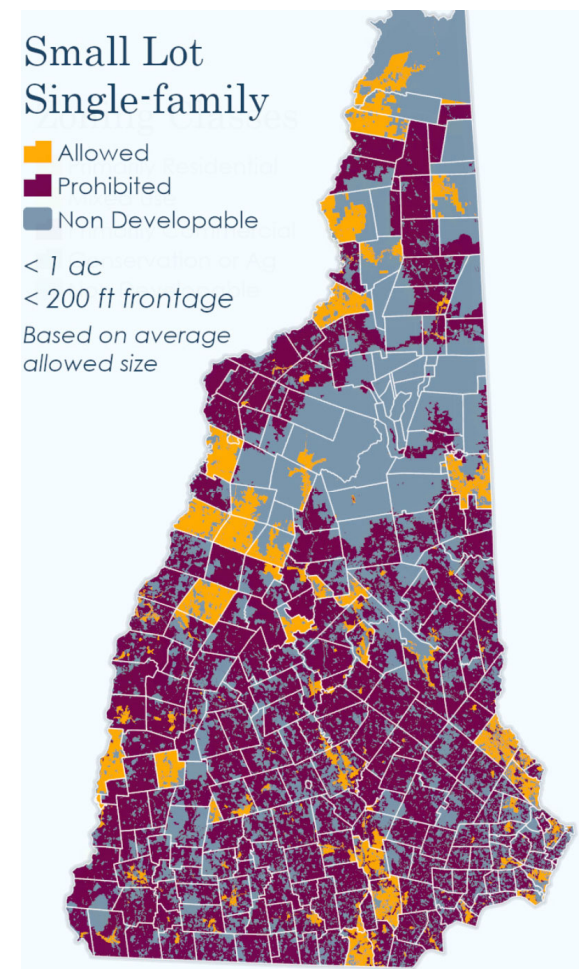
- Fewer school children live in multifamily condo and rental apartment units on average.
- Units without school children taxes reduce the education cost burden on households with children
- High-density housing produces larger tax generation per acre than low-density housing

### Obstacles

- NH is zoned primarily single-family residential with few opportunities for high-density housing
- High-capacity infrastructure is lacking in residential areas
- Political will to approve multifamily housing is often weak
- The public is misinformed about potential impacts

### Opportunities

School capacity in many high-density communities is plentiful and likely to increase in the future.



Source: NH Zoning Atlas



## Conclusions

**Large communities with sizable commercial property sectors are most likely to generate the highest net positive impacts**

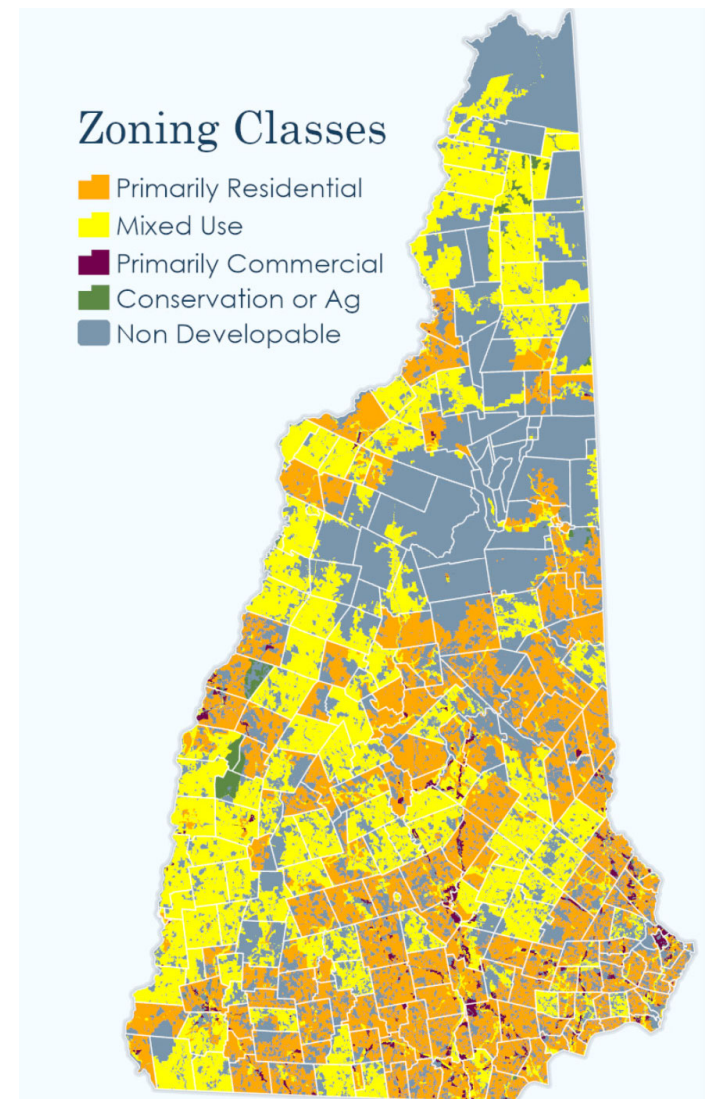
Commercial property taxes reduce the education cost burden on households

### Obstacles

- NH is zoned primarily single-family residential with few opportunities for commercial development or high-density housing
- Developing mixed-use communities requires incremental, long-term growth strategies tailored to meet community expectations

