

HB 1660 - AS INTRODUCED

2026 SESSION

26-2904
07/06

HOUSE BILL **1660**

AN ACT relative to municipal credit enhancement agreements and tax increment financing for priority housing development.

SPONSORS: Rep. Veilleux, Hills. 34; Rep. Dargie, Hills. 43; Rep. Edgar, Rock. 29; Rep. Gruber, Ches. 16; Rep. Grund, Hills. 34; Rep. Mary Murphy, Hills. 27; Rep. D. Paige, Carr. 1; Sen. Watters, Dist 4

COMMITTEE: Housing

ANALYSIS

This bill:

I. Enables municipalities to enter into project-based credit enhancement agreements for housing.

II. Clarifies equalized valuation treatment for housing-related tax increment financing.

Explanation: Matter added to current law appears in **bold italics**.
Matter removed from current law appears ~~in brackets and struckthrough.~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty-Six

AN ACT relative to municipal credit enhancement agreements and tax increment financing for priority housing development.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Purpose. The general court hereby finds that:

2 I. New Hampshire municipalities currently have authority under RSA 162-K to establish tax
3 increment financing (TIF) districts.

4 II. TIF districts allow a municipality to capture increases in property tax value within a
5 designated district and direct those revenues toward public improvements.

6 III. Municipalities may also negotiate agreements with developers under a TIF framework,
7 but these agreements are tied to district formation and primarily used for commercial development.

8 IV. Credit enhancement agreements (CEAs) provide communities with a tool to address an
9 urgent need by incentivizing specific projects, tailoring requirements to local circumstances, and
10 streamlining the process without requiring a TIF district designation.

11 V. New Hampshire faces a shortage of senior housing, skilled care facilities, and workforce
12 housing.

13 VI. Current TIF law is not well-suited to housing because district formation is burdensome
14 and politically contentious, particularly for small-scale projects.

15 VII. Without explicit statutory authority, municipalities lack a flexible tool to encourage
16 housing construction or adaptive reuse projects.

17 VIII. Including housing-related captured assessed value in equalized valuation penalizes
18 towns by artificially inflating their state property tax base, disincentivizing use of TIF for housing.

19 2 New Paragraphs; The State and Its Government; General Provisions; Equalization Procedure.
20 Amend RSA 21-J:9-a by inserting after paragraph V the following new paragraphs:

21 VI. As it pertains to determining the equalization of property within the cities, towns, and
22 unincorporated places, the department shall exclude from equalized valuation the rebated portion of
23 housing-based captured assessed value.

24 VII. As it pertains to determining the equalization of property within the cities, towns, and
25 unincorporated places, the department shall require that equalization values include commercial
26 and industrial captured value.

27 VIII. The department shall adopt rules, pursuant to RSA 541-A, pertaining to proportional
28 assessed property values and mixed-use allocations.

29 IX. The department shall require property assessors to obtain certifications pertaining to
30 their qualifications as property assessors, as determined by the department.

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1 X. The department shall require that property assessors report on credit enhancement
2 agreement- and tax increment financing-related housing data.

3 3 New Paragraph; The State and Its Government; Property Tax Rates; Reports Required.
4 Amend RSA 21-J:34 by inserting after paragraph XV the following new paragraph:

5 XVI. An equalization report shall be filed by the local assessor of each city, town, village
6 district, unincorporated town, unorganized place, or county, within 20 days of the close of each
7 annual meeting by the city, town, village district, unincorporated town, unorganized place, or county,
8 showing local data regarding credit enhancement agreements and mixed-use allocations.

9 4 New Section; Towns, Cities, Village Districts, And Unincorporated Places; Municipal Budget
10 Law; Treatment of Credit Enhancement Agreements. Amend RSA 32 by inserting after section 26
11 the following new section:

12 32:27 Treatment of Credit Enhancement Agreements. Notwithstanding any provision of law to
13 the contrary, all towns, cities, towns, village districts, unincorporated towns, unorganized places,
14 and counties shall be required to treat rebates as non-lapsing special revenues, or otherwise require
15 annual appropriations for purposes of transparency.

16 5 New Paragraphs; Public Safety and Welfare; Municipal Economic Development and
17 Revitalization Districts; Definitions. Amend RSA 162-K:2 by inserting after paragraph XI the
18 following new paragraphs:

19 XII. "Credit enhancement agreement" means a written agreement approved by a municipal
20 legislative body under RSA 162-K:9-a that provides for rebating a portion of tax revenue attributable
21 to captured assessed value to the owner/developer of a qualifying housing project. Credit
22 enhancement agreements shall only apply to rental or operator-managed housing facilities.

