



# ROOM FOR EVERYONE

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Reclaiming Local Voices  
in New Hampshire's Housing Debate



2026

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New Hampshire Municipal Association  
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## EXECUTIVE SUMMARY

### The Challenge: A complex crisis with no single magic bullet

New Hampshire's housing shortage is a multifaceted crisis driven by a decade-plus of under-building following the Great Recession, which has been further strained by inflation and high interest rates. While increasing housing stock is vital, state policy has recently shifted away from successful state-local partnerships toward universal zoning mandates. However, land use rules alone did not create this shortage, and preempting local authority cannot solve it. Meaningful progress requires addressing the true drivers of costs such as financing, construction materials, labor availability, and infrastructure capacity.

### The Solution: Locally tailored growth through a balanced partnership

Real solutions are found in community-driven planning that balances state goals with local realities. Between 2022 and 2024, New Hampshire saw thousands of units approved through incentive-based programs like InvestNH and Housing Champions. These programs provided municipalities with the resources to adapt and grow, allowing for locally tailored solutions that respect the unique character of each of our 234 communities while clearing the path for new construction.

### The Benefit: Ensuring fiscal integrity and predictable prosperity

Maintaining a healthy governance balance ensures that growth is sustainable and fiscally responsible. When the state ignores local infrastructure limits, it creates a cause-and-effect gap where state-level mandates lead to higher local property taxes for existing residents. By prioritizing local options and consistently funding infrastructure grants, we safeguard the financial health of taxpayers. This approach leads to predictable prosperity where new development adds long-term value to the entire Granite State without compromising the quality of life within its diverse communities.

There is widespread bipartisan agreement that New Hampshire does not have enough housing units, specifically affordable residential and rental properties. However, rather than continuing to pursue a broad approach to increasing housing stock, state policymakers have shifted focus to preempting local options regarding zoning and land use.

This large-scale legislative effort to centralize these historically local functions under state authority gained traction over the past year in part because the issue crosses party lines, attracting supporters ranging from free market conservatives who favor eliminating local government regulation to

progressives concerned about homelessness and affordable housing. While this narrow focus on zoning can't solve the much larger problem by itself, it has no impact on the state budget and enables policymakers on both ends of the political spectrum to demonstrate action—although, in fact, the barrage of 2025 legislation did little to meaningfully address affordability, despite increasing financial pressures on municipalities.

**'NEW HAMPSHIRE IS NOT A HOME RULE STATE, YOU NEED PERMISSION. WE GAVE THESE TOWNS PERMISSION TO SET ZONING, AND NOW, LIKE LUCY WITH THE FOOTBALL, WE'RE TRYING TO TAKE IT BACK.'**

NH state senator, 2025

The state's housing shortage stems from a combination of complex economic factors, the majority of which cannot be addressed through one-size-fits-all zoning mandates; these include high monthly rents and home prices, coupled with higher interest rates for borrowers and builders, increased building materials costs, infrastructure limitations, and demographic trends.

The New Hampshire Municipal Association (NHMA) and its members are committed to a governance balance that preserves the voice of voters and respects locally tailored solutions. We believe that responsive community planning is

more effective than universal mandates, which often ignore the practical realities of municipal infrastructure and long-term master plans. By acting as vital collaborators with the state, we can avoid the cause-and-effect gap where top-down policies inadvertently drive up costs for local property taxpayers.

From the White Mountains to the Seacoast to the Connecticut River Valley, New Hampshire communities have diverse needs, constraints, resources, and preferences. The Granite State's tradition of local decision-making through town meetings and direct voter input is fundamental to our character and quality of life.

NHMA supports balanced, community-driven growth that delivers needed housing and commercial development while managing local impacts through creative, shared solutions. By promoting locally tailored solutions, we can manage the practical impacts of development through coordination rather than control. This approach ensures that new growth is sustainable and serves as a bridge to shared prosperity for both municipalities and the state.

The first step on the path to where we want to be is understanding how we got here.

