

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

**H.B. 404**  
**Mar 13, 2025**  
**HOUSE PRINCIPAL CLERK**

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HOUSE BILL DRH30189-NOza-22D

Short Title: Fair & Affordable Housing Act.

(Public)

Sponsors: Representative Lopez.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO DIRECT THE LEGISLATIVE RESEARCH COMMISSION TO STUDY  
3 AFFORDABLE HOUSING IN THE STATE, TO MAKE HOUSING DISCRIMINATION  
4 ON THE BASIS OF "SOURCE OF INCOME" A VIOLATION OF THE STATE FAIR  
5 HOUSING ACT, TO EXPAND WORKFORCE HOUSING BY PROVIDING CURRENT  
6 AND ONGOING FUNDING FOR THE HOUSING TRUST FUND, TO PROHIBIT  
7 CREDIT REPORTING AGENCIES FROM REPORTING LAWSUITS FOR EJECTMENT  
8 THAT DO NOT RESULT IN A JUDGMENT FOR THE LANDLORD, AND TO  
9 ESTABLISH THE OPTIONAL CREDIT REPORTING FOR TENANTS OF SUBSIDIZED  
10 HOUSING PROGRAM.

11 The General Assembly of North Carolina enacts:

12 **SECTION 1.(a)** The Legislative Research Commission (LRC) shall study the  
13 availability of affordable housing in this State.

14 As part of its study, the LRC shall do all of the following:

- 15 (1) Examine the current availability of affordable housing in metropolitan and  
16 rural areas of the State.
- 17 (2) Assess the availability of publicly owned land that could be developed into  
18 affordable residential housing.
- 19 (3) Identify existing federal, State, and local subsidies, grants, and other  
20 incentives and programs available to increase the availability of affordable  
21 housing, the extent to which the subsidies, grants, and other incentives and  
22 programs are utilized, and the successfulness of their usage in increasing the  
23 availability of affordable housing.
- 24 (4) Examine the challenges facing those in need of affordable housing, including  
25 financial, social, and logistical challenges.
- 26 (5) Assess the ability of local governments to leverage existing laws and  
27 resources, including partnering with nonprofit and for-profit entities, to  
28 increase the availability of affordable housing.
- 29 (6) Examine the best practices of other states in increasing the availability of  
30 affordable housing.
- 31 (7) Examine any unique challenges faced by local governments across the State  
32 resulting from differences in economic prosperity and considering the  
33 differences between the metropolitan and rural areas of the State.
- 34 (8) Evaluate the potential benefits, cost-savings, and improved affordability from  
35 utilizing energy efficiency standards in housing.



(9) Assess the feasibility and cost-savings from partnerships between public utilities, private businesses, and local governments in replacing aging housing in existing programs with newer modular and mobile home units.

(10) Examine any costs that may be associated with government rules, regulations, and ordinances.

(11) Any other matters the LRC deems relevant to its efforts.

**SECTION 1.(b)** The LRC shall report its findings, together with any proposed legislation, to the 2026 Regular Session of the 2025 General Assembly upon its convening.

**SECTION 2.** Chapter 41A of the General Statutes reads as rewritten:

**"Chapter 41A.**

**"State Fair Housing Act.**

**"§ 41A-1. Title.**

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

...

**"§ 41A-3. Definitions.**

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

...

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

a. Income derived from any lawful profession or occupation.

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

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

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

...

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

...

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

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

...

(d) It is an unlawful discriminatory housing practice to deny any person who is otherwise qualified by State law access to or membership or participation in any real estate brokers' organization, multiple listing service, or other service, organization, or facility relating to the business of engaging in real estate transactions, or to discriminate in the terms or conditions of

such access, membership, or participation because of race, color, religion, sex, national origin, handicapping condition, source of income, or familial status.

...

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

**"§ 41A-5. Proof of violation.**

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

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

...

**"§ 41A-6. Exemptions.**

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

...

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

...."

**SECTION 3.** There is appropriated from the General Fund to the North Carolina Housing Trust Fund, established under G.S. 122E-3, the sum of forty-five million dollars (\$45,000,000) in nonrecurring funds for the 2025-2026 fiscal year to be used in accordance with the purposes provided in Chapter 122E of the General Statutes.

**SECTION 4.** G.S. 161-11.5 reads as rewritten:

**"§ 161-11.5. Fees to be remitted to State Treasurer.**

Six dollars and twenty cents (\$6.20) of each fee collected by the register of deeds under G.S. 161-10(a)(1) and (a)(1a) shall be remitted by the register of deeds to the county finance officer, who shall remit the funds to the State Treasurer on a monthly basis to be credited as follows:

- (1) Fifty-five percent (55%) to the Floodplain Mapping Fund established under G.S. 143-215.56A.
- (2) ~~Twenty Eight and one-half percent (20%)~~ 18.5% to the General Fund as nontax revenue.

