

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 626

Short Title: Housing Choice Act. (Public)

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

Referred to: Rules, Calendar, and Operations of the House

April 2, 2025

A BILL TO BE ENTITLED
AN ACT TO ENACT THE HOUSING CHOICE ACT.

The General Assembly of North Carolina enacts:

SECTION 1. Article 9 of Chapter 160D of the General Statutes is amended by adding a new Part to read:

"Part 7. Municipal Land-Use Regulation Strategies.

"§ 160D-980. Land-use regulation strategies.

(a) A municipality with less than 100,000 residents may adopt, by ordinance or policy, the following provisions to be eligible for priority consideration under G.S. 159G-23:

- (1) Permit, by right, multifamily residential development in all districts zoned for residential use.
- (2) Identify and utilize local funding subsidies or other sources of revenue to waive construction-related fees for the construction of low- or moderate-income housing.
- (3) Allow multifamily residential dwellings compatible in scale and form with detached single-family residential dwellings within mixed-use zones.
- (4) Allow the development of at least one, internal or detached accessory dwelling unit, with owner-occupancy of the primary dwelling required, in all residential zoning districts that allow the development of single-family dwellings, which conform to the North Carolina Residential Code for One- and Two-Family Dwellings.
- (5) Preserve existing low- or moderate-income housing by creating and utilizing a landlord incentive program or establishing a locally funded housing loss mitigation fund.
- (6) Implement home-buyers education services for first-time homebuyers.

(b) A municipality with 100,000 or more residents may adopt, by ordinance or policy, the following provisions to be eligible for priority consideration under G.S. 159G-23:

- (1) Establish a minimum gross density of four units per acre across all residential zoning districts that allow single-family dwellings.
- (2) Allow the development of at least one, internal or detached accessory dwelling unit, with owner-occupancy of the primary dwelling required, in all residential zoning districts that allow the development of single-family dwellings, which conform to the North Carolina Residential Code for One- and Two-Family Dwellings.
- (3) Prohibit parking requirements.



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- (4) Allow multifamily residential dwellings, including duplexes and triplexes, in any zoning district that allows single-family dwellings.
- (5) Demonstrate a thirty percent (30%) increase in building permit issuance over a 12-month time period.
- (6) Allow multifamily residential development in nonresidential zoning districts that are within 1/4 mile of major transit investment corridors, commercial centers, or employment centers.
- (7) Eliminate multifamily building height restrictions of less than three stories in zoning districts designated as transit-oriented districts.
- (8) Identify and utilize local funding subsidies or other sources of revenue to waive construction-related fees for the construction of moderate-income housing.
- (9) Allow multifamily residential dwellings compatible in scale and form with detached single-family residential dwellings within mixed-use zoning districts.
- (10) Preserve existing moderate-income housing by creating and utilizing a landlord incentive program or establishing a housing loss mitigation fund.
- (11) Enter into a joint acquisition agreement with another local political subdivision for the purpose of combining resources to acquire property for low- to moderate-income housing.
- (12) Demonstrate utilization of a moderate-income housing set aside from a community reinvestment agency, redevelopment agency, or community development and renewal agency to create or subsidize moderate-income housing."

SECTION 2. G.S. 159G-23 reads as rewritten:

"§ 159G-23. Priority consideration for loan or grant from Wastewater Reserve or Drinking Water Reserve.

The considerations for priority in this section apply to a loan or grant from the Wastewater Reserve or the Drinking Water Reserve. The Division of Water Infrastructure must consider the following items when evaluating applications:

- (1) Public necessity. – A project that promotes public health and protects the environment, improves a system that is not in compliance with permit requirements or is under orders from the Department, enables a moratorium to be lifted, or replaces failing septic tanks with a wastewater collection system.
- (2) Effect on impaired waters. – A project that improves designated impaired waters of the State, with greater priority given to projects that improve designated impaired waters of the State that serve as a public water supply for a large public water system. For purposes of this subdivision, a large public water system is one serving more than 175,000 service connections.
- (3) Efficiency. – A project that achieves efficiencies in meeting the State's water infrastructure needs or reduces vulnerability to drought consistent with Part 2A of Article 21 and Article 38 of Chapter 143 of the General Statutes by one of the following methods:
 - a. The combination of two or more wastewater or public water systems into a regional wastewater or public water system by merger, consolidation, or another means.
 - b. Conservation or reuse of water, including bulk water reuse facilities and waterlines to supply reuse water for irrigation and other approved uses.

