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Local Government Officials Stand Firm Against Bill Threatening Local Decision-Making

A bill proposing sweeping changes to local development decision-making has resurfaced this week, rebranded, but still at the center of intense debate and procedural maneuvering. On Wednesday, [SB 205 Swimming Pools/Housing Regulatory Reform](#) was amended and approved by the [House Regulatory Reform Committee](#), adding many of the provisions from the now-defunct [HB 765 Save the American Dream Act](#). After HB 765 faced major opposition, its sponsors shifted much of its contents to SB 205, hoping for easier passage in the House.

Despite these procedural changes, the core concern remains unchanged: SB 205 would severely weaken local land-use planning authority and provide homebuilders and developers new legal tools to sue local governments. Nothing in the bill would create more affordable housing, nor would the bill's provisions make housing more affordable.

Before next week, NCLM urges you to contact House Republicans about this unprecedented proposal, which threatens to dismantle local decision-making and encourage taxpayer-funded lawsuits from the development community.

When speaking with House Republicans, emphasize the following concerns:

- **Imposes Rigid, Quasi-Judicial Standards** (Section 7): These new requirements would force local elected officials to make zoning decisions like courts, based on hard evidence and expert testimony, rather than the legislative discretion currently given to them by the General Assembly. This change increases the risk of lawsuits, adds costs for taxpayers, and limits public participation in development hearings.
- **Gives Associations Power to Sue Local Governments** (Sections 15, 16, & 17): The bill empowers associations, such as the

Homebuilders Association, to sue local governments over development decisions, potentially increasing legal friction and limiting judicial discretion.

- **Restricts Conditional Zoning** (Sections 4 & 7): Conditional zoning, a key tool for flexible, site-specific development, would be rendered useless. For context, the Carolina Hurricanes' \$1 billion redevelopment project around Raleigh's PNC Arena was made possible because conditional zoning allowed the city, residents, and businesses to collaborate on specific project conditions that enabled the project's success.
- **Mandates Statewide One-Size-Fits-All Rules** (Sections 11 & 12): Imposes uniform development approval rules that don't fit all communities, especially smaller ones lacking robust staff resources. The "shot clocks" for plan review are arbitrary and lack clarity on how various development decisions should be handled under strict deadlines.

Finally, make sure to highlight the innovative, locally tailored solutions your community is implementing to address the housing crisis. As the front line of the state's housing challenges, municipalities are best equipped to develop policies that reflect the unique needs of their residents.

Bill Eliminating Parking Minimums Passes House Committee

An amended House measure to eliminate residential and commercial parking minimums was approved by the [House State and Local Government Committee](#) this week. In a significant departure from longstanding zoning policies, [HB 369 Parking Lot Reform and Modernization Act](#), would prohibit local government zoning codes from requiring a minimum number of parking spaces per development or structure, regardless of occupancy or use. Developers would have discretion to determine the amount of parking provided. Another provision within the bill enables local stormwater programs to implement incentive stormwater capture ordinances that can provide financial incentives to certain developments that capture additional stormwater over the local stormwater programs' mandatory percentages.

The bill also sought to ban the use of polycyclic aromatic hydrocarbons (PAH) sealants, often used for parking lot maintenance, but the provision was removed during committee discussion. HB 369 now heads to the [House Rules Committee](#) for further consideration.

Bill Advances to Create Private Commercial Building Inspections

System

Legislation to create a private inspection system for commercial buildings in North Carolina advanced this week, signaling a significant policy shift for the state. The [House Housing and Development Committee](#) approved [HB 831 Comm. Inspect. Efficiency Act](#) which would allow developers and contractors to hire private inspectors for commercial construction projects.

Under the proposed system, private commercial inspectors, certified and registered under the Office of the State Fire Marshall, would conduct inspections to ensure compliance with the North Carolina State Building Code. However, local government inspection departments would retain responsibility for conducting final fire inspections and issuing certificates of occupancy upon completion of construction. During the hearing, committee members echoed concerns raised by city officials, including risks to public safety, reduced accountability and transparency, as well as potential liability exposure for local governments. Critics warn that shifting inspections to private entities could compromise the integrity of the process and limit adequate oversight.

With committee approval, HB 831 now moves to the [House Finance Committee](#), where it awaits further action.

The NCLM Government Affairs team is interested in feedback from the League membership on this bill. Please send comments to Derrick Applewhite, Sr. Government Affairs Associate, dapplewhite@nclm.org.

Legislators Send Immigration Bill to Governor

The Senate gave final approval to a hotly debated measure that would require various state law enforcement agencies to cooperate with federal immigration officials. [SB 153 North Carolina Border Protection Act](#), would also require state and local programs to ensure that noncitizens do not receive benefits such as housing, food, and unemployment support.

Important for North Carolina local governments, the legislation would remove governmental immunity for those that enact so-called “sanctuary city” policies, described by bill sponsors as an “incentive” for local government compliance. The prohibition on sanctuary city policies is part of existing law, but the removal of governmental immunity would be a new consequence attached to the failure to comply.

The bill has been sent to Governor Josh Stein, who will have 10 days to decide whether to sign it, veto it, or allow it to become law without his signature. The votes in the House and Senate were along party lines, setting up the first potential veto override votes of the current legislative session. If that happens, all eyes will be on the House, where Democrats

have enough votes to sustain a veto if all Democratic legislators are present and vote against overriding the veto. In the Senate, Republicans hold sufficient seats to override a veto without Democratic votes.



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