

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 294

Short Title: NC Housing Choice Incentive. (Public)

Sponsors: Representatives Alston, G. Brown, and Hardister (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, if favorable, Rules, Calendar, and Operations of the House

March 8, 2023

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH THE NORTH CAROLINA HOUSING CHOICE GRANT TO
EMPOWER AND ENCOURAGE LOCAL GOVERNMENTS TO ADDRESS THE
CRITICAL HOUSING NEEDS IN THEIR COMMUNITIES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) As used in this section, the following definitions apply:

- (1) Accessory dwelling unit. – An attached or detached residential structure that is used in connection with or that is accessory to a single family dwelling that conforms to the North Carolina Residential Code for One- and Two-Family Dwellings, including applicable provisions from State fire prevention code.
- (2) Middle housing. – A residential dwelling that is one of the following:
 - a. A duplex.
 - b. A triplex.
 - c. A quadplex.
 - d. A townhouse.
- (3) Multifamily housing. – A residential dwelling comprised of four or more units, each intended to be occupied by a person or family for use as a residence. The term also includes accessory dwelling units and middle housing.

SECTION 1.(b) The Department of Commerce shall establish the North Carolina Housing Choice Grant and shall award grant funds annually to counties and municipalities in accordance with the criteria provided in this section to be used by the grant recipients for local water, sewer, or transportation infrastructure projects.

SECTION 1.(c) A county or municipality shall be eligible for grant funds under this section if the county or municipality (i) has a population of 100,000 or less, as of the most recent decennial census, and has designated at least five zoning districts of reasonable size in which multifamily housing is a permitted use or (ii) has a population of more than 100,000, as of the most recent decennial census, and has designated at least 10 zoning districts of reasonable size in which multifamily housing is a permitted use and at least four of the following criteria apply to the designated multifamily zoning districts:

- (1) There is a minimum gross density of 15 units per acre.
- (2) The districts contain no age restrictions.
- (3) The districts contain no parking minimums.
- (4) The districts allow for setback waivers.
- (5) The districts allow for accessory dwelling units.



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(6) The districts have permissive building height requirements.

(7) The districts allow residential development in areas not zoned for residential use.

SECTION 1.(d) Eligible counties and municipalities shall apply for funding under this section no later than April 1 of each year. The Department of Commerce may award up to one million dollars (\$1,000,000) per grant to counties or municipalities meeting the criteria in subsection (c) of this section that have produced a significant number of housing units via the designated multifamily zoning districts. In the event that eligible grantees exceed available funds in any year, the Department of Commerce shall distribute the grant funds on a per capita basis according to the population of the grant recipient. Unawarded grant funds shall not revert and are available to the Department of Commerce to award in future years. A county or municipality may only receive one grant award under this section every five years. Funds awarded under this section shall be used by the grant recipient for local water, sewer, or transportation infrastructure projects.

SECTION 1.(e) There is appropriated from the General Fund to the Department of Commerce the sum of thirty million dollars (\$30,000,000) in recurring funds for the 2024-2025 fiscal year to be used for the North Carolina Housing Choice Grant program established in this section.

SECTION 2. This act becomes effective July 1, 2023.