23 XIII. "Qualifying housing project" means any of the following:

- 24 (a) Senior housing communities compliant with 42 U.S.C. Section 3607(b);
- 25 (b) Continuing care retirement communities under RSA 420-D;
- 26 (c) Skilled care or nursing facilities licensed under RSA 151;
- 27 (d) Assisted living facilities under RSA 151;
- 28 (e) Workforce housing as defined in RSA 674:58, or

29 (f) Other housing that addresses documented community housing needs as identified in
30 a municipal master plan, a regional housing needs assessment, statewide housing guidance, or other
31 reliable housing data sources.

32 "Qualifying housing project" shall exclude conversions of existing habitable residential units,
33 individually owned dwelling units, including condominiums, condexes, single-family homes, or
34 luxury or market-rate developments undertaken primarily for commercial, resort, or seasonal
35 purposes.

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1 XIV. "Adaptive reuse" means a conversion of a habitable structure previously used for
2 nonresidential purposes, or one that has been uninhabitable for at least 12 months, to one used for
3 residential occupancy.

4 XV. "Captured assessed value" means the increase in assessed value of a qualifying housing
5 project over its original assessed value, as determined at the commencement of a credit
6 enhancement agreement under RSA 162-K:9-a.

7 XVI. "Housing-based increment" means the portion of captured assessed value representing
8 the increase in assessed value of a qualifying housing project over its original assessed value,
9 attributable to:

10 (a) A credit enhancement agreement under RSA 162-K:9-a; or

11 (b) The housing component of a tax increment financing district.

12 XVII. "Commercial increment" or "industrial increment" means captured assessed value
13 attributable to non-housing development within a tax increment financing district.

14 XVIII. "Compliance period" means a period of 5-10 years where a project maintains
15 qualifying status under a credit enhancement agreements.

16 6 New Paragraphs; Public Safety and Welfare; Municipal Economic Development and
17 Revitalization Districts; Tax Increment Financing Plan. Amend RSA 162-K:9 by inserting after
18 paragraph IV the following new paragraphs:

19 V. Nothing in this section shall preclude a municipality from entering into a credit
20 enhancement agreement under RSA 162-K:9-a for a qualifying housing project located within a
21 development district.

22 VI. Under this section, housing-based increments shall be treated in accordance with RSA
23 162-K:10.

24 7 New Section; Public Safety and Welfare; Municipal Economic Development and Revitalization
25 Districts; Credit Enhancement Agreements. Amend RSA 162-K by inserting after section 9 the
26 following new section:

27 162-K:9-a Credit Enhancement Agreements.

28 I. This section shall enable municipalities to proactively use regional housing needs
29 assessments and statewide housing guidance to identify appropriate housing projects for their
30 communities, and shall employ credit enhancement agreements as a tool, among others, to
31 encourage such development.

32 II. Prior to entering into a credit enhancement agreement under this section, the governing
33 body of the municipality shall make findings in public record that the project addresses one or more
34 housing needs identified in:

35 (a) The municipality's master plan or housing chapter;

36 (b) Any regional housing needs assessment published by the applicable regional
37 planning commission;

1 (c) Statewide housing guidance issued by the department of business and economic
2 affairs; or

3 (d) Other reliable housing data sources, including publications by the housing finance
4 authority, the Census Bureau, or other comparable governmental or nonprofit entities. Such
5 findings shall be advisory in nature and shall not limit the discretion of the municipality to
6 determine the appropriateness of the project.

7 III. Credit enhancement agreements shall be limited to qualifying housing projects pursuant
8 to RSA 162-K:2, and shall exclude conversions of existing habitable residential units.

9 IV. A credit enhancement agreement may provide for the rebate of not more than 50 percent
10 of the housing-based increment attributable to the housing portion of a qualifying project to the
11 developer. The balance shall be retained by the municipality.

12 V. Municipal legislative body approval shall be required for credit enhancement agreements
13 upon the conclusion of a public hearing.

14 VI. Credit enhancement agreements shall have a term up to 20 years, which may be
15 extended beyond 20 years at the municipality's discretion upon a determination by the legislative
16 body that the project would not remain viable in its proposed form without the credit enhancement
17 agreement.

18 VII. Credit enhancement agreements shall have a minimum term of 5 years, where early
19 termination of the agreement shall require repayment.

20 VIII. Credit enhancement agreements may be voluntarily terminated after 5 years if the
21 developer provides evidence justifying a lack of demand or viability. Voluntary termination shall
22 require approval by the municipality's governing body and certification by the department of revenue
23 administration.

24 IX. An annual compliance certification for credit enhancement agreements shall be required.

25 X. A credit enhancement agreement shall be automatically terminated if the project ceases
26 to satisfy all provisions of this section.