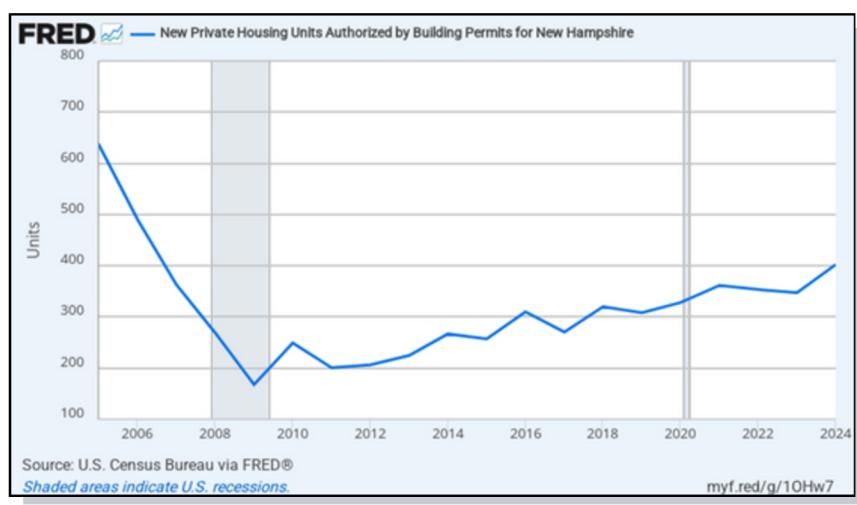
While the Covid-19 pandemic feels like a convenient starting point, the seeds of the state's housing deficit were planted almost 20 years ago. Since the Great Recession of 2007-2009—caused by a burst housing bubble fueled by risky subprime lending, complex mortgage-based financial instruments, and insufficient regulation—New Hampshire and the nation have failed to build enough new housing units to keep

pace with growth.

For several years, this was not seen as a critical issue by policymakers or the public, with “Housing” not registering as a specific concern in the UNH Survey Center’s longitudinal Granite State Poll question asking what is “the most important problem facing New Hampshire” until 2021. In fact, many news articles from the 2010s presented rising home prices as a positive development for homeowners, and with record low interest rates, New Hampshire maintained a balanced housing market through 2016.

Additionally, the pace of rent increases was not as steep as it has become in recent years, with the average annual increase below 4% from 2015-19.

However, the long-term supply issues created by the low number of building permits issued in the prior decade were supercharged by the Covid-19 pandemic in 2020, which highlighted the importance of housing security; it also increased demand from out-of-staters living in metropolitan areas looking for a more rural place to live and telework, as illustrated by the fact that Carroll County saw the largest percentage population gain of any New Hampshire county this decade, growing by 5.0% since the 2020 census.



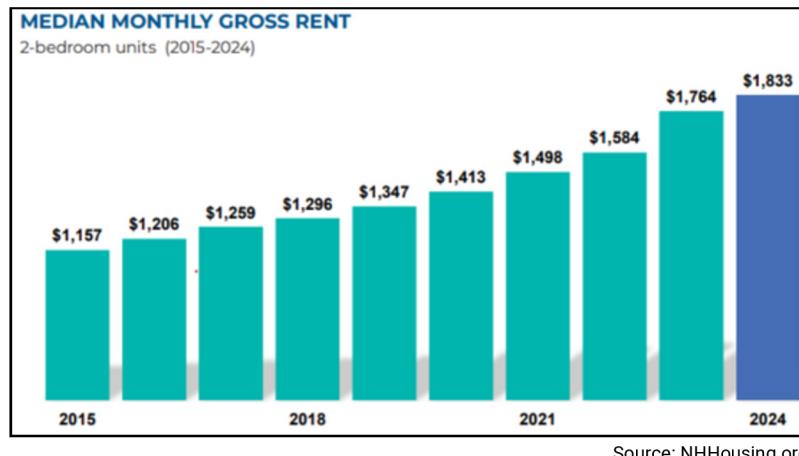
Data from 1/1/2005 through 1/1/2025

Post-pandemic, inflation and high interest rates sustained the price pressure by creating a feedback loop that further constricted supply. Due to high borrowing costs—Realtor.com is predicting that 30-year fixed mortgage rates will stay around 6.3% through 2026, while Redfin expects them to be around 6.8%—many prospective buyers have been priced out of the market, while homeowners with ultra-low pandemic-era mortgage rates have been hesitant to sell and pay a higher interest rate on their new home.