- (3) Twenty-five percent (25%) to the Department of Natural and Cultural Resources to be used as provided in G.S. 121-5(e).
- (4) One and one-half percent (1.5%) to the North Carolina Housing Trust Fund, established under G.S. 122E-3."

**SECTION 5.** G.S. 105-228.30 reads as rewritten:

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

(a) An excise tax is levied on each instrument by which any interest in real property is conveyed to another person. The tax rate is one dollar (\$1.00) on each five hundred dollars (\$500.00) or fractional part thereof of the consideration or value of the interest conveyed. The transferor must pay the tax to the register of deeds of the county in which the real estate is located before recording the instrument of conveyance. If the instrument transfers a parcel of real estate lying in two or more counties, however, the tax must be paid to the register of deeds of the county in which the greater part of the real estate with respect to value lies.

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

(b) The register of deeds of each county must remit the proceeds of the tax levied by this section to the county finance officer. The finance officer of each county must credit one-half of the proceeds to the county's general fund and remit the remaining one-half of the proceeds, less taxes refunded and the county's allowance for administrative expenses, to the Department of Revenue on a monthly basis. A county may retain two percent (2%) of the amount of tax proceeds allocated for remittance to the Department of Revenue as compensation for the county's cost in collecting and remitting the State's share of the tax. The Department of Revenue shall credit an amount equal to thirty-three percent (33%) of the funds remitted to the Department of Revenue under this subsection to the North Carolina Housing Trust Fund, established under G.S. 122E-3, and shall credit the remaining funds to the General Fund."

**SECTION 6.** Chapter 75 of the General Statutes is amended by adding a new Article to read:

"Article 2B.

"Fair Use of Credit Reports.

**"§ 75-70.1. Definitions.**

The following definitions apply in this Article:

- (1) Consumer. – An individual.
- (2) Credit report. – Any written, oral, or other communication of any information by a credit reporting agency bearing on a consumer's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer's eligibility for any of the following:
- a. Employment.
- b. Housing, including applications for lease or mortgage.
- c. Credit to be used primarily for personal, family, or household purposes.
- d. Any other purpose authorized under 15 U.S.C. § 168(b).
- (3) Credit reporting agency. – Any person who, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties.

- (4) Person. – Any individual, partnership, corporation, trust, estate, cooperative, association, government or governmental subdivision or agency, or other entity.

**"§ 75-70.2. Prohibited information.**

Credit reporting agencies are prohibited from collecting, storing, reporting, or using to determine a composite-type score information regarding any lawsuit filed against the consumer for ejection or summary ejection of the consumer by the consumer's landlord, unless there has been a judgment entered in favor of the landlord."

**SECTION 7.(a)** Chapter 157 of the General Statutes is amended by adding a new Article to read:

"Article 6.

"Optional Credit Reporting for Tenants of Subsidized Housing Program.

**"§ 157-71. Definitions.**

The following definitions apply in this Article:

- (1) Credit reporting agency. – As defined in G.S. 75-70.1(3).
- (2) Housing authority. – As defined in G.S. 157-3(1).
- (3) Housing project. – As defined in G.S. 157-3(12).
- (4) Landlord. – As defined in G.S. 42-59(7).
- (5) Participating landlord. – A landlord who decides to participate in the Optional Credit Reporting Program for Tenants of Subsidized Housing created by G.S. 157-72. Any housing authority engaged in the practice of directly leasing residential accommodations to tenants shall automatically be considered a participating landlord for the purposes of this Article.
- (6) Persons of low income. – As defined in G.S. 157-3(15a).
- (7) Persons of moderate income. – As defined in G.S. 157-3(15b).
- (8) Rent payment information. – Information concerning a tenant's timely payment of rent, untimely payment of rent, or nonpayment of rent. "Rent payment information" does not include information concerning a tenant's payment or nonpayment of any fees other than rent.
- (9) Residential accommodations. – Real property used for residential purposes by an individual or family.
- (10) Subsidized housing. – Residential accommodations that receive financial assistance from federal, state, or local government programs aimed at reducing housing costs for persons of low income and persons of moderate income. This assistance may include direct subsidies, tax credits, grants, or other financial mechanisms designed to make housing more affordable.
- (11) Tenant. – As defined in G.S. 42-59(10).