### Opportunities

The NH economy is thriving and strong demand exists for downtown development and mixed-use communities



Source: NH Zoning Atlas

## Recommendations

### Develop Standard Fiscal Impact Methodologies for Planning Decisions

Consistent methods and data sources promote transparency and build trust in results

### Obstacles

The state has hundreds of school districts with a range of funding structures, making one-size-fits-all modeling approaches challenging

Privacy protection laws can prevent the sharing of student information

### Opportunities

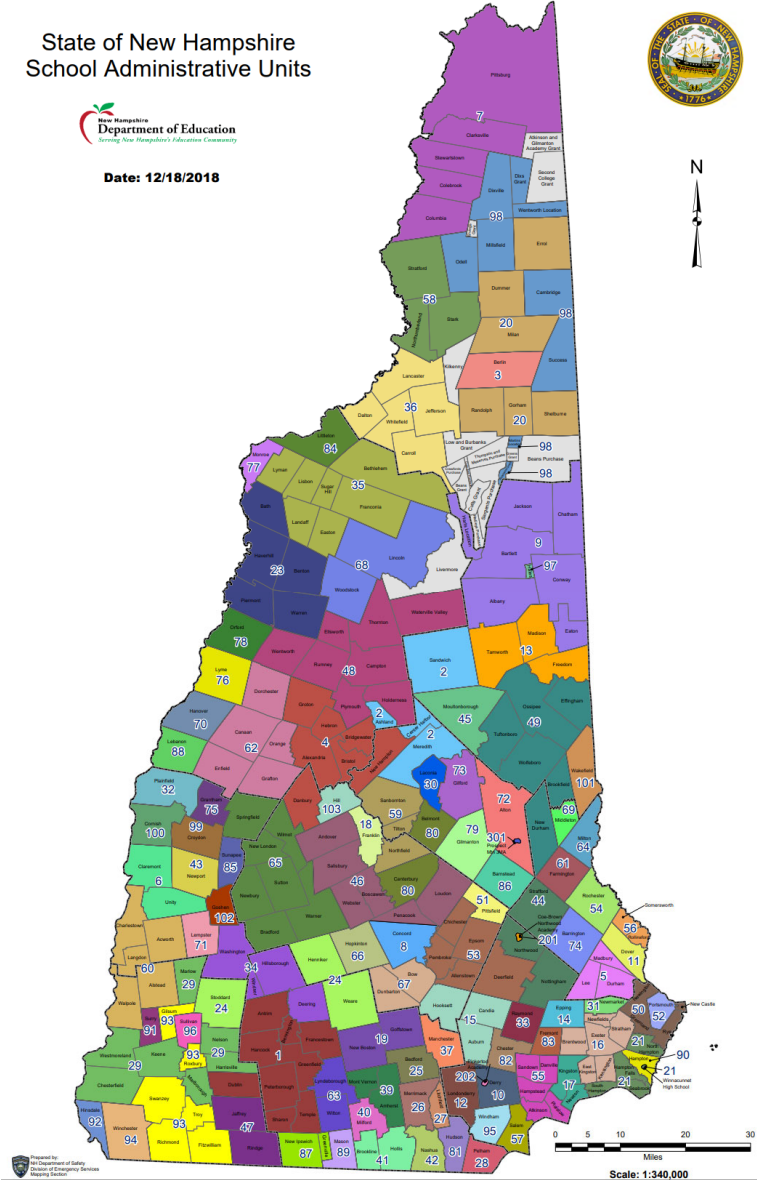
The New Hampshire Department of Business and Economic Affairs is currently funding the development of a statewide fiscal impact study to assess local impacts

This tool could help local boards make evidence-based decisions that support fiscally sustainable development

State of New Hampshire  
School Administrative Units



Date: 12/18/2018



## Recommendations

### Increase Diversity of the Property Tax Base

Diversification includes both the expansion of a mix of housing types and residential and non-residential land uses.

High-density housing and commercial land uses subsidize the cost of education to all households with school children

Diversifying housing types provides opportunities for workforce housing needed by local employers

### Obstacles

- Opportunities for non-residential or mixed land uses are limited by zoning ordinances and the public approvals process
- Diversifying the tax base is a long-term process requiring incremental and tailor-fit approaches as well as support from the public

### Opportunities

- Many communities in NH with a mix of land uses including village centers, walkable downtowns, and employment centers are thriving with strong demand for new housing



Concord, NH



Apple Harvest Day in Dover, NH



Monahan Manor Apartments  
in Nashua, NH



## Recommendations

### Develop a State Housing Development Gap Fund to Encourage the Construction of Lower-Cost Housing that Meets Identified State Priorities

The state should consider incentivizing municipalities to permit lower-cost housing that meets state housing priorities, to be used when the development is projected to have a negative fiscal impact as determined by the State's fiscal impact tool (currently under development).

#### Obstacles

- State budget appropriations process is highly competitive and long-term sustainability of programs are at risk annually

#### Opportunities

New Hampshire currently operates a similar program known as the InvestNH Municipal Per Unit Grant Program, which provides a one-time grant of \$10,000 per unit of new affordable housing that municipalities permit.

**Programs like this should be funded over the long-term**

InvestNH Municipal Per Unit Grant Program



**BEA** New Hampshire Department of BUSINESS AND ECONOMIC AFFAIRS

## Discussion