The recency bias that led many people to assume the low interest-rate environment of the 2010s would persist—despite historical data that shows interest rates can and do change dramatically—has completely flipped, impacting the housing debate by creating a perception that the recent trend of bidding wars and high prices will continue indefinitely.

New Hampshire's demographics also play a part. The state's population increased a whopping 50% between 1970 and 1990, and right now many of the people who moved here in the 1970s and 1980s are 60-plus and holding onto their homes. New Hampshire—the second-oldest median-age state in the country—is experiencing more deaths than births and only growing, albeit slightly, because of in-migration, with 75% of new residents since 2020 coming from elsewhere in the U.S. (primarily Massachusetts) and 25% emigrating here from other countries, according to U.S. Census Bureau data. On a positive note, from 2019 to 2023, about 77% of the people who moved to New Hampshire were 45 and under, according to Census survey data.

As home ownership moved further out of



Source: NHHousing.org

reach for more people, rents in the state exploded, increasing 35% from 2019-24 and making this a deeply personal issue for even more Granite Staters.

These factors explain why housing has become the major issue in New Hampshire, with the topic first showing up in the UNH Survey Center poll in September 2021 and taking over the top spot in March 2023.

The confluence of these long-term trends has created a sense of urgency to “fix the problem yesterday,” notwithstanding that it took more than a decade to reach this stage—and it will take several years of sustained, collaborative effort to reach market equilibrium.

## A Collaborative Beginning

The push for action began in 2019 when the governor established a housing task force bringing together state and local officials and industry experts. The task force recommended a three-pronged strategy focusing on *enhancing* “local control,” improving process predictability, and accelerating investment in housing development.

In 2020, the Housing Appeals Board was established to address planning and zoning appeals outside the court system. Other recommendations gradually made their

way through the legislature and 2022 marked a watershed moment with the passage of legislation that included reasonable procedural changes to local land use boards. Perhaps most significantly, the state imposed timelines on local decision-making—but did not take away the right of cities and towns to make these decisions. Additionally, local land use boards were required to provide specific written findings of fact supporting their approvals or denials, and all land use fees had to be posted.

Recognizing that effective local governance requires knowledgeable board members, the state expanded training opportunities for planning and zoning board members.

The legislature also expanded municipalities' tools for addressing housing needs. The definition of "public use" under Tax Increment Finance statutes was broadened to allow municipalities to acquire property specifically for constructing workforce housing. Local governments gained the ability to designate TIF (Tax Increment Financing) Districts with the explicit purpose of increasing housing stock, giving them a powerful financial mechanism to encourage development.

Legislation also significantly increased state funding for wastewater infrastructure projects and created programs to create partnerships between the state, municipalities, and the private sector.

InvestNH, established in 2022, helped build nearly 5,000 units of affordable housing, according to the state Department of Business and Economic Affairs (BEA). The program also provided funding to municipalities through Community Housing Navigator and Housing Opportunity



Planning (HOP) Grants to study zoning or other regulatory barriers to affordable housing, identify potential changes to local land use regulations, and update those regulations based on their findings—in other words, fostering bottom-up, grassroots support for locally adopted zoning changes as opposed to implementing top-down edicts.

Housing Champions was established in 2023 to encourage and incentivize municipalities to adopt zoning and planning policies that facilitate the development of workforce housing. According to the BEA, the 18 Housing Champion communities were responsible for approving 2,096 housing units, or 43% of the total number of units approved in 2023. Additional municipalities were working toward Housing Champion designation before the program funding ran out this summer.

While more onerous universal zoning mandates were proposed between 2022 and 2024, they did not advance. Rather, the 2020-24 period reflected a deliberate balancing act: preserving meaningful local authority while creating incentives and removing barriers to promote housing development.

**'WE SHOULD NOT BE PASSING LEGISLATION TELLING THE VOTERS YOU DO NOT COUNT ANY MORE, AND THAT IS WHAT WE ARE DOING.'**

NH state representative, 2025

## A Shift in Focus

In 2025, housing remained the top issue among voters, but the political calculus changed considerably. With slumping state revenues and the sunset of more than \$2 billion in federal aid, the financial picture was vastly different.

