



# The First Four Housing Reform Bills of 2025

## Policy brief

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New Hampshire's housing shortage, and the price spike that it created, has made housing the No. 1 problem facing the state, according to University of New Hampshire polling. Fixing the state's housing shortage is such a priority for voters that a 2024 UNH poll found more than 1/3 of voters rating it as the top problem, with the No. 2 problem a full 29 points behind. In response, the state House of Representatives has created a standing Committee on Housing to deal with the issue.

Of the 22 bills referred to the committee, four have been reported out and face a full House vote on Feb. 6. The Josiah Bartlett Center for Public Policy will analyze all 22 bills during this legislative session. Below is our brief analysis of the first four bills to be released for House consideration.

- **House Bill 60**, an act relative to the termination of tenancy at the expiration of the tenancy or lease term.

Under current state law (RSA 540:2), a landlord may not terminate a tenant's lease, even at the lease's expiration, without cause. The statute lists several causes, including non-payment of rent, substantial property damage, failure to

comply with a material term of the lease, behavior that risks health or safety, refusal to vacate for lead paint abatement, or “other good cause.”

In effect, RSA 540:2 nullifies the time limits on all residential rental contracts. Instead of a one-year lease, the law locks both parties into a permanent lease that can be broken only by bad behavior on the part of the tenant or some other “good cause” that exists outside the terms of the lease and that neither party can predict.

A lease is a short-term contract in which both parties agree to abide by all stated provisions between the start and end dates. By nullifying the end date of residential leases, RSA 540:2 transfers the use of one person’s private property to another indefinitely, then creates a very limited set of conditions under which the owner can reclaim the use of that property.

This discourages the creation of additional rental housing, particularly duplexes and triplexes. Though the law is a problem for all owners of rental property, it’s particularly tough on individuals and families interested in investing in small-scale rental property. Owners and potential owners of smaller properties that could be put on the market to increase the state’s severely low rental supply are correctly wary of leasing their homes or small investment properties for fear of becoming locked into permanent leases.

HB 60 fixes this problem simply by recognizing as legally binding the end dates of residential leases. This is a restoration of private property rights that encourage investment in additional rental units.

- **House Bill 399**, establishing a commission to study the New Hampshire zoning enabling act.

HB 399 is probably the most important housing reform legislation of 2025. It establishes “a commission to study the historical evolution of New Hampshire’s zoning enabling act, currently codified at RSA 674:16. The legislative intent is to study the evolution of the New Hampshire Zoning Enabling Act as it turns 100 this year. The goal is to see how the New Hampshire Zoning Enabling Act has

changed over time and to consider and make recommendations for future legislation on the balance of zoning powers between the state and municipalities.”

Among the commission’s tasks is to determine whether “the listed powers are still appropriate and/or applicable today, and if any could be removed or if any not present should be added.”

It also would be charged with examining whether the listed purposes of statute that creates local zoning powers are still appropriate or whether any could be removed, and identifying any alternatives to the zoning enabling act.

The Standard State Zoning Enabling Act dates from 1925, and it’s clear that during the last half of its existence, at least, municipalities have used its powers for purposes not strictly aligned with its core purposes of protecting public health or safety and the general welfare.

The web of regulations spawned by the act has throttled economic growth and left New Hampshire poorer and less vibrant than it would be if not for misguided government interventions, particularly in the housing market.

The complexity of the problem is a big reason why so little progress has been made despite overwhelming public demand for change. Rather than continue to address each discrete issue one at a time, HB 399 would authorize a comprehensive review, one that is long overdue. A top-to-bottom study of how zoning contributed to the state’s housing crisis, along with recommendations for how to untangle the regulatory web, is likely the only way to achieve comprehensive reform.

- **House Bill 444**, an act relative to a tenant's right to notification prior to the sale of a multi-family home.

HB 444 would forbid owners of restricted multi-family residential property from closing a final sale or transfer of the property without first giving “60 days’ notice and the opportunity to make an offer to each tenant in the same manner

and according to the same procedures required of a manufactured housing park owner in RSA 205-A:21.”

In short, owners of apartment buildings with five or more units, and owners of more than three single-family rental homes, would be prohibited from selling their rental properties without first giving every renter two months in which to make a purchase offer.

Owners of mobile home parks face the same restriction under RSA 205-A:21. But there’s a huge difference between apartment renters and mobile home park residents. Mobile home park residents own their homes. They typically rent the land. And they often have associations through which they handle property rental issues.

RSA 205-A:21 is designed to regulate property sales that involve multiple property owners. That’s not the case with apartment renters. Applying the regulations governing mobile home park sales to apartment building sales would only create confusion and delay. Unlike mobile home owners, renters do not have collective associations, do not have a long-term financial investment in the property, and typically do not have the financial resources to purchase even a small home, much less an apartment building.

HB 444 does not fix any of the regulatory problems that contribute to New Hampshire’s housing shortage, but instead would create another one.

- **House Bill 623**, relative to prohibiting corporations from purchasing single-family homes for a certain amount of time.

It’s not clear what problem HB 623 is trying to address. Institutional investors are not heavily engaged in the single-family home rental market in New Hampshire. In fact, a General Accounting Office study in 2023 found that institutional investors accounted for only 3% of the national single-family home rental market, predominantly in the South, Midwest and West.

That study concluded that the huge and sudden increase in institutional investor purchases of single-family homes was driven by the 2007-09 financial crisis and federal policies that followed it.

Fannie Mae's 2012 REO-to-Rental Initiative bulk auctioned thousands of single-family homes for the purpose of converting these homes to rentals. In 2017, "Fannie Mae backed a 10-year, \$1 billion loan to Invitation Homes (one of the largest investors in single-family rental housing) to purchase and manage single-family rental homes," the GAO report explained. "Freddie Mac subsequently launched a pilot program designed to provide liquidity and stability for mid-sized investors (generally those with 50-2,000 properties) and uniform credit standards on loans for single-family rental properties."

Rather than emerging as a predator, institutional investors answered the federal government's call to rapidly increase the supply of rental homes by buying and converting foreclosed properties. They later moved into building their own rental homes, expanding the nation's supply of rental housing.

The GAO report found that the rental homes run by institutional investors are concentrated in the South and Midwest, with some presence in the West, all areas hit hardest by large-scale home foreclosures following the financial crisis. Most New Hampshire homes owned by businesses "can be attributed to individuals or small investors using an LLC to buy the home," according to the New Hampshire Association of Realtors.

There simply isn't a problem with institutional investors buying up homes in New Hampshire. So HB 623 offers a solution to a problem that doesn't exist. Yet its passage could still harm New Hampshire. The bill prohibits the purchase of single-family homes by "non-natural persons" (businesses) "until the property has been on the market for 90 days." It contains a few exceptions. The first allows the purchase of residential housing by businesses for the purpose of converting it to a non-residential use. This, perversely, would encourage businesses to remove existing stock from the state's housing inventory.

Like HB 444, not only does HB 623 address a non-existent problem, but it would create a real one.