



Legislative Bulletin

March 31, 2023 | nclm.org

The Weekly Recap

WHAT HAPPENED: The N.C. House released its state budget proposal. As we point out below in this Bulletin, it once again has a local infrastructure focus. Among its contents, the budget bill proposes to spend \$1 billion on roads and transportation, along with \$1 billion for water and sewer infrastructure across the state. Meanwhile at the General Assembly, news coverage centered on this week's [veto override that put new gun legislation into law](#) and the House's passage of a [sports-betting bill](#).

WHAT IT MEANS: Committee action was limited this week on bills of interest to cities and towns. But, in light of filing deadlines, a number of new bills surfaced. We highlight some of them -- looking at municipal elections, housing supply, property revaluations and more -- in the Bulletin below.

ON TAP: Cities and towns should weigh in on a bill lawmakers are considering that would interfere with local affordable housing efforts. Let your legislators know that [SB 317 Addressing the Workforce Housing Crisis](#) will not create more affordable housing. The bill seeks to establish a statewide mandate to allow "workforce housing developments" not subject to local planning and zoning regulations. It has been proposed as a solution to improve housing affordability. Local officials from around the state are expressing concern about this bill. The legislation does not represent the kind of comprehensive solution that will make housing more affordable. We explain in the Bulletin below.

THE SKINNY: Things are moving. The House is expected to vote on its budget proposal next week (after which the Senate would release its own draft). And the final bill-filing deadline for the Senate is coming up this Tuesday; we're monitoring everything that comes through. Read on for more from this week.

Let Legislators Know SB 317 Will Not Create More Affordable Housing

As discussed in the March 17 Legislative Bulletin, [SB 317 Addressing the Workforce Housing Crisis](#) would establish a statewide mandate to allow “workforce housing developments” not subject to local planning and zoning regulations. It has been proposed as a solution to improve housing affordability.

Local officials from around the state have carefully gone through the bill's provisions and given this legislation careful consideration. They express many concerns, including those listed below. The legislation does not represent the kind of comprehensive solution that will make housing more affordable.

Cities and towns are sharing that:

- The housing affordability crisis in North Carolina is being driven by many factors, including decades of job relocations to metropolitan areas and rising land costs. The cost of land is a major factor in dictating development types, housing size, price points and project financing. By ignoring these issues, the policy changes in this bill are unlikely to substantially affect housing affordability.
- The legislation fails to address these underlying causes of rising housing costs. It instead focuses on pre-emption of local planning, which cities use to ensure safe, well-designed neighborhoods that do not overwhelm roads or other infrastructure, or damage adjacent development.
- Municipal officials share state policymakers' concerns about housing affordability. That concern is seen in an NCLM legislative goal seeking more resources for affordable housing, in municipalities approval of housing bonds, and in cities' approval of more density by right, where appropriate.
- The crisis is complex. Incentives-based approaches that do not undermine local planning will prove more realistic in creating additional workforce and middle housing. This kind of cooperative approach, in which density reforms go hand-in-hand with incentives to help offset development costs, ensures that appropriate development occurs and actually benefits homeowners and renters in the intended income range.
- Providing developments with blanket exemptions from land-use planning rules has the potential to create a number of damaging effects. These local rules go beyond the protection of adjacent homeowners. They also protect areas around military bases, airports and farms. They help avoid financial losses in flood plains and sensitive coastal areas. They prevent clear-cutting that can lead to downslope erosion.

Let legislators know that North Carolina needs a comprehensive approach to housing affordability, one that will actually result in lower costs for workforce and

middle housing. SB 317 may be well-intentioned but will not achieve that goal. Also please utilize this joint report with the N.C. Association of County Commissioners, [Local Governments Responding: The Housing Crisis in North Carolina](#), which provides a detailed look at what is happening related to housing in the fastest growing communities of North Carolina.

House Budget Again Includes Infrastructure Focus

The state House this week unveiled a [\\$29.8 billion state spending plan](#) that would continue to focus on local infrastructure needs, as well as address public safety issues important to municipalities. The two-year spending plan, which would see state spending rise to \$30.9 billion in the second year of the biennium, incorporates long-debated Medicaid expansion provisions and would provide teachers with two annual pay raises of 5 percent and other state employees with total increases of 7.5 percent over two years.

Importantly for municipalities, the budget bill proposes in the next fiscal year to spend \$1 billion on roads and transportation, along with \$1 billion for water and sewer infrastructure across the state. State aid to municipalities for roads, a top legislative goal for cities, would increase by 10 percent with a total Powell Bill allocation of \$170 million for the 2023-24 fiscal year. The House budget proposal would continue a trend of earlier investments by providing \$300 million to the Viable Utility Reserve for distressed systems, \$600 million for water and sewer infrastructure grants, and \$100 million for storm water projects.

The spending plan makes substantial investments in public safety, appropriating \$20 million to provide direct grants to local law enforcement agencies to support workforce development initiatives. It would also appropriate over \$400,000 for several new personnel positions in the Criminal Justice Education and Training Standards Commission, including a grant writer. The appropriations align with a top legislative priority of city officials to increase funding and support for law enforcement.

