

Senate Ways and Means Committee

Sonja Caldwell 271-2117

SB 471-FN, relative to affordable housing investment fees.

Hearing Date: January 14, 2026

Members of the Committee Present: Senators Lang, Sullivan and Fenton, McConkey, Perkins Kwoka

Members of the Committee Absent : Senators Murphy and Rosenwald

Bill Analysis: This bill authorizes municipalities to adopt and enforce affordable housing investment fee ordinances as part of their innovative land use controls.

Sponsors:

Sen. Altschiller

Sen. Watters

Rep. Burroughs

Who supports the bill: Brodie Deshaies (NHMA), Kent Hackmann, Bridget Powers, David Preece

Who opposes the bill: Natch Greyes (BIA), Joanie McIntire (NH Assoc. of Realtors), Nick Taylor (Housing Action NH), Phil Jasak (NHHBA), Julie Smith, Daniel Richardson

Who is neutral on the bill: No one

Summary of testimony presented in support:

Kevin Condict introduced the bill on behalf of Sen. Altschiller, stating that the bill is relative to affordable housing investment fees

Brodie Deshaies – NH Municipal Association

- Mr. Deshaies said the NHMA requested this legislation of Sen. Altschiller.
- The purpose is for municipalities to be able to add to their innovative land use controls ordinances the ability to raise an affordable housing investment fee that would be levied upon new units of housing that do not meet affordability criteria.
- The fees would be retained locally, similarly to an impact fee, and could only be expended to the NH Housing Finance Authority, Community Development Finance Authority, housing authority of the local municipality, or any nonprofit that invests in affordable housing.

- The bill mirrors the impact fee statute and has nearly identical reporting requirements.
- The bill has an appeals process if someone feels the fee is too expensive or onerous.
- They would be open to more uniformity on fees. Their members have expressed concern that there has been less funding from the state to support housing and they want to find innovative ways to raise funding locally and support new projects.
- They are not open to a regional approach. The funds should stay in the municipality that collects the fee.
- They are trying to be creative, without state mandates, to help municipalities generate revenue for affordable housing.

Sen. Perkins Kwoka asked what problem exactly, does he see these fees solving given their similarity to impact fees.

Mr. Deshaies said they see decreased funding for the affordable housing trust, which helps when a project doesn't fully chalk out by supplying funding to get the project finished. With less money from the state being generated for those types of programs, it would be helpful for a municipality to be able to find a way to raise money to help these projects chalk out and also incentivize developers to build more affordable housing rather than market rate.

Sen. Fenton said he doesn't see any language that prevents a municipality from spending this money through NH Housing or the CDFA.

Mr. Deshaies said if you collect these fees you have to expend it to those entities. The intent of the bill is that it would be for projects within the municipality, but nothing prevents them from spending the money on a more regional project.

Sen. Lang asked if the bill applies to single family dwellings that aren't affordable housing.

Mr. Deshaies said it allows the flexibility to do that. He suggested they could amend the bill to gear it toward large developments and multi-family dwellings and not single family dwellings.

**Summary of testimony presented in opposition:
Natch Greyes – Business and Industry Association**

- The BIA is opposed to the bill though they support affordable housing.
- This bill does not give parameters around how much this fee can be.
- It is important to make sure any additional cost for development is within the parameter of what is possible for projects to pencil out at. If the project is too much they won't get built.

- Another concern they have is that this might result in stranded money. They agree that any money generated for affordable housing is best put to use by existing programs with proven track record, one of the limitations of this bill is money can only be used for investment in affordable housing in the municipality where the fee was collected.
- He gave an example explaining that if the City of Concord collected a fee and an affordable housing project was identified in the neighboring town of Boscawen, the money collected by Concord could not be utilized by that project.
- They don't believe the way this is structured will yield the desired results.

Sen. Perkins Kwoka asked if there was a structure he thought would work such as a regional or county element.

Mr. Greyes said they are generally not supportive of additional fees on development; however, a simple fix would be automatically sending the money to the NH Housing Finance Authority or the CDFA without a geographic restriction.

Sen. Perkins Kwoka asked Mr. Greyes how this proposal differs from an impact fee.

Mr. Greyes explained that an impact fee is calculated to relate to a specific need of the municipality. If you do a development project that will increase traffic, the impact fee may be used to increase the road. There's no impact for housing. The difference is while there are general goals to increase housing, there's no set goal per municipality.

