

# Senate Commerce Committee

*Aaron Jones 271-2609*

**SB 145-FN**, relative to New Hampshire housing champion designation for municipalities and making appropriations therefor.

**Hearing Date:** February 14, 2023

**Time Opened:** 9:59 a.m.

**Time Closed:** 10:37 a.m.

**Members of the Committee Present:** Senators Gannon, Ricciardi, Innis, Soucy and Chandley

**Members of the Committee Absent :** None

**Bill Analysis:** This bill establishes a New Hampshire housing champion designation program, including a housing production municipal grant program, and a housing infrastructure municipal grant and loan program. The bill also establishes positions within the department of business and economic affairs and makes appropriations for the programs.

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**Sponsors:**

Sen. Perkins Kwoka

Sen. Soucy

Sen. Rosenwald

Sen. Whitley

Sen. Bradley

Sen. Watters

Sen. Chandley

Sen. Prentiss

Rep. Wallner

Rep. Alexander Jr.

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**Who supports the bill:** 132 individuals were in support. Full sign in sheets are available upon request by contacting the Legislative Aide, Aaron Jones (aaron.jones@leg.state.nh.us).

**Who opposes the bill:** Representative Alvin See, Julie Smith, Jane Aitken, Ellen Mohnkern, Julie Le Doux, Lillian Garruba, Cindy Kudlik, James Crittenden, Curtis Howland, Daniel Itse, Maureen Hardy, Jesse Medeiros

**Who is neutral on the bill:** No one

**Summary of testimony presented in support:**

***Senator Rebecca Perkins Kwoka***

- This bill would establish a voluntary program for municipalities to access state funds to address the affordable and workforce housing crisis.
- The current housing vacancy rates are 0.5 percent, and the state is short at least 20,000 units.

- Municipalities would apply to the Housing Champion Program, and they would be accepted based on a commitment to policies that promote workforce housing. Those policies would include zoning ordinances that promote workforce housing development, the improvement of sewage and water infrastructure, and the building out of sidewalks and public transportation.
  - A \$1 million appropriation made to the Housing, Planning, and Regulation Municipal Grant Program would aid municipalities in enacting these initiatives.
- Once a municipality has been deemed a “housing champion,” they are eligible for two discretionary funds.
  - The Housing Production Municipal Grant Program, which would include grants for newly constructed workforce housing units on a per unit basis, would total \$3 million.
  - The Housing Infrastructure Municipal Grant and Loan Program, which would support new construction or capacity increases for drinking water, sewer, telecommunications, and other infrastructure, would total \$25 million.
- Senator Perkins Kwoka said this bill had been a product of bipartisan work that could empower the growth of workforce and affordable housing, while also respecting local control.
- This bill would break down existing barriers to housing development, which include a reluctance towards increasing workforce housing due to concerns about the impact it would have on water and sewer infrastructure, schools, and safety services.
- Senator Perkins Kwoka said support would be impactful because water and sewer cost about \$2 million a mile.
- Senator Perkins Kwoka concluded that the housing crisis touched all aspects of life from small businesses owners who are struggling to attract and retain workers to community hospitals and mental health centers who are unable to compete with neighboring states to working families that are left with few housing options.

### ***Natch Greyes, NH Municipal Association***

- This bill would establish a voluntary program with access to money to invest in specific infrastructure that is designed to make housing cheaper.
- Public water and sewer lines do not require certain things, such as the installation of radon mitigation units, which makes it cheaper for housing to be built.
- This bill would help municipalities that are interested in changing zoning ordinances, so they can have smaller lots in higher density, walkable neighborhoods that promote economic growth.

### ***Michael Thornton***

- Milford has an affordable housing shortage, and Mr. Thornton said homeowners are at odds with apartment dwellers who are unwilling to accept the concept of tiny homes or dwelling units. If they become homeowners, they have argued that they would pay higher taxes.
- Mr. Thornton emphasized that businesses, and even schools, need workforce housing.
  - Proficiency scores, for example, have been impacted districtwide as learning difficulties have increased.
- Mr. Thornton said housing shortages are a societal problem.
- This bill would encourage integration and creation of a town masterplan. While the process seemed a little disjointed, and he expressed concerns over the possible obligations or strains associated with the program, Mr. Thornton supported the “carrots” being offered.

