



To: Senate Finance Committee
From: Nick Taylor, Director, Housing Action NH
Date: May 6, 2025
Re: Housing in the New Hampshire State Budget

Introduction

Housing Action NH is a statewide advocacy organization dedicated to promoting policies that increase access to housing. Our members include housing developers, landlords, lenders, property managers, homeless service providers, and more.

New Hampshire is facing a housing shortage that is driving up costs and preventing Granite Staters from having a place to live in our communities. It forces seniors out of the communities they've called home, prevents the workers our economy relies on from finding an affordable place to live, and hurts the lowest-income earners the hardest, which leads to increased homelessness.

New Hampshire Housing's 2023 Statewide Housing Needs Assessment found that the state needs an additional 60,000 homes of all types and at a wide range of income levels by 2030 to meet current and future needs. Public polling continues to show that housing is the top policy challenge facing New Hampshire and that there is bipartisan demand for action.

The New Hampshire state budget is critical in addressing our state's housing shortage and increased homelessness. We ask that you support:

1. Increasing the supply of affordable housing through financial incentives;
2. Housing stability through state homeless shelter contracts, eviction prevention funds, and transitional/supportive housing programs;
3. Maintaining the permitting policy changes included in Governor Ayotte's budget, and;
4. Restoring key regulatory programs and technical assistance entities such as the Housing Appeals Board, Regional Planning Commissions, and more.

Increasing the Supply of Affordable Housing

Affordable Housing Fund: The Affordable Housing Fund (AHF) has been a crucial tool in financing affordable housing since 1988, leveraging more than \$500 million in private dollars to create or preserve 3,600+ housing units statewide. Existing New Hampshire state law (RSA 78-B:13,III) allocates the \$5 million collected through the Real Estate Transfer Tax (RETT) to the Affordable Housing Fund. This provides critical predictability for the fund as the non-profit and for-profit developers who utilize the affordable housing fund benefit greatly from predictability, as it can take months, if not years, to secure all necessary financing and approvals.

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Budget Request: The Senate unanimously passed and tabled Senate Bill 81 for consideration in the budget. SB 81 would increase the annual allocation from the Real Estate Transfer Tax from \$5 million to \$10 million and make a one-time \$25 million appropriation to the Affordable Housing Fund. Housing Action NH requests that you consider these appropriations in the House Budget, prioritizing the sustained, predictable funding provided through the Real Estate Transfer Tax allocation.

Budget Status

Governor: Maintained existing \$5 million per year RETT transfer

House: Maintained existing \$5 million per year RETT transfer

Senate: Senate Bill 81 → \$10 million per year RETT transfer + \$25 million one-time appropriation

Community Development Finance Authority Tax Credit: The Community Development Finance Authority (CDFA) Tax Credit Program is a proven public-private partnership that generates over \$11 million in economic activity annually. While CDFA tax credits can be used for projects other than housing, this program is a critical tool for redevelopment, particularly for historic buildings. Credits are equal to 75 percent of the contribution and can be applied individually or in combination to the Business Profits Tax (BPT), Business Enterprise Tax (BET), and the Insurance Premium Tax

Budget Request: The Senate unanimously passed and tabled Senate Bill 158 for consideration in the budget. SB 158 would double the annual tax credit availability from \$5 million to \$10 million, which would impact revenues by an additional \$3.75 million. Housing Action NH requests that you increase the CDFA tax credit program from \$5 million in annual credits to \$10 million.

Budget Status

Governor: Maintained existing \$5 million CDFA Tax Credit per year (\$3.75m budget impact)

House: Maintained existing \$5 million CDFA Tax Credit per year (\$3.75m budget impact)

Senate: Senate Bill 158 → \$10 million CDFA Tax Credits per year (\$7.5m budget impact)

Housing Champions Program: The New Hampshire Housing Champion Designation and Grant Program, established by the state legislature with \$5 million in funding in the last biennium, encourages municipalities to promote housing by offering benefits to those designated as "Housing Champions." Communities achieving this designation become eligible for infrastructure improvements and housing production grants. To qualify, municipalities must demonstrate that their zoning and land use regulations support workforce housing, provide training for land use board members, implement sewer and water infrastructure enhancements, and develop public transportation and walkability features like sidewalks. As of 2024, 18 municipalities across the state have received the Housing Champion designation.

Budget Request: The Governor's budget proposal extended the lapse date for FY 24-25 Housing Champions funding to ensure a thoughtful distribution of existing funds, given that this new program was in rulemaking for much of the last biennium. The Senate unanimously passed and tabled SB



279 for consideration in the budget. Housing Action NH requests that you continue the House Champions Program by including SB 279 in the budget.

Budget Status

Governor: Extended FY 24-25 lapse date through FY 26. No new appropriation.

House: Removed extended lapse date. No new appropriations.

Senate: Senate Bill 279 → \$5 million for Housing Champions Grants Program + \$1 million to NH Business Finance Authority for Housing Champions Business Loan Program over the biennium

Supporting Homeless Services and Housing Stability

Homeless Service Contracts: The state of New Hampshire assists in funding 13 emergency shelters, which serve Granite Staters who have no other place to turn for shelter. The urgent need for these shelters has increased in recent years with the overall increase in homelessness. According to DHHS, there were 2,432 Granite Staters served through the emergency shelter program. This includes 682 residents enrolled in the families with children category. State funding does not cover the entirety of operating expenses, with shelters raising, in some cases, hundreds of thousands of dollars in additional funds.

