Senate Commerce Committee

Aaron Jones 271-2609

HB 577, relative to modifying the definition of ADUs.

Hearing Date: March 25, 2025

Time Opened: 10:59 a.m. **Time Closed**: 11:54 a.m.

Members of the Committee Present: Senators Innis, Ricciardi, Murphy, McGough, Fenton and Reardon

Members of the Committee Absent : None

Bill Analysis: This bill expands accessory dwelling units by right to include detached units, adds definitions related to accessory dwelling units, and increases the maximum square footage.

Sponsors:

Rep. Alexander Jr.	Rep. A. Murray	Rep. D. McGuire
Rep. Damon	Rep. Grill	Rep. Sweeney
Rep. Mazur	Sen. Innis	Sen. Murphy

Who supports the bill: 88 individuals were in support. Full sign in sheets are available upon request by contacting the Legislative Aide, Aaron Jones (aaron.jones@gc.nh.gov).

Who opposes the bill: 31 individuals were in opposition. Full sign in sheets are available upon request by contacting the Legislative Aide, Aaron Jones (aaron.jones@gc.nh.gov).

Who is neutral on the bill: No one

Summary of testimony presented in support:

Representative Joe Alexander Jr.

- Representative Alexander said the housing crisis demanded their immediate attention.
- New Hampshire has a shortage of affordable housing with an estimated 20,000 new homes needed to meet demand.
- Over the past few years, rental prices have increased by 20 percent. Younger individuals, seniors, and individuals in lower income brackets, have found it difficult to find suitable housing within their means.

- Representative Alexander said this was not just an economic issue, it was a community issue. Families are being displaced, young professionals are leaving for more affordable areas, and seniors are struggling to stay in their homes as property taxes increase. Allowing homeowners to build accessory dwelling units (ADUs) could help solve this issue.
- Municipalities regulate ADUs; however, the regulations vary greatly. This has created confusion and unnecessary barriers to homeowners who would like to build or convert an ADU on their property.
- ADUs provide flexibility and efficiency by creating additional living space for aging relatives, young adults, or rental units.
- Some municipalities have adopted overly restrictive rules, which have limited the ability of property owners to exercise their own rights.
- This bill would create a uniform and reasonable framework for ADUs. It also would preserve local control, while removing unnecessary restrictions.
- An ADU up to 950 square feet would be allowed, and the property owner could choose if it is detached or attached to the main unit.
- Existing law has recognized the value and potential of ADUs; however, municipalities have imposed restrictions that are difficult or costly.
- **Senator Murphy** asked what his answer would be to individuals who oppose this legislation by saying communities would be overrun by duplexes which would drive down values.
    - **Representative Alexander** said property owners should exercise their rights in most cases. Hundreds of units could be built in existing structures on properties. Municipalities could regulate aesthetic standards and adequate sewer capacity. This would not be an over restriction; instead, it would be a balance.
- **Senator Fenton** asked if he would be opposed to pushing the effective date back to provide municipalities with time.
    - **Representative Alexander** said he would be opposed to it.
- **Senator Fenton** asked why.
    - **Representative Alexander** said state law had precedent over local law. Even if this bill took effect, and the ordinances were different, they would be updated in the next town election. This bill would immediately free up units, and he did not want to slow down this opportunity by moving the effective date.
- **Senator Fenton** said he did not see this as slowing down the bill; instead, it could be more successful because it would give time for it to be implemented, which could probably guarantee its success.
    - **Representative Alexander** said the fastest way to bring housing units on the market would be to pass this bill immediately.

Natch Greyes, Business and Industry Association

- ADUs have the same cost as a new build or a conversion. In the Southwest, that is $340 per square foot. If an individual built the maximum size, it would be $323,000.
- This bill would expand the statute to allow for detached units.
- Since 2017, some municipalities have imposed artificial barriers, such as requiring a breezeway.
- Mr. Greyes said they have not seen a strain on municipal services with attached units.
- ADUs could help the aging population by allowing individuals to live with their family, while also allowing some level of independence. If a situation arose where an individual lived in a facility and they had to be transported to the hospital, an ambulance would be paid for by the local taxpayers.

Brian Chinchiello

- Mr. Chinchiello said he has owned property in Derry for 25 years. About 10 years ago, he built a detached garage with a mancave above. In Derry, ADUs must be attached. While he could go to the zoning board, he said he did not know what the hardship would be.
- While he was a Rockingham County Commissioner, their nursing home had 12 separate contracts for LNAs and nursing because there was a shortage. In Brentwood, the average home price was above $650,000.
- While there is a housing shortage, Mr. Chinchiello said the other issue is affordability.

