



# Legislative Bulletin

March 24, 2023 | [nclm.org](https://nclm.org)

## The Weekly Recap

**WHAT HAPPENED:** The League and the N.C. Association of County Commissioners released an extensive report examining the housing affordability crisis in North Carolina, [“Local Governments Responding: The Housing Crisis in North Carolina,”](#) based on a survey of planning and inspections staff in the fastest growing communities in the state.

**WHAT IT MEANS:** As lawmakers advance legislation that could negatively impact local governments' work on the matter, the new report's findings clearly show that the local governments surveyed are responding to the need for housing affordability. We give greater detail below in this Bulletin. We also invite League members to [contact us](#) and share their thoughts about bills lawmakers have filed with regard to the housing crisis. They include [SB 317](#), which would establish a statewide mandate for local communities to allow “workforce housing developments,” a new type of residential development not subject to local planning and zoning regulations. That's as cities and towns already have the authority to allow these developments.

**ON TAP:** State budget work continues, and that has a connection to other, notable news out of the General Assembly this week. The chambers passed Medicaid expansion and sent the enabling legislation to the governor for signing. But it won't become final until a state budget becomes law, creating massive pressure for the governor to sign the budget that the legislature sends him, even if it contains objectionable policy. Some of that policy could affect cities and towns, with legislative language that hasn't appeared in bills previously.

**THE SKINNY:** With that being the case, municipal officials should reach out to their legislators to ask that they make their cities and towns aware of any local preemption language that may become part of the budget during behind-the-scenes negotiations. The House is expected to release its

budget draft in April. Read on for more important news topics from the week, including our housing report and bills we've been following.

## Report Examines Housing Affordability Crisis in N.C.

NCLM and the N.C. Association of County Commissioners today released an extensive report examining the housing affordability crisis in North Carolina, "[Local Governments Responding: The Housing Crisis in North Carolina](#)," based on a survey of planning and inspections staff in the fastest growing communities in the state. The findings clearly show that the local governments surveyed, representing 31 municipalities and 9 counties, are responding to the need for housing affordability.

The report shows 60 percent of respondents recently allowing more density by right, 82 percent recently changing building approval processes to speed those approvals and providing more developer and community input, and seven larger jurisdictions in the last four years approving housing bonds in excess of \$300 million. It also includes recommendations for best practices that can be adopted locally to speed building approvals and for state policy changes that could put more building inspectors in the field.

It also recommends a more well-rounded examination of the causes of rising housing costs. The report includes extensive data showing that, while some critics have focused on local regulation and land-use planning, the rise in housing costs is largely due to decades-long urbanization and job concentration in urban areas, increases in land prices that dictate housing size and cost, and increases in materials and labor costs.

NCLM urges members to use this report and its findings in their discussions with legislators about the housing affordability crisis, show what steps municipalities are taking locally to address it, and to emphasize that changes to density rules and building approval processes, at best, will have marginal effects on housing affordability. The housing affordability crisis has unfortunately placed local land-use regulation in the crosshairs of potential legislation, even as the causes for rising housing prices are complex and extensive.

The North Carolina General Assembly is currently considering a range of legislation that would restrict local authority in this area, some of it modeled on radical proposals already adopted in California and large western cities. **We need your assistance** in contacting your legislators to explain to them the importance of local development regulation, both in meeting the needs of residents and in continuing to make communities attractive for employers and new residents. You can find the full report and associated documents [here](#). A two-page summary can be found [here](#), and findings from a poll commissioned by NCLM showing North Carolinians attitudes around development can be found [here](#).

## Amid Pressure to Address the Housing Crisis, Legislators Aim to Limit Local Decision-Making

In an effort to address the state's housing crisis, legislators have filed several bills aimed to limit local decision-making. [HB 474 Facilitating Small Housing](#), filed this

week, mandates “small housing” be allowed in all areas zoned for residential or mixed-use residential. Small housing is defined as a unit no greater than 800 square feet, to include tiny homes, cottage homes, and accessory dwelling units (ADUs). The bill is one of many aimed at the housing issue, other bills to note include:

- [SB 317 Addressing the Workforce Housing Crisis](#). Establishes a statewide mandate for local communities to allow “workforce housing developments,” a new type of residential development not subject to local planning and zoning regulations.
- [HB 409 Regulation of Accessory Dwelling Units](#). Mandates ADUs in areas zoned for residential use for the development of single-family detached homes.
- [HB 294 NC Housing Choice Incentive](#). Incentivizes local governments that choose to create zoning districts to accommodate multifamily or “missing middle” housing by allowing access to a grant fund that may award up to \$1 million for water, sewer, or transportation infrastructure projects.