**"§ 157-72. Establishment of the Optional Credit Reporting for Tenants of Subsidized Housing Program.**

(a) Any participating landlord of subsidized housing shall offer the tenant or tenants obligated on the lease of each residence the option of having the tenant's rent payment information reported to at least one credit reporting agency. A tenant's election to have his or her rent payment information reported under this section shall be in writing, as described in subsection (c) of this section.

(b) For leases entered into on or after October 1, 2025, the offer to report rent payment information shall be made at the time of the lease agreement and at least once annually thereafter.

(c) The offer to report rent payment information shall include a written election of rent reporting that contains at least all of the following:

- (1) A statement that reporting the tenant's rent payment information is optional.
- (2) Identification of each credit reporting agency to which rental payment information will be reported.

- (3) A statement that all of the tenant's rental payments will be reported, regardless of whether the payments are timely, late, or missed.
- (4) The amount of any fee charged pursuant to subsection (f) of this section.
- (5) Instructions on how to submit the written election of rent reporting to the landlord by mail.
- (6) A statement that the tenant may opt into rent reporting at any time following the initial offer by the participating landlord.
- (7) A statement that the tenant may elect to stop rent reporting at any time, but that they will not be able to resume rent reporting for at least six months after their election to opt out.
- (8) Instructions on how to opt out of reporting rental payment information.
- (9) A signature block that the tenant shall date and sign in order to accept the offer of rent reporting.

(d) When the offer of rent reporting is made, the participating landlord shall provide the tenant with a self-addressed, stamped envelope to return the written election of rent reporting. The participating landlord may also accept the written election of rent reporting from the tenant in person.

(e) The written election to begin rent reporting shall not be accepted from the tenant at the time of the offer. A tenant may submit their completed written election of rent reporting at any time after they receive the offer of rent reporting from the participating landlord. A tenant may request and shall obtain additional copies of the written election of rent reporting form from the participating landlord at any time.

(f) If a tenant elects to have that tenant's rental payments reported to a credit reporting agency under subsection (a) of this section, the participating landlord may require that tenant to pay a fee not to exceed the lesser of the actual cost to the landlord to provide the service or ten dollars (\$10.00) per month. The payment or nonpayment of this fee by the tenant shall not be reported to a credit reporting agency.

(g) If a tenant fails to pay any fee required by the participating landlord pursuant to subsection (f) of this section, all of the following shall apply:

- (1) The failure to pay the fee shall not be cause for termination of the tenancy.
- (2) The landlord shall not deduct the unpaid fee from the tenant's security deposit.
- (3) If the fee remains unpaid for 30 days or more, the landlord may stop reporting the tenant's rental payments and the tenant shall be unable to elect rent reporting again for a period of six months from the date on which the fee first became due.

(h) A tenant who elects to have rent payment information reported as described in subsection (a) of this section may subsequently file a written request with their landlord to stop that reporting with which the participating landlord shall comply. A tenant who elects to stop reporting rent payment information shall not be allowed to elect rent reporting again for a period of at least six months from the date of the tenant's written request to stop reporting.

(i) A tenant who elects to have rent reported does not forfeit any rights under G.S. 42-42. Nothing in this section shall be construed to relieve a landlord of his or her obligation to provide fit premises as required by G.S. 42-42."

**SECTION 7.(b)** There is appropriated from the General Fund to the North Carolina Housing Finance Agency the sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2025-2026 fiscal year to be used to provide grants to private landlords who decide to participate in the Optional Credit Reporting for Tenants of Subsidized Housing Program created by G.S. 157-72 as enacted by this act. The Housing Finance Agency may use an amount not exceeding ten percent (10%) of the funds appropriated in this section for administrative costs. The grants funded by this section shall be awarded on the express condition that the funds be used by the receiving landlord to make improvements to the subsidized housing provided by the

1 landlord. The Housing Finance Agency shall develop criteria and an application process for the  
2 grants funded by this section. The grants funded by this section shall be awarded to eligible  
3 applicants after October 1, 2026. The amount of each grant funded by this section shall be  
4 determined by dividing the amount appropriated for the grants in this section, minus the funds  
5 used by the Housing Finance Agency for administrative costs, divided by the number of eligible  
6 applicants as determined by the Housing Finance Agency on October 1, 2026. Under no  
7 circumstances shall a grant funded by this section be awarded to a housing authority as defined  
8 in G.S. 157-3.

9 **SECTION 8.** Section 2 of this act becomes effective October 1, 2025. Sections 3, 4,  
10 and 5 of this act become effective July 1, 2025. Section 6 of this act becomes effective October  
11 1, 2025, and applies to credit information collected or reports disbursed on or after that date.  
12 Section 7 of this act becomes effective October 1, 2025, and applies to leases entered into on or  
13 after that date. The remainder of this act is effective when it becomes law.