Sen. Lang referenced line 8 of the bill and asked what inclusionary zoning ordinances are.

Mr. Greyes stated there is a specific statute on this. When a development is proposed, some portion of that is encouraged to be affordable. Typically, it is 10%. One problem with inclusionary zoning is that it is dependent on the market. Portsmouth recently did a study. They have incentives in place to encourage affordable housing alongside market rate housing; however, their incentives aren't working and they are looking to change them. He said that when affordable projects are proposed to be deed restricted to that category, it is important that the math is done in a way that is possible and that often requires assistance from organizations like NH Housing or CDFA.

Phil Jasak – Home Builders Association

- They are opposed to fees on building houses.
- Mr. Jasak said we have a significant shortage of housing in NH due to a lack of supply at all levels.
- If you impose a fee on market rate housing, for example, you're adding 20-60% of that fee on top of that house. If the fee costs \$100, you're adding \$120-160 onto the price of the house. Adding to the price of the house gets placed on the consumer.
- The median house price in NH is \$535,000. Median income is not even close to being able to afford the median price of a home. That also affects the rental

vacancy rate, which is very low, because folks that would ordinarily be able to afford a home are now stuck renting.

- They are opposed to all fees on development.

Sen. Sullivan asked if it would be fair to assess this as a penalty for builders not meeting the criteria that is put forth for affordable housing.

Mr. Jasak said yes.

Sen. Sullivan said many families starting out will go into a duplex. She asked if this bill would raise the cost of those dwellings.

Mr. Jasak explained that in this situation it would be new construction.

Sen. Perkins Kwoka asked if the proposal that was discussed with Mr. Deshaies to limit the bill to commercial development would change his answer.

Mr. Jasak said probably not but he would have to discuss it with their multi-family builders.

Sen. Lang stated that if you have someone currently in an affordable home, this bill might keep people in that house rather than being able to upgrade.

Nick Taylor – Housing Action of NH

- They are sympathetic to the intent of the bill but are opposed as it is currently written.
- A lot of their members are affordable housing developers who would develop this type of housing.
- They are concerned that this bill could potentially create small trust funds throughout state, which might have \$10,000-15,000 in them, which would not really be enough to get a project built. Unlike an impact fee that would go to roads or things that are already within a municipality's budget, this could be a situation where getting a project built would not be helped with a \$10,000 fee. These projects costs millions of dollars. This might be different in a larger city where they have the scale to have a valuable local trust fund but not in a smaller community.
- With regard to the inclusionary zoning piece, they have seen in cities such as Portland, ME and Somerville, MA less overall housing construction with unfunded mandatory inclusionary zoning requirements. The outcome doesn't align with the intent. You actually end up creating more scarcity.
- Portland, OR created a funded inclusionary zoning model where they use a property tax credit to hold the development harmless. There are versions of this that can work but with a financial penalty, we see less construction.

Sen. Perkins Kwoka reiterated what Mr. Taylor said that one model that works is a property tax abatement or credits at the local level against multi-family development.

Mr. Taylor confirmed that and offered to follow up with additional information.

Ms. Jonie McIntyre – NH Assoc of Realtors

- Ms. McIntyre stated that they appreciate the goal of the bill but are opposed to it.
- The median home price is \$535,000. The cost to close on a house has also increased because charges like transfer tax and title insurance are based on a percentage of the selling price.
- They don't think any fee will help solve the affordability problem. It will just increase those costs.
- There are no guardrails on the fee. A town could make the fees so high that no development will happen.
- Housing already supports affordability through the Real Estate Transfer Tax. The first \$10 million of the RET goes to the affordable housing fund. She said it would be great if we could allocate more of that money to affordable housing.
- Larger rental units will bear the cost of the fee and be transferred onto renters who aren't able to save to buy a house.

Senator Perkins Kwoka stated that multi-family development costs 38 cents on dollar vs. single family homes. She asked if this bill presents a political incentive to welcome housing into the community in places where politically it's difficult to build new housing.

Ms. McIntyre said she didn't see it.

Sen. McConkey asked if she mentioned a percentage of how much closing costs are increasing.

Ms. McIntyre said in RET the buyer pays \$7.50 per thousand of the selling price. Title insurance is based on a percentage of selling price. Homeowner's insurance is based on value.

Senator Lang recessed the hearing until 9:00 AM on January 21, 2026.