The House is expected to vote on its plan next week. The Senate would then take the legislation and make any changes, after which negotiators from both chambers will work out differences and each chamber then vote on a final “conference report” that incorporates those compromises. Look for a more complete analysis of the House budget and municipal-related provisions in next week’s Legislative Bulletin.

Perennial Building Code Omnibus Bill Filed, Moved Through House Committee

House legislators introduced an omnibus bill this week aimed at reorganizing the North Carolina Building Code, the creation of the Residential Code Council, and several changes to the code and other land development regulations. [HB 488/SB 378 Code Council Reorg. And Var. Code Amend.](#) separates the Residential Building Code into its own code volume and establishes a new council to govern the residential code, a move lauded by the residential development community.

Other provisions of interest to cities and towns include:

- Increases the threshold for permit exemptions for certain minor building activities from \$20,000 to \$40,000.
- Prohibits local governments from requiring local pavement design standards that are more stringent than minimum standards set forth by the N.C. Department of Transportation (NCDOT) for private roads in new developments. The provision also requires that local governments must accept engineered pavement design standards, even if they do not meet NCDOT minimum standards.
- Prohibits local governments from requiring exterior sheathing inspections. The inspection will no longer be required by the N.C. Building Code.
- Amends the Residential Building Code to include three-family (triplex) and four-family (quadplex) dwellings.

The North Carolina Home Builders Association has indicated this bill is its highest priority this session. The bill was filed Monday and heard by the [House Local Government – Land Use, Planning and Development Committee](#) on Wednesday. The bill received a favorable vote by that committee and moves on to the [House Finance Committee](#) for consideration. Please provide feedback to NCLM Government Affairs Associate Derrick Applewhite, dapplewhite@ncml.org.

Legislators Continue to Express Interest in Municipal Elections

Legislators this session continue to take interest in municipal elections, filing a pair of local bills to change the elections in several communities. A Senate committee considered the first of these bills, [SB 265 Increase Municipal Election Participation Act](#), this week. That bill seeks to move all municipal elections in Henderson, Polk, and Rutherford Counties to even-numbered years, to align with the state and federal general elections calendar. The bill moved through the [Senate Redistricting and Elections Committee on Wednesday](#), and has now been re-referred to the Senate Committee on Rules and Operations. Upon receiving a favorable vote, the bill would go to the Senate floor before crossing over to the House.

The second local bill, [HB 264 Partisan Election/Muni./Haywood & Madison Cos.](#), would change all municipal elections in Haywood and Madison Counties from being conducted on a nonpartisan basis (consistent with most municipalities across the state) to a partisan basis. The measure, assigned to the [House Local Government Committee](#), was pulled from the committee calendar before the meeting began last week. The committee is scheduled to meet next week; however, this bill has yet to be added back to the committee calendar.

Counties Could Postpone Property Revaluation Under Proposal

County commissioners could vote to postpone property revaluations otherwise slated to be conducted this year under a proposal filed Wednesday in the Senate. In doing so, [SB 408 An Act to Modify the Machinery Act of North Carolina](#) would affect decisions made by the governing boards of municipalities in those counties. Postponing revaluations does not reflect the current fiscal environment or account

for changes in property values. If county commissioners acted under the authority proposed by this bill, it could be detrimental to municipal budget forecasting and reduce revenues in the cities and towns in those counties. Additionally, this bill expands tax exemptions to certain types of personal property that can be used to produce income in connection with a business, among other things. The bill now awaits its Senate committee assignments.

New Proposal Focuses on Increasing Housing Supply

A new proposal introduced this week contained additional measures to increase the housing supply across the state, focused especially on multifamily housing. The proposal contained several different approaches. First, [HB 537 Workforce Housing Act](#) would preempt local zoning decisions by requiring multifamily housing developments to be built in zoning districts designated as “highway business, business office, and general business, or similar classifications.” Further, the proposal would not allow building design standards to be required for such developments on those properties. Separately, the bill would allow local governments to sell or lease as a ground lease government-owned land, if it was to be developed in part for affordable housing. And finally, the bill proposes dedicating \$100 million to a new home loan program and \$35 million to the state’s Workforce Housing Program (\$35 million). City officials have prioritized as a legislative goal additional resources for affordable housing, and several of the provisions of this bill would meet that goal.



Registration Closes Today! Act Now!

Concord | April 25-27

The CityVision registration deadline is here! Don't forget to register and reserve your hotel room **before the end of Friday, March 31**.

CityVision offers ample networking opportunities among municipal leaders and sponsors and exhibitors. New this year is a pre-conference workshop series, a Tuesday night welcome reception and four [mobile tours](#) to visit Concord.

Please note: Pre-registration is strongly encouraged – onsite registration is a higher rate and limited to credit card payments only.

[LEARN MORE & REGISTER](#)

[Click here to view the agenda.](#)



WORKING AS ONE. ADVANCING ALL.

[CONTACT US](#)



Stay Connected with the North Carolina League of Municipalities

{{Companyaddress}}

[Manage Preferences](#)