### ***Michael Skelton, Business and Industry Association-NH***

- In the first six months of his role, Mr. Skelton met with as many members as possible.
  - Their first concern had been about workforce availability, which effected businesses of all shapes and industries.
  - Their second concern had been on housing. They saw a direct connection between housing affordability and accessibility in their area to the growth and retention of their workforce.
- The Association felt this bill would be another positive step forward in conjunction with previous progress made by the Legislature. Those efforts included funds added to the Affordable Housing Fund, the ability to build accessory dwellings, and the creation of the Housing Appeal Board.
- Statistics and data have shown that the housing market has remained out of balance because it has been too costly and prohibitive for some residents, which has had an impact on the workforce and quality of life.
- Instead of top-down mandates, this bill would take a unique and significant step forward with creative approaches through the use of “carrots” and incentives.
- Depending on where they are located, communities could have plans that look differently. This program would provide a way on how each community plan could be developed and how the housing and affordability crisis could be solved.
- Mr. Skelton said there was no silver bullet to create 20,000 new units; instead, they are a lot of unique approaches that could be pursued.

### ***William Sherry, Granite United Way***

- Through their programs, services, and donors, they have interacted with about one-in-three individuals throughout the state.
- Mr. Sherry said access to affordable housing is crucial for healthy communities, children, and families.

- This bill would provide voluntary opportunities at the community level for people to work together and create a tool that could be used by communities to build affordable housing.
- Financial stability, early childhood education, and homelessness are issues that intersect with affordable housing.

***Will Stewart, Executive Director, Stay Work Play NH***

- The mission of Stay Work Play NH has been the attraction and retention of young people.
- According to Executive Director Stewart, housing and its affordability are the number one issues facing young people in the state.
- While progress has been made, Executive Director Stewart believed this bill had the potential to move the needle further.

***Ben Frost, Deputy Director, NH Housing***

- Deputy Director Frost said this had their enthusiastic support because it recognized that municipalities are trying to do the right thing.
- Ten years ago, NH Housing administered a \$1 million federally funded Community Planning Grant Program, which provided resources to municipalities to engage in innovative local planning and regulatory development. Over three years, 45 grants were provided.
- On behalf of the Department of Business and Economic Affairs, NH Housing has administered a portion of Invest NH, which is a \$5 million planning and zoning grant program. In the first six months, they have approved over 40 grants totaling more than \$2 million.
- Deputy Director Frost said the need for these resources were extraordinary, and this bill would pick up where their programs left off.
- Deputy Director Frost concluded they were asking for a housing friendly regulatory environment to be created where developers would have better opportunities to develop necessary housing.

***Wendy Hunt, Greater Nashua Chamber of Commerce***

- Without exception, Ms. Hunt said the main concern raised by stakeholders has been about their workforce and the losses caused by a lack of housing.
- Ms. Hunt read a section from an op-ed published by the Housing Champion Coalition, which stated, “New Hampshire has the opportunity to serve as a national model on how to address the housing issue. We can model how to build more housing while protecting our beautiful natural resources. We can add homes to a community and protect its rural character. We can bring communities into the process to proactively envision their future. And we can make sure that our state government is supportive by providing resources where needed. The Housing Champion program takes the long view by letting towns and cities decide if they want to continue by offering recertification every three years. In addition, the state funding connected to the program will provide

needed relief to tight municipal budgets by returning taxpayer money to our towns and cities in connection with this important state goal.”

***John Nyhan, President, Hampton Area Chamber of Commerce***

- Mr. Nyhan said this bill would be critical to move forward with positive solutions for affordable housing throughout the state.
- Mr. Nyhan provided the Committee with a letter from the Seacoast Chamber Alliance, which represents over 2,500 business members and 20,000 employees, and their main issue has been housing.
- The Hampton Area Chamber of Commerce covers five communities from Seabrook to Rye, and Mr. Nyhan said they each have their own issues.
  - North Hampton, for example, has had the business community and municipality struggle over the option of public water and sewer. They have tried to convince the municipality to arrange and create a similar business-community system for housing.
- Mr. Nyhan concluded that it is critical these types of voluntary options are available to encourage local municipalities as well as planning and zoning boards to participate in such a program.

***Elissa Margolin, Director, Housing Action NH***

- The idea of this proposal came from a task force created by Governor Sununu in 2019 to address the housing crisis.
- This proposal evolved and improved through a coalition of partners, including the business community and the NH Municipal Association. They were able to determine what a carrot was, what a true partnership was, and the actual barriers where states could be a helpful partner and how the market could address workforce housing needs.
- Director Margolin believed this bill was ready for primetime.