27 XI. A developer may request termination of a credit enhancement agreement if market
28 conditions or lack of demand make continuation of the agreement unviable. Metrics for determining
29 viability may include sustained occupancy below a threshold percentage of units, financial distress,
30 or inability to meet licensing or operational standards.

31 XII. A credit enhancement agreement shall not be construed to grant the municipality an
32 ownership or equity interest in the project. Agreements shall be limited to the rebate of property tax
33 revenues from captured assessed value as provided in this section.

34 XIII. Credit enhancement agreements shall not be considered general obligation debt.
35 Payments pursuant to such agreements shall be limited to the captured revenue received.

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1 8 New Paragraphs; Public Safety and Welfare; Municipal Economic Development and
2 Revitalization Districts; Computation of Tax Increments. Amend RSA 162-K:10 by inserting after
3 paragraph IV the following new paragraphs:

4 V. Original assessed value of a project shall be defined at the start of a credit enhancement
5 agreement.

6 VI. The portion of captured assessed value not rebated under a credit enhancement
7 agreement shall be retained by the municipality. If the project is located within a tax increment
8 financing district, such retained portion may be applied to purposes authorized under the district's
9 development program. If the project is not within a tax increment district, the retained portion shall
10 be applied to general municipal purposes.

11 VII. For purposes of this section, the term "housing-based increment" shall be considered a
12 subset of captured assessed value.

13 VIII. For purposes of equalization under RSA 21-J:9, the captured assessed value
14 attributable to a qualifying housing project subject to a credit enhancement agreement under RSA
15 162-K:9-a shall be excluded from the equalized valuation of the municipality for a period not to
16 exceed 10 years from the commencement of the agreement. Thereafter, such value shall be included
17 in equalized valuation regardless of the continuing term of the agreement.

18 IX. Property assessors shall annually report to the department of revenue administration
19 local credit enhancement agreements with captured values, rebate percentages, and payment
20 amounts.

21 X. The following shall apply to rules pertaining to equalized valuations:

22 (a) The rebated portion of the housing-based increment under a credit enhancement
23 agreement, and the rebated housing portion of any tax increment financing district, shall be
24 excluded from equalized valuation.

25 (b) All commercial industrial increments shall be included.

26 (c) Mixed-use allocations shall be split by assessed value, or otherwise defined by the
27 department of revenue administration pursuant to rules adopted under RSA 541-A.

28 (d) Tax rate mechanics shall preserve a parallel process for credit enhancement
29 agreements.

30 9 Public Safety and Welfare; Municipal Economic Development and Revitalization Districts;
31 Annual Report. Amend RSA 162-K:11 to read as follows:

32 162-K:11 Annual Report.

33 I. The municipality's annual report shall contain a financial report for any development
34 district in the municipality. The report shall include at least the following information: the amount
35 and source of revenue of the district, the amount and purpose of expenditures, the amount of
36 principal and interest on any outstanding bonded indebtedness, the original assessed value of the

1 district, the captured assessed value retained by the district, the tax increments received and any
2 additional information necessary to demonstrate compliance with the tax increment financing plan.

3 ***II. The municipality's annual report shall contain information regarding all***
4 ***project types, original and current project values, captured values, rebate percentages,***
5 ***rebated amounts, compliance statuses, terminations, and remaining project terms.***

6 ***III. The department of revenue administration is hereby authorized to issue***
7 ***reporting forms schedules to aid municipalities in completing annual reports under this***
8 ***section.***

9 10 New Section; Planning and Zoning; Local Land Use Planning and Regulatory Powers; Senior
10 Housing Access. Amend RSA 674 by inserting after section 59 the following new section:

11 674:59-a Senior Housing Access.

12 I. Municipalities shall provide reasonable and realistic opportunities to senior housing
13 access. Such opportunities shall be limited to new construction projects or projects that adapt and
14 reuse nonresidential buildings to provide for senior housing, and shall not include conversions of
15 existing housing units.

16 II. No requirement shall be instituted pursuant to this section that would, in effect, exclude
17 senior housing access.

18 III. Appeals for senior housing access may be taken, pursuant to this section, in the same
19 manner as in RSA 674:61.

20 IV. No blanket zoning or local control preserve requirements shall be required under this
21 section.

22 11 Applicability; Credit Enhancement Agreements. Credit enhancement agreements executed
23 prior to April 1, 2037, pursuant to RSA 162-K:9-a, shall continue in effect according to their terms at
24 the time of their execution, and shall not be voided or require readoption or reexecution.

25 12 Repeal. RSA 162-K:9-a, relative to credit enhancement agreements, is repealed.

26 13 Effective Date.

27 I. Section 12 of this act shall take effect April 1, 2037.

28 II. The remainder of this act shall take effect April 1, 2027.