

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

H.B. 1114
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40767-LMa-183

Short Title: NC Affordable Housing Act. (Public)

Sponsors: Representative Hurtado.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT APPROPRIATING FUNDS FOR AFFORDABLE HOUSING, MAKING HOUSING
3 DISCRIMINATION ON THE BASIS OF SOURCE OF INCOME A VIOLATION OF THE
4 STATE'S FAIR HOUSING LAWS, AND ESTABLISHING REVENUE FOR THE NC
5 HOUSING TRUST FUND.

6 Whereas, as North Carolina prospers economically and attracts families and
7 businesses from across the nation, housing supply continues to lag behind the housing demand
8 across the State causing rents and housing prices to soar; and

9 Whereas, housing is not only an integral part of a family's budget, but also the State's
10 economy. Ensuring that all North Carolinians have access to safe, decent, and affordable housing
11 is a sound financial investment in the State's future. According to the Urban Institute, "no county
12 has enough affordable housing to meet the needs of its residents with the lowest incomes, leading
13 to strained household budgets and elevated rental market risks"; and

14 Whereas, local governments can no longer tackle the growing housing crisis alone
15 and need greater partnership and investment from the State; and

16 Whereas, the State has existing tools to combat the housing crisis, including the North
17 Carolina Housing Trust Fund. The Housing Trust Fund was created by the General Assembly in
18 1987 and is the State's most flexible resource for the State's growing need for affordable housing
19 because it leverages private funding to create a variety of housing solutions, including
20 homeownership, rental units, supportive housing, new construction, rehabilitation, and
21 emergency repairs; and

22 Whereas, an annual investment of \$100,000,000 in the Housing Trust Fund will help
23 over 10,800 families, generate over \$516,900,000 in real estate value, support over 11,000 jobs,
24 and generate over \$45,500,000 in local and State revenue; and

25 Whereas, the State also needs greater investment in new and existing programs to
26 protect working families that face either sudden income loss due to life emergencies or spikes in
27 rental prices that cause housing instability due to affordability; and

28 Whereas, additional State funding for affordable housing is necessary to tackle the
29 State's housing crisis and to put the State in a position to provide leadership and to collaborate
30 with the public, private, and nonprofit sectors to address these issues; Now, therefore,
31 The General Assembly of North Carolina enacts:

32 **SECTION 1.** There is appropriated from the General Fund to the North Carolina
33 Housing Trust Fund the sum of one hundred million dollars (\$100,000,000) in recurring funds
34 for the 2022-2023 fiscal year to increase funding for affordable housing programs in the State.

35 **SECTION 2.** The Manufactured Home Park Acquisition Fund is hereby established
36 as a nonreverting special fund in the North Carolina Housing Finance Agency. There is



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1 appropriated from the General Fund to the Manufactured Home Park Acquisition Fund the sum
2 of twenty-five million dollars (\$25,000,000) in nonrecurring funds for the 2022-2023 fiscal year
3 to be used by the North Carolina Housing Finance Agency to provide grants to nonprofits, public
4 housing authorities, and manufactured dwelling park nonprofit cooperatives to purchase
5 manufactured home parks for the purpose of providing affordable housing.

6 **SECTION 3.** Chapter 41A of the General Statutes reads as rewritten:

7 **"Chapter 41A.**

8 **"State Fair Housing Act.**

9 **"§ 41A-1. Title.**

10 This Chapter shall be known and may be cited as the State Fair Housing Act.

11 ...

12 **"§ 41A-3. Definitions.**

13 For the purposes of this Chapter, the following definitions apply:

14 ...

15 (9) "Source of income" means any lawful source of money paid directly,
16 indirectly, or on behalf of a renter or buyer of real property, including the
17 following:

18 a. Income derived from any lawful profession or occupation.

19 b. Income or rental payments derived from a grant, loan program, the
20 State or federal government or any local governmental unit, including
21 the HOPE program or a Section 8 voucher, or financial assistance from
22 a private source, including a nonprofit or other nongovernmental
23 entity.

24 **"§ 41A-4. Unlawful discriminatory housing practices.**

25 (a) It is an unlawful discriminatory housing practice for any person in a real estate
26 transaction, because of race, color, religion, sex, national origin, handicapping condition, source
27 of income, or familial status to:

28 ...

29 (b1) It is an unlawful discriminatory housing practice for any person or other entity whose
30 business includes engaging in residential real estate related transactions to discriminate against
31 any person in making available such a transaction, or in the terms and conditions of such a
32 transaction, because of race, color, religion, sex, national origin, handicapping condition, source
33 of income, or familial status. As used in this subsection, "residential real estate related
34 transaction" means:

35 ...

36 (c) It is an unlawful discriminatory housing practice for a person to induce or attempt to
37 induce another to enter into a real estate transaction from which such person may profit:

38 (1) By representing that a change has occurred, or may or will occur in the
39 composition of the residents of the block, neighborhood, or area in which the
40 real property is located with respect to race, color, religion, sex, national
41 origin, handicapping condition, source of income, or familial status of the
42 owners or occupants;

43 ...