***Harrison Kanzler, Executive Director, AHEAD***

- AHEAD is a non-profit affordable housing developer, manager, and educator that serves Carroll County, Coos County, and Grafton County.
- Mr. Kanzler thought this bill would provide wonderful opportunities for the state, specifically rural communities.
- Recently, they have had three municipalities reach out regarding partnerships to help solve the housing crisis they are facing.
- In rural communities, they do not know if they can fulfill housing needs based on the infrastructure that is required.
- Given that outdoor recreation is a large part of the state economy, access to funds to ensure they are growing in an intelligent and planned way is integral.

***Maggie Randolph, Owner, GSD Studios***

- The Randolph's are owners and builders of the cottages on Back River Road, which is an affordable housing project in Dover, and they are set to remain as affordable rentals in perpetuity.
- Their project originated as a way to support their staff at Harmony Homes Assisted Living. It was entirely constructed through their own personal funds and other private funds, and they have operated with little overhead.
- Mrs. Randolph said this project would not have been possible without the innovation and support from the City of Dover. They utilized a zoning program that enabled them to receive approval from the City in a streamlined way, which dramatically cut down on overhead expenses.
- The Randolph's chose Dover because it had infrastructure and zoning in place that was not cost prohibitive.
- The Randolph's were enabled to increase the density of their single-family zone by creating 44 units of workforce housing, which are available to those making about \$45,000, instead of building 9 single-family homes that would have sold for \$700,000 or more.
- Since Dover has served as a champion, they can build an additional 35 homes. Mrs. Randolph said the state needed more champions.
- More municipalities need to improve zoning and regulatory processes, and ideally utilize public water and sewer to support increased density.
- **Senator Gannon** asked if these were the tiny houses from TV.
  - **Mrs. Randolph** responded yes.

***John Randolph, Owner, GSD Construction and Harmony Homes Assisted Living***

- Harmony Homes wanted to build a skilled nursing facility; however, there is a moratorium against it due to staffing shortages.
- Mr. Randolph said housing shortages have made it tough to sustain a business and nearly impossible to grow one. He believed they were not far from companies leaving or closing entirely.
- Mr. Randolph said the state needed to address how to build affordable housing to attract new individuals and families.
- By the end of 2023, they will have built 51 affordable units in Durham and Dover.
- Margins for building affordable housing do not allow for lengthy municipal planning processes.
- To build affordable housing, Mr. Randolph said more municipalities needed to be creative with their housing solutions.
- Mr. Randolph believed this legislation would be an investment that would pay back for decades.
- **Senator Gannon** asked if a preference would be given to police, teachers, firefighters, or essential service workers.

- **Mr. Randolph** said they would offer them to Harmony Home employees, particularly LNAs and caregivers, and they were working with area agencies, including hospitals, to support them too.

***Chris Norwood, 2023 Chair of Public Policy Committee, NH Association of Realtors***

- As of January 2023, the housing inventory is at about 1,200, which is about 10 times less than the Great Recession. Ideally, Mr. Norwood said they wanted it between 4,000 to 5,000 units.
- In January 2023, only 600 homes were sold, which represented a 10 year low.
- While this is a complex problem, Mr. Norwood said this would be one piece to gain more supply.
- On Page 1, Line 23, Mr. Norwood pointed out where it talked about voluntary education for zoning board members. As stewards of private property rights, Mr. Norwood said additional training can heighten their awareness of the importance of protecting property rights. Without additional education, Mr. Norwood said it can lead to untimely litigation.

***Allan Reetz, Hanover Co-op***

- Mr. Reetz said this bill would be critical.
- If the Committee were amenable, Mr. Reetz hoped safe bicycling would be included. He hoped municipalities would consider, for example, how bikes are used by vulnerable populations year-round to get to their jobs, appointments, and to or from their housing.
- Given the growing use of e-bikes, they wanted to ensure that roadways are made safer for pedestrians, bikers, and drivers.
- Mr. Reetz asked the Committee to amend Page 2, Line 4 to read as, “implementation of public transportation, sidewalks, and walkability and safe-bicycling infrastructure...”.
- Eight local businesses and organizations have worked with communities in the Upper Valley and EverNorth to commit \$9 million to a revolving loan fund to spur affordable housing. The housing would be targeted towards eligible, at large residents.
- Mr. Reetz asked what would be next and how could they help.

***Nick Taylor, Executive Director, Seacoast Workforce Housing Coalition***

- The Coalition has worked with communities in their region, which are excited about this legislation.

**Summary of testimony presented in opposition:** None

**Neutral Information Presented:** None

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Date Hearing Report completed: February 21, 2023