

# Senate Commerce Committee

*Aaron Jones 271-2609*

**HB 631-FN**, permitting residential building in commercial zoning.

**Hearing Date:** April 10, 2025

**Time Opened:** 10:17 a.m.

**Time Closed:** 10:41 a.m.

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

**Members of the Committee Absent :** Senator Innis

**Bill Analysis:** This bill requires municipalities to permit multi-family residential development on commercially zoned land, with stipulations for infrastructure and exemptions for adaptive reuse.

---

**Sponsors:**

Rep. A. Murray

Rep. Berry

Rep. Grill

Rep. H. Howard

Rep. Newell

Rep. Pauer

Rep. Schultz

Rep. Seibert

Rep. Sweeney

Sen. Watters

---

**Who supports the bill:** Representative Alissandra Murray, Representative Joe Alexander, Representative Gary Daniels, Samuel Hooper (Institute for Justice), Kevin Cavanaugh (on behalf of John Cronin), Arthur Sullivan (Brady Sullivan), Chris Lewis (Brady Sullivan), Nick Taylor (Housing Action NH), Natch Greyes (BIA), Greg Moore (Americans for Prosperity), Liz Tentarelli, Ursula Maldonado, Curtis Howland, Haley Demers, Sarah Pinneo, Kelly Griffin, Dawn McKinney (NH Legal Assistance), Timothy Finney, James Gardner, Sayre Moskwa, Lois Ann Cote, Sarahlynn Williams, Laura Sokoloski, Bill Alleman, John Callaghan (Office of Governor Kelly A. Ayotte), Sarah McCarthy

**Who opposes the bill:** Representative Susan Porcelli, Brodie Deshaies (NHMA), Carol Schutte, Janice Mathews, Julie Smith, Francesca Heap, Roger Murray, Rick Jensen, Jane Aitken (CNHT), Rachel Webb

**Who is neutral on the bill:** Janet Lucas, Jason Sorens (AIER)

## **Summary of testimony presented in support:**

### ***Representative Alissandra Murray***

- Representative Murray said this bipartisan bill sought to address the housing crisis by allowing for multi-family mixed residential units in commercial lots.
- Units would be restricted by local guidelines for commercial structures, such as lot dimensions and coverage.
- While the Legislature often deferred to local control, Representative Murray said they could not wait for incremental changes at the local level.
- According to the 2023 Annual Homelessness Assessment Report from the U.S. Department of Housing and Urban Development, homelessness rose by 52 percent.
  - The rate in New Hampshire was the highest in the nation surpassing New Mexico, New York, and Colorado.
  - In 2024, the rate rose again. Experts stated the lack of affordable housing was the number one cause of homelessness.
- In 2019, a two-bedroom unit was \$1,347 a month. By 2024, it had increased by 31 percent.
- In 2024, a residential rental cost survey report by the Housing Finance Authority determined the median monthly rent, including utilities, was almost \$1,700. For a two-bedroom unit, it was over \$1,800.
- Since new construction has significantly slowed, Representative Murray said red tape and barriers for new buildings needed to be removed.
- A recent poll found that 90 percent of residents supported zoning reforms that encouraged residential building in commercial lots.
- The current system makes things harder as well as more expensive and isolating.
- If these zones are mixed, it would lower the need for parking minimums, encourage walkability, and create communities that are needed for the state to thrive.
- Representative Murray reiterated this bill would encourage new building and lower barriers to development, while also protecting the ability of municipalities to ensure their infrastructure is able to support this kind of development.

### ***Representative Joe Alexander***

- This bill was similar to SB 90. The House kept its definitions, but they added a section that there must be adequate water, sewer, and roads, to support development.
- Municipalities could restrict the ground floor for retail and other similar uses.
- There would be exemptions for setback, height, and frontage requirements.
- There are a lot of mixed used developments in downtown areas because they were built before overly restrictive zoning occurred.

- Due to existing local zoning restrictions, Representative Alexander said they do not have walkable neighborhoods.
- **Senator Murphy** said Lines 20 and 21 read, "... may require all available ground floor space or a percentage thereof to be dedicated to retail or similar uses." He asked if it was added due to a specific situation or to get the votes for it to pass.
  - **Representative Alexander** said they had debated the possibility of using a percentage of the ground floor. The idea was to get to a place to ensure municipalities had discretion to do certain things. He said he supported it because they want to create walkable mixed use. In Salem, for example, there are a lot of ground floor retail spaces with residential units above them.