No additional funding was authorized for new or existing housing incentive programs, and funding was cut for the Housing Appeals Board and regional planning commissions. New funding for State Aid Grants (SAG) for eligible local wastewater projects, which have historically covered 20% to 30% of the principal and interest payments on completed environmental infrastructure projects, was severely reduced; currently this program has no grant funds available for new or some existing projects. Additionally, several road or bridge infrastructure upgrades may be cut from the state's 10-year highway plan this year.

In this fiscal climate, one-size-fits-all mandates became the preferred lever for policymakers feeling pressure from constituents, interest groups, trade organizations, and donors to act. Dozens of proposals, broadly framed as a response to the state's housing shortage, sought to eliminate local options while simultaneously increasing local administrative burdens and further straining infrastructure and municipal parking capacity. This shift ignores the governance balance necessary for sustainable growth and fails to address the cause-and-effect gap between state policy and the resulting pressure on local property taxpayers.

The talk of enhancing local capacity was replaced with a false narrative that local zoning created overly burdensome restrictions on housing development.

Almost all the 2025 land use bills ended up

## THE LIMITS OF PREEMPTION

Focusing solely on zoning preemption as a solution to housing shortages has significant limitations:

**Ignores Root Economic Causes:** Zoning mandates do not address fundamental drivers like construction labor shortages, material costs, or financing challenges. Even with relaxed zoning, developers may still find projects economically unfeasible due to high land costs or construction expenses that have risen dramatically.

**Does Not Guarantee Affordable Housing:** Zoning preemption typically enables market-rate or above development, but market-rate housing in high-demand areas often remains expensive. Without complementary policies like inclusionary requirements or subsidies, new units may still be unaffordable to moderate and low-income residents.

**Infrastructure and Service Gaps:** Local governments may resist density mandates partly because they lack resources for infrastructure upgrades. Simply allowing more housing without addressing wastewater capacity or transportation needs can create quality-of-life problems that generate backlash against housing development.

**Misses Demand-Side Issues:** Zoning mandates are a supply-side solution that doesn't address factors that artificially inflate housing demand, such as speculative investment or converting long-term housing stock into short-term rentals.

**Political Sustainability Problems:** Top-down mandates without local buy-in often face sustained resistance, lawsuits, and workarounds that can undermine their intent. Building broader coalitions around comprehensive housing strategies fosters more durable and sustainable change.

on the House or Senate consent calendars, meaning there was no debate in either chamber on the merits or drawbacks of these bills beyond the initial public hearings before committees dominated by the same legislators who were proposing these changes.

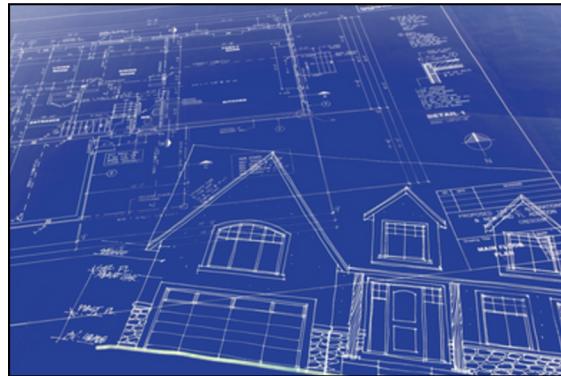
Nearly absent from the debate was consideration of ways to build more affordable housing, such as funding for existing incentive programs or authorizing local options to broaden inclusionary zoning policies to encourage or require developers to set aside a share of new or rehabilitated housing units to be sold or rented at below-market rates.

This focus on relaxing zoning requirements to allow more market-rate housing fails to address the core affordable housing crisis and may worsen conditions for those most in need. Case in point, the listing price for new construction in July 2025 was nearly \$750,000, almost 40% higher than the listing price for existing units, according to PrimeMLS data compiled by New Hampshire Housing.

## Unpacking Deeper Issues

More supply via more expensive housing may eventually lower prices overall, but it is an extremely slow process. The fundamental problem with building more market-rate homes and apartments is timing. The so-called “filtering” process is the idea that by simply increasing the supply of market-rate housing, older units will eventually become affordable for lower-income families. However, this is a decades-long process that offers little help to the Granite Staters struggling to find a home today.