## Bill Advances to Limit Local Building Plan Reviews

Legislators on the [House Local Government – Land Use, Planning and Development Committee](#) advanced [a House measure](#) this week that sought to limit local building plan reviews. [HB 332/SB 275 Streamline Comm./Multifam. Bldg. Plan Review](#) would impose a 21-day shot clock on local building inspections departments to review and sign off on commercial building plans, with 15 more days given in cases where the local government sought more information from the applicant. If a local government could not meet the deadlines, the bill would allow applicants to utilize a private, third party or a state-hired inspector to review the project’s building plans and give it the go-ahead.

Bill sponsors suggested the measure would speed up building plan review. But, during a hearing on the bill Thursday, NCLM Government Affairs Associate Derrick Applewhite made public comments and advised members that local officials believed it would in fact have the opposite effect. That’s because, he said, the bill would force many local governments to abandon their current approach of reviewing building plans at the same time as they reviewed other parts of the project. Instead, to meet the 21-day shot clock time-frames imposed by the bill, local governments would migrate from a simultaneous to a sequential approval process, which would take longer and delay development. After Applewhite’s comments, however, members of the committee spoke in favor of the measure, saying local government processes needed accountability to ensure development project remain economically viable due to inflation. (Read more in [this WRAL report](#).) With the favorable committee vote this week, the bill now moves to the House Finance Committee.

## Treasurer's Bill Requiring Local Financial Training Advances in House

Some local officials would need to take financial training under one of several provisions affecting cities in [Transparent Governance & Integrity Act.-AB](#), which received a favorable report from the House Committee on Local Government on Tuesday. Section 5 of the bill would mandate six hours of financial management training for all elected city officials who sit on a board that is named to the Unit Assistance List or is under the fiscal control of the Local Government Commission. The version of the bill advanced by the committee also included a provision that would require cities to send mail notifications of any property tax or enterprise fund increases to all property owners in advance of annual budget hearings, similar to [HB 273 Local Government Budget Hearings](#). This provision would have substantial financial consequences on local governments and public utilities; however, the primary bill sponsor said the budget hearing provision would be removed from future versions of the bill. The House Finance Committee will take up the bill next.

## **Senate Bill Would Increase Transportation Funding**

Transportation leaders in the House and Senate unveiled a bill that would raise annual transportation revenues by \$70 million. [SB 354 NC TEN](#), introduced by Senators Vickie Sawyer, Tom McInnis, and Mike Woodard, would increase the registration cost for electric vehicles and hybrids from \$140.25 to \$180, remove the \$2,000 cap on the highway use tax, and enact a new fee on ride sharing. The bill has broad stakeholder support, including NCLM and backing by members of the House. SB 354 would fulfill a key NCLM legislative goal for the biennium by increasing transportation funding. League staff is engaged with the bill sponsors to ensure increased funding is made available directly to local governments.

## **Bill to Ban TikTok, Other 'High Risk' Platforms Passes State Senate**

The North Carolina Senate unanimously passed [SB 83 No High Risk Apps/Gov't Networks & Devices](#) on Tuesday. Under the bill that now heads to the House, employees of local governments would no longer be able to use certain popular social media platforms, such as Tik Tok, Telegram, and WeChat, on their employers' networks and devices. Local governments are covered by the bill and would be required to adopt a policy by July 1, 2023, that governs the use of its network and of high-risk platforms on devices that are provided to employees. Following Senate passage, the bill was received by the House and referred to the Committee on Rules, Calendar, and Operations of the House.



## CityVision 2023 Registration Open!

Concord | April 25-27

Registration is open for the 2023 CityVision conference in Concord! Here's what to expect:

- **Networking** Meet with other local government professionals to share ideas, challenges, and strategies. We will also be re-instating a traditional exhibit hall providing more time to get to know your peers and local government partners!
- **Learning** Join us for a variety of pre-conference, general, and breakout sessions throughout the conference. Learn more about human resources strategies, grant and funding opportunities, leadership tactics, and more!
- **Exploring** There will be ample opportunity to explore Concord during our social events, off-site tours, and afternoon breaks.

NEW: Pre-conference will be on Tuesday, April 25 and includes additional education sessions and an exhibit hall reception included with your conference registration! If you can't make it to the whole conference, join us for pre-conference only and you will still get great networking and learning opportunities.

[REGISTER HERE](#)

## 2023 NCLM Board of Directors Nominating Period Now Open

Submit Interest By March 31

As a member-led and member-driven organization, electing strong leadership is an essential member responsibility. The League's Board of Directors represents a diverse group of cities and towns of all sizes, from the mountains to the coast. Working together with the entire membership, the Board is dedicated to representing the interests of all members and leading the League as one voice for cities and towns working for a better North Carolina.

Please encourage qualified candidates to run for the Board. If you are interested in serving as an officer or director, please submit a candidate nomination form before 5 p.m. on Friday, March 31.

You can view the elections timeline, Nominating Committee, open positions, and learn more about the process at [Election.NCLM.org](https://Election.NCLM.org).



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