- c. Construction of an interconnection between water systems intended for use in drought or other water shortage emergency.
 - d. Repair or replacement of leaking waterlines to improve water conservation and efficiency or to prevent contamination.
 - e. Replacement of meters and installation of new metering systems.
- (4) Comprehensive land-use plan. – A project that is located in a city or county that has adopted or has taken significant steps to adopt a comprehensive land-use plan under Chapter 160D of the General Statutes. The existence of a plan has more priority than steps taken to adopt a plan, such as adoption of a zoning ordinance. A plan that exceeds the minimum State standards for protection of water resources has higher priority than one that does not. A project is considered to be located in a city or county if it is located in whole or in part in that unit. A land-use plan is not considered a comprehensive land-use plan unless it has provisions that protect existing water uses and ensure compliance with water quality standards and classifications in all waters of the State affected by the plan.
- (5) Flood hazard ordinance. – A project that is located in a city or county that has adopted a flood hazard prevention ordinance under G.S. 143-215.54A. A plan that exceeds the minimum standards under G.S. 143-215.54A for a flood hazard prevention ordinance has higher priority than one that does not. A project is considered to be located in a city or county if it is located in whole or in part in that unit. If no part of the service area of a project is located within the 100-year floodplain, the project has equal consideration under this subdivision as if it were located in a city or county that has adopted a flood hazard prevention ordinance. The most recent maps prepared pursuant to the National Flood Insurance Program or approved by the Department determine whether an area is within the 100-year floodplain.
- (6) Sound management. – A project submitted by a local government unit that has demonstrated a willingness and ability to meet its responsibilities through sound fiscal policies and efficient operation and management.
- (6a) Asset management plan. – A project submitted by a local government unit with more than 1,000 service connections that has developed and is implementing an asset management plan.
- (7) Capital improvement plan. – A project that implements the applicant's capital improvement plan for the wastewater system or public water system it manages, so long as the capital improvement plan sets out the applicant's expected water infrastructure needs for at least 10 years.
- (8) Coastal habitat protection. – A project that implements a recommendation of a Coastal Habitat Protection Plan adopted by the Environmental Management Commission, the Coastal Resources Commission, and the Marine Fisheries Commission pursuant to G.S. 143B-279.8. If no part of the service area of a project is located within a county subject to that Plan, the project has equal priority under this subdivision with a project that receives priority under this subdivision.
- (9) Affordability. – The relative affordability of a project for a community compared to other communities in North Carolina.
- (10) Merger and Regionalization. – A project to provide for the planning of regional public water and wastewater systems, to provide for the orderly coordination of local actions relating to public water and wastewater systems, or to help realize economies of scale in regional public water and wastewater systems through consolidation, management, merger, or interconnection of

public water and wastewater systems. If an applicant demonstrates that it is not feasible for the project to include regionalization, the funding agency shall assign the project the same priority under this subdivision as a project that includes regionalization.

(11) Improve regional coordination. – A project that addresses a potential conflict between local plans or implements a measure in which local water supply plans could be better coordinated.

(12) Water conservation measures for drought. – A project that includes adoption of water conservation measures by a local government unit that are more stringent than the minimum water conservation measures required pursuant to G.S. 143-355.2.

(13) Low-income residents. – A project that is located in an area annexed by a municipality under Article 4A of Chapter 160A of the General Statutes in order to provide water or sewer services to low-income residents.

(14) Disproportionate burden to protect water supply of higher-wealth neighboring local government unit. – Wastewater system improvements made by a local government unit in order to protect or preserve the water supply of a neighboring local government unit that has a lower poverty rate, lower utility bills, higher population growth, higher median household incomes, and lower unemployment.

(15) Land-use regulation strategies. – A municipality with less than 100,000 residents that can demonstrate the adoption of at least two of the land-use provisions in G.S. 160D-980(b) or a municipality with 100,000 or more residents that can demonstrate the adoption of at least five of the land-use provisions in G.S. 160D-980(c)."

SECTION 3. The State Water Infrastructure Authority (Authority) shall create and provide a form or application for municipalities to demonstrate compliance with the land-use regulation strategies outlined in this act. The Authority may establish deadlines for submission of the form or application and shall determine compliance with any requirements or criteria to be considered eligible for prioritization for water infrastructure funding. A municipality may submit the form or application once annually, and subsequent eligibility shall only be considered and certified based upon new data or adoption of new land-use regulation strategies.

SECTION 4.(a) The Legislative Research Commission (LRC) shall study, in collaboration with various municipalities, counties, and regional councils of government, the housing needs for the current and future residents of the State. The LRC shall, as a part of its study, establish methods for calculating regional housing needs, existing housing stock estimates, housing shortages, and an estimate of the number of housing units needed to accommodate the anticipated population growth of the State through 2050.

SECTION 4.(b) The LRC shall report its findings and any legislative proposals to the 2025 General Assembly no later than by the convening of the 2026 Regular Session.

SECTION 5. This act is effective when it becomes law.