This approach is akin to arguing that opening more high-end restaurants will make food more affordable for everyone. Yes, the fancy restaurants might compete with each other and may lower their prices slightly, but this does not make groceries cheaper or create more affordable dining options for working families. To provide immediate relief, we must move beyond passive “filtering” and toward locally tailored solutions. Unlike a one-size-fits-all mandate that assumes every town has the same needs, community-driven planning



allows local leaders to implement high-impact tools that work right now.

The state needs to make nearly 25,000 more homes affordable for extremely low-income households, according to the National Low Income Housing Coalition. The organization found that in New Hampshire, for every 100 extremely low-income households, defined as earning less than 30% of area median income (AMI), there are only 39 affordable and available rental units.

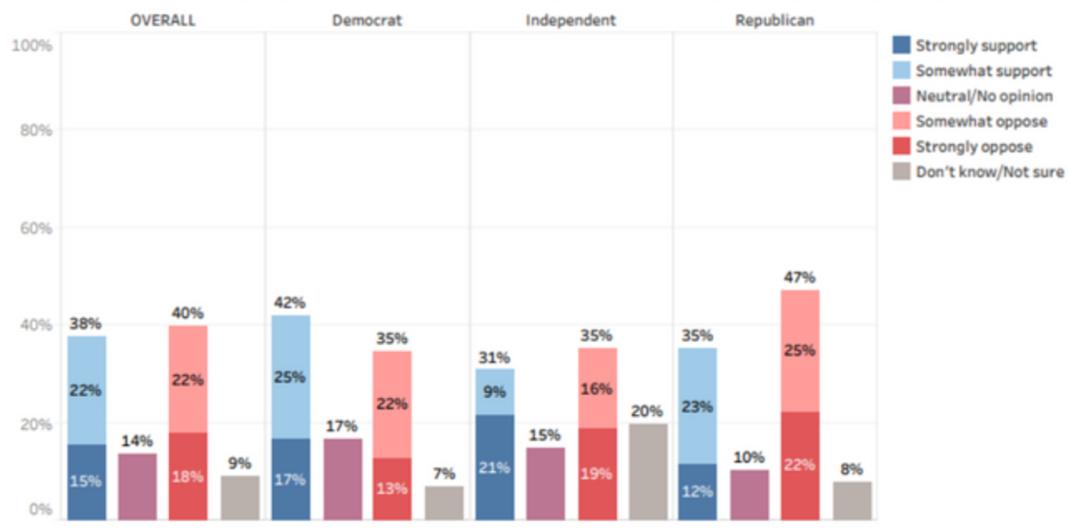
For zoning changes to meaningfully address affordability, they must be coupled with specific affordable housing incentives municipalities can choose to offer such as inclusionary zoning, mandatory affordable units, or housing investment fees dedicated to low-income housing. Without complementary policies like these and others, statewide zoning standards can become a giveaway to developers that may accelerate gentrification, increasing housing costs for middle and low-income Granite Staters while failing to house the families who need help most.

But zoning mandates are even more problematic: They sideline the local expertise needed to ensure a law passed in Concord actually works in a rural town or city. Local governance tends to have higher rates of trust and civic participation; people are more likely to attend town meetings, run for a local office, or stay informed about local issues than state or

The New Hampshire Legislature is considering several bills that require towns and cities in the state to adopt zoning policies making it easier to build new homes. Some argue that this is necessary to increase the number of houses in the state, while others argue that decisions on zoning and home-building should be left up to local communities.

Granite Staters are about evenly divided on this issue: 38% strongly (15%) or somewhat (22%) support requiring town and cities to adopt zoning policies that make it easier to build new homes, 40% are strongly (18%) or somewhat (22%) opposed, 14% are neutral or have no opinion, and 9% are unsure. Democrats (42%) are slightly more likely than Republicans (35%) and Independents (31%) to support requiring town and cities to adopt zoning policies that make it easier to build new homes.