Budget Request: The Senate unanimously passed and tabled Senate Bill 113 for consideration in the budget. This bill allocates \$12 million per year for emergency shelters and \$3 million per year for housing stabilization programs that help keep Granite Staters from becoming homeless. Governor Ayotte proposed \$8 million per year in emergency shelter funding, which would maintain existing funding rates. Housing Action NH requests that you increase financial support to keep up with increased overall operating costs.

Budget Status

Governor: \$7.93 million per year for emergency shelter contracts.

House: \$7.93 million per year for emergency shelter contracts.

Senate: Senate Bill 113 → \$12 million per year for emergency shelter contracts

Community Mental Health Programs: The Department of Health and Human Services funds critical programs that support Granite Staters while receiving the care they need. These programs include multiple transitional and supportive housing programs, including the Transitional Housing Program, Housing Bridge Subsidy program, Supported Housing Expansion Program, and many more. Governor Ayotte fully funded this accounting unit. The House reduced the accounting unit by \$18.89 million per year.

Budget Request: Restore the funding proposed by the Governor.

Budget Status

Governor: \$56.2 million for the Bureau of Mental Health Services

House: \$37.3 million for the Bureau of Mental Health Services (\$18.89 million cut)

Senate: TBD

Cutting Through The Red Tape

Permitting Reform: Developers seeking to build more housing in New Hampshire often work with as many as four different state agencies: the Department of Environmental Services, the Department of Transportation, the Department of Natural and Cultural Resources, and the Fish and Game Department to secure necessary permits. Each department, while well-intentioned, has its timeline, approval process, and points of contact. The permitting reform included in Governor Ayotte's budget is a significant positive step in treating our housing shortage with the urgency it needs and creating more predictability for developers.

Budget Request: *Maintain the permitting reform included in Governor Ayotte's budget. This reform streamlines approvals by creating a 60-day timeline and consolidating permitting oversight between the Department of Environmental Services and the Department of Transportation.*

Budget Status

Governor: HB 2 permitting reform

House: No change to Governor's permitting reform

Senate: TBD

Additional Policy Considerations

Eliminated Housing Appeals Board: The House Finance Committee created a new Commercial Court Docket that repealed the Housing Appeals Board and the Human Rights Commission, and combined it with the Land Use Docket. The House initially eliminated the Board of Land and Tax Appeals in the proposal, but that was restored via a floor amendment. The priority for Housing Action continues to be reducing unnecessary delays, which the Housing Appeals Board has successfully accomplished. The presiding judge of the Land Use Docket is often assigned to criminal cases, rather than land use cases, and the existing amendment allows that practice to continue. Developers who seek a remedy or face an appeal in Superior Court can be delayed over a year, costing thousands of dollars. Housing Appeals Board members will also continue to be paid through the end of their terms, which limits potential fiscal savings in addition to the negative policy impacts.

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Budget Request: Restore the Housing Appeals Board.

Budget Status

Governor: Included the Housing Appeals Board

House: Eliminated the Housing Appeals Board

Senate: TBD

Defunded Regional Planning Commissions: The House Finance Committee cut the planning administration grants for the RPCs (\$100,000 per year) from Governor Ayotte's proposed budget. These grants, administered through the Department of Business and Economic Affairs, provide \$11,000 in funding to all nine regional planning commissions. These funds often leverage federal dollars. The RPCs assist communities with technical assistance and long-term planning. In smaller communities without full-time planning staff, the RPCs serve as the town staff.

Budget Request: Restore the funding for the Regional Planning Commissions to existing levels.

Budget Status

Governor: \$100,000 per year

House: Eliminated RPC funding

Senate: TBD

Defunded Renewable Energy Fund (REF): The House Finance Committee transferred all remaining funds in the Renewable Energy Fund to the General Fund (~\$15 million), directed all FY26-27 funds collected to the General Fund, and eliminated the fund going forward. The REF, through SB 129 (2017) and multiple updates signed by Governor Sununu, includes a low-moderate income solar program designed for developments serving people at or below 300 percent of the poverty level. In recent years, Catholic Charities, Lakes Region Community Developers, Keene Housing, and multiple manufactured housing cooperatives have utilized this program to provide low-cost energy to residents.

Budget Request: Protect the Renewable Energy Fund.

Budget Status

Governor: Transferred \$10 million from REF to the General Fund. REF continued going forward.

House: Transferred \$20 million from REF to General Fund. Eliminated REF going forward.

Senate: TBD

Added No-Cause Eviction (HB 60): The House Finance Committee included HB 60, which allows for evictions at the end of lease term without cause. There is no budget implication. The House included it



because “it’s something that has been passed by the House, and in the past rejected by the Senate”.

Budget Request: Remove House Bill 60 from HB 2 and allow the Senate Commerce Committee to address the legislation. House Bill 60 is scheduled for a public hearing at 10:40 am on May 6th.

Budget Status

Governor: Did not include HB 60

House: Included HB 60

Senate: TBD

Added Partners in Housing Program: The House Finance Committee included elements of HB 572 into HB 2. This proposal would simplify the process for communities to develop municipally owned land into housing and create a program within the Housing Champions Program at BEA to assist in the funding of this development. The proposal in HB 2 established the program, but did not fund it.

Budget Request: Maintain the House-added Partners in Housing Program.

Budget Status

Governor: Did not include Partners in Housing

House: Included Partners in Housing

Senate: TBD

Conclusion

To address New Hampshire's housing shortage and increasing homelessness, we need a comprehensive approach that addresses immediate shelter needs and increases the number of homes at all income levels. These policies would complement each other and have a significant positive impact on our economy and our communities.