***Kevin Cavanaugh, on behalf of Attorney John Cronin***

- The process of getting multi-family housing approved and constructed is complex, expensive, and uncertain.
- Attorney Cronin said many communities have an unwarranted fear that multi-family housing development will burden their schools and change the character of their communities. However, school enrollments have steadily declined, new multi-family housing has generated fewer school aged children, and substantial tax revenue has been generated.
- This bill provided a meaningful way to create new multi-family housing quickly to address the negative impacts of the housing crisis on the economy. It is difficult to recruit a business to relocate or retain existing businesses when there is no housing available.
- The vacancy rate has remained near 1 percent, and many multi-family communities have lengthy waiting lists.

***Arthur Sullivan, Brady Sullivan Properties***

- Mr. Sullivan said they believed in the value of converting vacant commercial buildings into multi-family residential units.
- For the past 15 years, Brady Sullivan Properties has transformed historic old mill buildings throughout New England, while also providing thousands of market rate apartments.
- Mr. Sullivan said their properties in downtown Manchester have lost large office tenants, which has prompted them to convert significant portions of these buildings into multi-family apartments.
- Mr. Sullivan said some communities recognize the value of these buildings and share their vision, while other communities with cumbersome and outdated zoning have significantly delayed the process of converting these buildings into housing. In some cases, there have been delays that have lasted for years.
- This bill would allow them to continue to repurpose large vacant office buildings to provide much needed housing.

- **Senator Murphy** asked if there had been any rebound or turnaround in commercial real estate since COVID.
  - **Mr. Sullivan** said the issue was a lack of needing commercial space, not what happened during COVID. Technology has changed things, so these spaces are not needed as much as in the past, while demand for housing is through the roof. The conversion process was faster because they were not building from the ground up. He said it was a win-win for everyone.

***Nick Taylor, Director, Housing Action NH***

- Recently, Housing Action NH polled over 400 voters on pro-housing policies that are going through the Legislature. This proposal was the most popular. Specifically, 88 percent supported allowing more housing to be built near businesses, shopping districts, and closer to jobs.
- There are numerous benefits, such as walkability, building where roads as well as water and sewer infrastructure exist, and expanding property rights.
- Mr. Taylor said this bill was modest, yet impactful. It would not override height restrictions or zoning regulations; instead, it would allow multi-family housing where there is commercial zoning.
- **Senator Reardon** said on Line 22, it stated municipalities that are designated as urban areas must encompass 2,000 housing units or 5,000 people. She asked where this would apply.
  - **Mr. Taylor** said this piece was removed because it had created confusion.
- **Senator Murphy** asked if multi-family included condominiums, or if it was just rental housing.
  - **Mr. Taylor** replied that it did not come up in their conversations in the House, so he deferred to his expertise and local zoning ordinances.

***Natch Greyes, Business and Industry Association***

- The economy has changed, and there are vacant retail and commercial spaces throughout the state. Mr. Greyes did not expect spaces that are currently zoned for commercial use to come back into their original use. Some conversions were necessary because it provided new housing opportunities.
- Mr. Greyes said there are definitions throughout statute. RSA 21:34-a, III, for example, specifies a farm roadside stand shall remain an agricultural operation, and it should not be considered commercial barring certain exceptions.
- Many statutes have been laid out in the publications from the Office of Planning and Development for planning and zoning boards. If there are issues with definitions, these publications would help to clear up any confusion.
- This bill clarified that municipalities could restrict residential development in zones where industrial manufacturing uses are permitted.

## Summary of testimony presented in opposition:

### *Brodie Deshaies, New Hampshire Municipal Association*

- There would be disagreements over definitions because municipalities have variations.
- Mr. Deshaies said it would be almost impossible to make rules at the state level that would fit neatly with local ordinances.
- Some municipalities do not strictly designate residential or commercial uses; instead, they have a list of several uses that are either allowed or prohibited.
- This bill defined “commercially zoned land” as “land zoned for such commercial activities as retail and office space.” Mr. Deshaies said this was ambiguous.
  - Mr. Deshaies asked if home offices would qualify as commercially zoned, even if standalone office buildings were not. He asked if certain “services” like beauty salons would be commercially zoned, while others like pet boarding would not.
  - This is common in agricultural zones where farmstands are permitted. Mr. Deshaies asked if large multi-family housing developments would be allowed in every rural agricultural zone.
- Mr. Deshaies asked what constituted “adequate infrastructure” and who would decide if it had been satisfied. This bill does not provide funding to the Department of Environmental Services to make any determinations, so the responsibilities would fall on the municipalities. If it is specified that municipalities must decide, he asked how they would do it because site plan review is not always done by every municipality. Consequently, this could result in litigation.
- Lines 12 to 15 would create an unfunded mandate by requiring municipalities to provide adequate infrastructure to support high density residential developments.
- Mandating one definition for mixed use could limit the ability of municipalities to promote mixed use in more zoning districts. Not all zoning ordinances are just residential, commercial, or industrial. Mr. Deshaies said there are nuances without any clear-cut delineations.

**Neutral Information Presented:** None