

**Assessing Standards Board**  
**Low-Income Housing Tax Credit**  
**Subcommittee Meeting**

**DRAFT**

**DATE:** February 9, 2024

**TIME:** 9:30 a.m.

**LOCATION:** NH Department of Revenue Administration, 109 Pleasant Street, Concord NH

**SUBCOMMITTEE MEMBERS**

(E) Excused

Joe Lessard, NHAAO, Towns <3,000, Chair  
Jim Menihane, NH Housing Finance Authority  
Betsy Patten, ASB, Public Member  
Charles Reese, NHAAO, City  
Loren Martin, Public Member – (E)

Representative Joe Guthrie, ASB  
Robert Tourigny, NeighborWorks Southern NH  
Tom Hughes, NHAAO, Towns >3,000  
Robert Gagne, Public Member

**MEMBERS of the PUBLIC**

William Caselden, Great Bridge Properties

Robert Edwards, Municipal Official, <3,000

Mr. Lessard convened the meeting at 9:30 a.m. Introductions followed.

Mr. Gagne provided a summary of the previous meeting. After some discussion about establishing a range of cap rates, the committee felt it would be simpler to discontinue using a formula and base taxes on 10% of actual rental income which is the circuit breaker within the current statutory language. Mr. Gagne stated he conducted a survey among assessors and taxpayers about the idea and the responses were overall positive. There was a concern that some properties may pay more taxes. Mr. Gagne suggested properties should be paying at least 10% based on the income approach and if they are not, something is being done incorrectly in the current scenario. With the proposed change, no one would see an increase in their tax burden, many would see a reduction, and all properties would see more consistency in their property tax year-to-year.

Mr. Gagne *motioned to modify RSA 75:1-a by eliminating language relating to the income approach and the calculation of taxes, and IX., relating to the setting of the capitalization rate, and retain the definition of other income.* Mr. Reese *seconded the motion.* Discussion followed.

Mr. Caselden of Great Bridge Properties offered proposed changes to RSA 75:1-a, as a starting point and are summarized below.

**Keep:** Introduction and I. through IV.

**Amend:** V. A taxpayer making an election under this section shall be liable for taxes on the property in an amount that is **[the greater of]:**

**[(a) The taxes determined using the income approach under this section; or]**

**[(b)] The taxes in an amount equal to 10 percent of the actual rental income and other income.**

**Amend:** VI. The assessed value shall be calculated ~~[using an income approach whereby the net operating income is divided by the overall capitalization rate and, except when the municipality has updated its assessment values to equate to market values, multiplying that value by the previous year's equalization ratio]~~ *in a manner which results in taxes equal to that stated herein.*

**Keep:** VII. The assessed valuation of residential rental property subject to a housing covenant under the low-income housing tax credit program shall not take into consideration the value of intangible assets including, but not limited to, government subsidies or grants, below market rate mortgage financing, and tax credits where such subsidies are used to offset project development expenses in order to allow for restricted rents. The assessed valuation shall not take into consideration the actual cost of acquisition or construction of the project.

**Delete:** ~~[VIII.]~~ except for (e) "Other Income". This will need to be renumbered.

**Keep:** IX.

Discussion and additional changes suggested.

**Delete:** VI. In its entirety because it relates to the income approach that, based on the change, will no longer be used.

There was some discussion whether VII. was necessary. Some felt it was not necessary because it relates to income and expenses, which will no longer be considered. Mr. Gagne felt if it is not needed, it should be taken out as the fewer words used, the simpler the solution. Mr. Caselden suggested leaving it in as it does not conflict with the idea of taxes at 10%; rather, it affirms in statute that other intangible assets should not be used in the calculation of the taxes and, it was one of the reasons this started because the credits were being included. A suggestion was made to include it in the introduction language. Mr. Caselden agreed, as long as it was included somewhere. It was left in.

**Amend:** V. A suggestion was made to add the definition of "other income" here.

**Delete:** IX. It was also suggested that with this change, IX. relating to rulemaking by the DRA, would no longer be necessary and should be deleted.

This program was not working the way it was intended. It has been determined that the cap rate causes inconsistency with the taxes from year-to-year making it difficult to predict budgeting purposes.

The question was asked if the assessed value of the property was equalized. The PA-67 determines the assessed value that the 10% tax is generated and it currently is not equalized. The question whether to equalize or not may need to be addressed or clarified.

A brief discussion followed about market-based units and mixed properties. There are not many of these properties today however they may need to be considered in the future.

There was a suggestion to verify other statutory or rule references that might be affected by this change.

Mr. Lessard called the motion modify RSA 75:1-a by eliminating language relating to the income approach and the calculation of taxes, and IX. relating to the setting of the capitalization rate, and to retain the definition of other income. *Motion passed unanimously.*

Mr. Lessard *motioned to bring the recommendation to modify RSA 75:1-a to the full Board*; Mr. Gagne *seconded the motion*. No further discussion. Mr. Lessard called the motion. *Motion passed unanimously*.

Minutes

Mr. Gagne motioned to *accept the minutes of September 13, 2023*; Mr. Lessard *seconded the motion*. No discussion. Mr. Lessard called the motion to approve the minutes of September 13, 2023, as written. Mr. Hughes, Mr. Tourigny and Representative Guthrie abstained. All others approved. *Motion passed with majority vote*.

Mr. Gagne *motioned to adjourn*; Mr. Hughes *seconded the motion*.

Mr. Lessard adjourned the meeting at 10:12 a.m.

Respectfully submitted,

Stephanie Martel, ASB Clerk  
Municipal and Property Division  
NH Department of Revenue Administration

All meetings are recorded and available upon request.

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