Stephanye Schuyler, Pat McDermott, and Sharon Hickey, AARP NH

- Ms. Schuyler said this bill would support family caregivers, allow for aging in place, strengthen intergenerational living, expand affordable housing options, and address the necessity for workforce housing. This bill was a good step that would open the door for more solutions.
- Mr. McDermott said this bill was critical to promoting affordable housing options for everyone. For individuals over 55 years old, it would provide opportunities for caregivers to live with their loved ones or for those who need care to move in. It also could create an additional stream of income for elderly individuals to help them stay in their homes.
- Ms. Hickey told a personal story of an aunt who had a stroke. She has tried to help her find other living solutions so she can maintain her independence, but they are not affordable. She supported being allowed to have an ADU on her property that supported her aunt, while also ensuring her home is worth more money when it is sold.

Jack Ruderman, Legislative Affairs Advisor, New Hampshire Housing

- ADUs increase affordable housing without requiring additional infrastructure or land development.
- ADUs benefit aging homeowners, single parents, recent college graduates, caregivers, and disabled individuals.
- This bill would provide elderly individuals with the opportunity to live in a supportive family environment as well as remain in their communities where they are close to their support networks.
- Mr. Ruderman said it is unlikely that ADUs would be everywhere, or they would overburden municipal water and sewer systems because every single-family lot is not suitable nor could every homeowner afford building costs up to $300,000.
- It is likely there would be a modest increase in ADUs. In his community of 6,000 residents, there are only 2 to 3 built each year. Many are built on lots that are not serviced by town water and sewer.
- In cities, the impact on municipal sewer and water would be negligible. In the past 3 years, for example, Nashua has received about 30 applications for attached ADUs. If this bill were passed, the town planner did not expect it to be an issue.
- ADUs are not the silver bullet for solving the housing crisis, but in combination with other measures, they have an important role in increasing available housing.

Tom DeRosa, Deputy Director, Housing Action NH

- This bill would help to provide lending predictability. It also would allow the construction industry to provide better products that are more affordable.

Joanie McIntyre, New Hampshire Association of Realtors

- In November, 90 percent of residents agreed with attached ADUs and 80 percent agreed with detached ADUs. About 50 percent recognized it would be difficult to find a home in this market.
- Currently, there are under 1,200 homes for sale. In 2016, there were over 7,000.
- In February 2025, the median home price was $510,000. In 2016, it was $220,000. This has been caused by a lack of inventory.
- Ms. McIntyre said she lives in Concord, but detached ADUs are not permitted. Once you have crossed into Hopkinton, however, detached ADUs are allowed if setbacks, wetlands, and sewer have been taken care of.
- Henniker permits ADUs up to 1,200 square feet, which would cost about $400,000 to build. Ms. McIntyre said the average homeowner does not have those resources.
- If additional space increases the value of a property, it will increase the value of neighboring properties. Ms. McIntyre said value is based on what is sold around them.

- Ms. McIntyre said they were in favor of removing existing ambiguity, so each town would know they can have a detached or an attached ADU.
- **Senator Murphy** asked if there were any estimates on what would be needed to bring balance to the market.
    - **Ms. McIntyre** said they would be 60,000 units short by 2030. By 2060, they will be 90,000 units short. In Concord, one open house had 24 families. Someone in her office made an offer that was $30,000 over the asking price, and they waived inspections, but it went to another buyer. In Derry, there were so many individuals at an open house for a $550,000 home that a neighbor called the police.

Matt Mayberry, CEO, New Hampshire Home Builders Association

- This bill would require septic systems to be maintained as well as meet Department of Environmental Services (DES) standards.
- Boundary setbacks, permits, and building codes would all apply. Mr. Mayberry said a doghouse could not be turned into a living unit.
- In addition to the planning and design, it would take several months for buildings to be available.
- Mr. Mayberry said rents have skyrocketed, home prices are at record highs, and property taxes have increased.
- If an individual were building a new home, and they worked with a developer to have a unit over the garage, that is what would be meant as being constructed at the same time as the principal dwelling unit.
- On Page 1, Lines 27 to 28, a condominium conveyance of any ADU separate from a principal dwelling would be prohibited.
- On Page 2, Line 12, up to one additional parking space would be allowed.
- Municipalities may require a unit to be owner occupied.
- Units could be between 750 to 950 square feet; however, an individual could ask their town to build a larger one.
- ADUs will increase assessments, and they will provide housing to someone. In addition, less people will be competing for apartments.