44 (d) It is an unlawful discriminatory housing practice to deny any person who is otherwise
45 qualified by State law access to or membership or participation in any real estate brokers'
46 organization, multiple listing service, or other service, organization, or facility relating to the
47 business of engaging in real estate transactions, or to discriminate in the terms or conditions of
48 such access, membership, or participation because of race, color, religion, sex, national origin,
49 handicapping condition, source of income, or familial status.

50 ...

1 (g) It is an unlawful discriminatory housing practice to discriminate in land-use decisions
2 or in the permitting of development based on race, color, religion, sex, national origin,
3 handicapping condition, source of income, familial status, or, except as otherwise provided by
4 law, the fact that a development or proposed development contains affordable housing units for
5 families or individuals with incomes below eighty percent (80%) of area median income. It is
6 not a violation of this Chapter if land-use decisions or permitting of development is based on
7 considerations of limiting high concentrations of affordable housing.

8 **"§ 41A-5. Proof of violation.**

9 (a) It is a violation of this Chapter if:

- 10 (1) A person by his act or failure to act intends to discriminate against a person.
11 A person intends to discriminate if, in committing an unlawful discriminatory
12 housing practice described in G.S. 41A-4 he was motivated in full, or in any
13 part at all, by race, color, religion, sex, national origin, handicapping
14 condition, source of income, or familial status. An intent to discriminate may
15 be established by direct or circumstantial evidence.
16 (2) A person's act or failure to act has the effect, regardless of intent, of
17 discriminating, as set forth in G.S. 41A-4, against a person of a particular race,
18 color, religion, sex, national origin, handicapping condition, source of income,
19 or familial status. However, it is not a violation of this Chapter if a person
20 whose action or inaction has an unintended discriminatory effect, proves that
21 his action or inaction was motivated and justified by business necessity.

22 ...

23 **"§ 41A-6. Exemptions.**

24 (a) The provisions of G.S. 41A-4, except for subdivision (a)(6), do not apply to the
25 following:

26 ...

- 27 (3) Religious institutions or organizations or charitable or educational
28 organizations operated, supervised, or controlled by religious institutions or
29 organizations which give preference to members of the same religion in a real
30 estate transaction, as long as membership in such religion is not restricted by
31 race, color, sex, national origin, handicapping condition, source of income, or
32 familial status;

33"

34 **SECTION 4.** G.S. 105-228.30 reads as rewritten:

35 **"§ 105-228.30. Imposition of excise tax; distribution of proceeds.**

36 (a) An excise tax is levied on each instrument by which any interest in real property is
37 conveyed to another person. The tax rate is (i) one dollar and fifty cents (\$1.50) on each five
38 hundred dollars (\$500.00) or fractional part thereof of the consideration or value of the interest
39 for qualified investment conveyances and (ii) one dollar (\$1.00) on each five hundred dollars
40 (\$500.00) or fractional part thereof of the consideration or value of the interest conveyed, for any
41 other conveyance. A "qualified investment conveyance" is a conveyance of an interest in real
42 property to a business entity that will use the property primarily for rental as a residence by one
43 or more individuals. The transferee must pay one-third of the tax on a qualified investment
44 conveyance levied pursuant to this section to, and the transferor must pay the remainder of the
45 tax levied pursuant to this section to, the register of deeds of the county in which the real estate
46 is located before recording the instrument of conveyance. If the instrument transfers a parcel of
47 real estate lying in two or more counties, however, the tax must be paid to the register of deeds
48 of the county in which the greater part of the real estate with respect to value lies.

49 The excise tax on instruments imposed by this Article applies to timber deeds and contracts
50 for the sale of standing timber to the same extent as if these deeds and contracts conveyed an
51 interest in real property.

1 (b) The register of deeds of each county must remit the proceeds of the tax levied by this
2 section to the county finance officer. The finance officer of each county must credit one-half of
3 the proceeds to the county's general fund and remit the remaining one-half of the proceeds, less
4 taxes refunded and the county's allowance for administrative expenses, to the Department of
5 Revenue on a monthly basis. A county may retain two percent (2%) of the amount of tax proceeds
6 allocated for remittance to the Department of Revenue as compensation for the county's cost in
7 collecting and remitting the State's share of the tax. The Department of Revenue shall credit the
8 funds remitted to the Department of Revenue under this subsection as follows:

9 (1) Two-thirds of the excise tax on qualified investment conveyances to the Office
10 of State Budget and Management for deposit into the North Carolina Housing
11 Trust Fund established in G.S. 122E-3.

12 (2) The remainder to the General Fund."

13 **SECTION 5.** Sections 1 and 2 of this act become effective July 1, 2022. Sections 3
14 and 4 of this act become effective October 1, 2022. The remainder of this act is effective when it
15 becomes law.