**Support or Oppose Requiring NH Towns & Cities to Relax Zoning Policies to Encourage Housing - by Party ID - May 2025**



Source: <https://cola.unh.edu/unh-survey-center>

national ones. Centralizing decision-making for the perceived sake of expediency reduces opportunities for meaningful democratic engagement.

The benefit of a more balanced approach is clear: it preserves the agency of our cities and towns while delivering results. When we prioritize locally tailored solutions over universal mandates, we don't just hope for affordability in the distant future, we build it into the fabric of our communities today. By empowering the voice of the voter, we ensure that New Hampshire remains a place where "pro-growth" and "pro-community" go hand-in-hand.

A May 2025 poll from the UNH Survey Center called into question the oft-repeated claim that there is widespread support to override local optionality. The survey found that 36% of respondents say housing remains the state's largest problem, but slightly more Granite Staters opposed (40%) "requiring NH towns & cities to relax zoning

policies to encourage housing" than supported it (38%). The use of the word "requiring" is the crucial distinction between previous polls by other organizations, which indicated more support when the questions were phrased as "encouraging" or "supporting" or "helping" NH cities and towns to build more housing. Put simply, more voters see one-size-fits-all mandates from the state as limiting the agency of voters to influence their own quality of life.

## Building a Sustainable Future

Although recent state data on housing inventory and cost shows modest indications of moving in a positive direction, it's far too soon to consider it a trend.

Year-over-year price increases for homes have slowed, and homes are on the market longer—hitting a six-year high this summer. As of July 2025, there were 6,693 homes for sale in New Hampshire, up 17.6% year over year. The number of newly listed homes was

2,262, up 10.1% year over year, according to Redfin.

In addition, in the five-year period ending July 1, 2020, an average of 298 building permits were issued per month for single or multi-unit dwellings. The average over the subsequent five-year period ending July 1, 2025, was 364—a 22% increase.

Finally, the ultimate exit of baby boomers from the housing market via downsizing, relocation, or death also may narrow the supply gap.

These developments, all in motion well before the recent enactment of statewide policies, illustrate that the housing shortage in New Hampshire is driven by a web of interrelated challenges, not a single culprit.

Despite this complexity, the knee-jerk reaction has been to point fingers at local zoning, casting it as the culprit behind the crisis. Reducing the conversation to a simplistic blame game not only misrepresents the problem, it also distracts from the broader systemic changes that are truly needed. Additionally, it villainizes local officials—and local voters—which polarizes the debate and risks alienating municipalities, further stalling implementation.

The focus on zoning is contradictory to previous efforts by the legislature to create a partnership between local governments and the state to address housing through well-considered programs like Housing Champions and InvestNH. It also fails to acknowledge the fact that many cities and towns face genuine infrastructure limitations; sewer systems, water capacity, school enrollment, and traffic patterns may require significant upgrades before accommodating more housing density. For example, when the state cuts funding for wastewater or incentive programs, it doesn't eliminate the need; it simply shifts the cost to the local property tax bill.

Even if backers of universal mandates sell them as “loosening the rules,” they still impose uniform standards across diverse municipalities. Land is a finite resource, and zoning ordinances exist to guide responsible growth and safeguard property values. Preventing community input and local options on zoning will eliminate the current balance of private property rights and development that benefits everyone—or that doesn’t hurt existing community members.

The “bundle of rights” argument made by some proponents of state overreach ignores the fact that property rights have always been limited by public interest—from nuisance laws to environmental protections. Zoning laws are longstanding expressions of community standards, not arbitrary infringements.

A more comprehensive approach would combine incentivized local-option zoning changes with infrastructure investments, affordable housing incentives, anti-speculation measures, technical assistance, and community engagement, to name a few.

These approaches work best in combination, addressing both supply-side barriers (cost, land, financing) and demand-side challenges (affordability for end users) while respecting legitimate local concerns about infrastructure and community impact.

New Hampshire’s housing shortage is far from solved. However, to create meaningful progress, the state needs a multifaceted strategy, not more mandates that silence local voices.

By prioritizing locally tailored solutions with funding support from the state, we ensure that growth adds value to our communities today and remains sustainable for the taxpayers of tomorrow.

Together, we can build a New Hampshire where every resident has a place to call home and a future they can afford.

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