Summary of testimony presented in opposition:

Brodie Deshaies, New Hampshire Municipal Association

- Mr. Deshaies said they were concerned that different architectural features, such as breezeways, would be considered attached. Under RSA 674:71, the term "attached" is used instead of "physically connected" to ensure it is shared with a wall. If it is a separate structure, then it is detached.
- This bill would remove conditional use and special exceptions, and it would allow homeowners in specific zoning districts to apply for a building permit for an ADU without going through these processes.

- Removing "and manufactured housing as defined in RSA 674:31" from existing statute would allow two manufactured homes on a single-family zoning lot.
- Mr. Deshaies said replacing the phrase "if necessary" in Section 2 and replacing it with "if required by statute" would remove any requirement to go through the local building permit process.
- The term "common space shared" was vague, and it could create disputes between municipalities and landowners.
- This bill would remove all parking requirements for ADUs. Under RSA 674:16, VII, relief is already provided to property owners. Mr. Deshaies said these units should be subject to the same requirements as any residential home.
- Currently, attached ADUs must be seamless and look like part of the dwelling. With detached ADUs, however, that is not possible. Mr. Deshaies said there is an interest in ensuring there is continuity between the dwellings.
- Section 3 is redundant, and its ambiguity would create a conflict with RSA 674:72.
- Mr. Deshaies said municipalities should have time to propose updated zoning ordinances and have them approved by the voters.

Elizabeth Harper, Executive Director, Lake Sunapee Protective Association

- Ms. Harper said increasing affordable housing was not their concern. Instead, they were concerned that certain language could undermine local regulations that are designed to prevent septic system failures.
- Over the past 3 years, individuals within the Lake Sunapee Watershed have worked collaboratively with town employees to develop septic regulations that are designed to ensure that septic systems are maintained.
- Ms. Harper recommended Page 1, Lines 21 to 23, be changed to "The municipality may not impose greater requirements for the design and construction of a septic system for a single-family home with an accessory dwelling unit than is required by the Department of Environmental Services." If this language were adopted, Ms. Harper believed it would meet the intent of the bill without undermining local septic maintenance regulations.

Roberta Oeser

- Ms. Oeser was concerned about the removal of conditional use permits or special exceptions.
- For 20 years, Rindge has approved detached and attached ADUs. Even though they are a town of 6,000, they have 3 dozen ADUs, which have primarily been built for family members. ADUs that are rented are not workforce housing.
- Ms. Oeser asked how a detached garage when it is finished could become an attached ADU. She viewed this as a pathway towards two ADUs.
- The only way to ensure owner occupancy is through conditional use or special exceptions.

- Ms. Oeser was concerned about adding 2 more bedrooms to a 3-bedroom septic. If this is allowed by right, then septic systems must be expanded to protect water supply.
- **Senator Fenton** asked if there were a mechanism in place to ensure it remained workforce housing.
    - **Ms. Oeser** replied that workforce housing is mostly done through grants. In Rindge, additional density is allowed for workforce housing. Typically, there is a 30-year covenant requiring it to be rented at a reasonable market rate, which is $1,450 including electricity. In comparison, most two-bedroom apartments are over $2,000.

Representative Len Turcotte

- Representative Turcotte said he believed in property rights; however, he did not believe politicians or bureaucrats should use central planning or state mandates to remove the property rights of the many for the benefit of the few.
- Decisions over local control and zoning should be made by each municipality, not politicians in Concord, because they know what is best for themselves.
- This bill would create winners and losers. Landlords, builders, realtors, investors, and developers would be the beneficiaries, while current property owners in single-family neighborhoods would be the losers.
- This bill would allow a minimum ADU of 950 square feet. Since there is no upper limit, a detached unit could be larger than the single-family unit.
- Representative Turcotte said the intent was to create rentals because this bill would remove the requirement that the unit be owner occupied. The current statute also requires a familial relationship, but it would be removed.
- Representative Turcotte said single-family property availability will become scarcer, which will cause prices to increase. Single-family dwellings will be turned into multi-family neighborhoods. When a property is purchased, there is an expectation that zoning will not be pulled out from underneath them.
- **Senator Murphy** asked if his concerns were addressed on Page 2, Lines 28 to 30, which state "The total living space of the accessory dwelling unit shall not exceed 950 square feet unless otherwise authorized by the municipality. A municipality may not restrict the total living space to less than 750 square feet."
    - **Representative Turcotte** said unless there are exceptions given by a municipality. Last year, for example, there was an issue in Hampton that would have negated the will of the townspeople. The selectmen or councilors in a municipality could decide that 950 square feet was not enough.
- **Senator Murphy** asked if that would be local control.
    - **Representative Turcotte** replied it was a form of local control, but he did not believe there were absolutes.

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Date Hearing Report completed: March 31, 2025