

GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10601-NQa-7

Short Title: Relieving Housing Bottlenecks.

(Public)

Sponsors: Representative Alston.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ALLOW RESIDENTIAL DEVELOPMENT IN ALL COMMERCIAL ZONES,
TO PROHIBIT MINIMUM PARKING REQUIREMENTS, TO REQUIRE THE NORTH
CAROLINA HOUSING FINANCE AGENCY TO ESTABLISH A MUNICIPAL
HOUSING APPROVAL ACCELERATION PROGRAM, TO PRESERVE
SINGLE-FAMILY HOMEOWNERSHIP, TO ESTABLISH A WORKFORCE HOUSING
PRECONSTRUCTION REVOLVING LOAN PROGRAM, AND TO PROVIDE
ADDITIONAL FUNDING FOR THE NORTH CAROLINA HOUSING FINANCE
AGENCY.

Whereas, housing costs in North Carolina have risen sharply over the past decade,
with median home prices increasing by more than 50 percent statewide since 2015 and rents
rising significantly in both urban and rural communities; and

Whereas, more than one in three renter households in North Carolina are cost
burdened, paying over 30 percent of their income toward housing, and hundreds of thousands of
households face severe cost burdens, paying more than half of their income for housing; and

Whereas, wages for many working families have not kept pace with rising housing
costs, placing homeownership further out of reach and increasing financial strain on teachers,
first responders, health care workers, and service employees; and

Whereas, North Carolina continues to experience strong population growth, adding
thousands of new residents each year, while housing production has failed to keep pace with
demand, resulting in low vacancy rates and sustained upward pressure on prices; and

Whereas, regulatory barriers, infrastructure constraints, and lengthy or unpredictable
approval processes increase the cost and time required to build housing, limiting supply and
contributing to higher prices; and

Whereas, expanding housing supply and removing unnecessary bottlenecks are
essential to restoring affordability, strengthening workforce stability, and ensuring that North
Carolina remains competitive and accessible for current and future residents; and

Whereas, the General Assembly declares that addressing housing affordability is an
urgent statewide priority and that effective, supply-focused policy reforms are necessary to
reduce costs and support price-burdened households across North Carolina; Now, therefore,
The General Assembly of North Carolina enacts:

PART I. ALLOW RESIDENTIAL DEVELOPMENT IN ALL COMMERCIAL ZONES

SECTION 1.1. Article 7 of Chapter 160D of the General Statutes is amended by
adding a new section to read:

"§ 160D-707. Residential development allowed in all commercial zones.



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1 (a) In all areas and districts zoned for commercial use, a local government shall allow
2 residential development by right at a density and intensity no less than that allowed in the least
3 restrictive residential zoning district in the jurisdiction in which residential development is
4 permitted by right.

5 (b) Nothing in this section shall be construed to apply to areas zoned for industrial use or
6 to supersede or diminish any applicable building code, fire code, or other general public health
7 and safety regulations or other building design elements generally applicable to residential
8 development."

9 SECTION 1.2. This Part becomes effective July 1, 2027, and applies to permit
10 applications submitted on or after that date.

11
12 **PART II. PROHIBIT PARKING MINIMUMS**

13 SECTION 2.1. G.S. 160D-702 reads as rewritten:

14 "**§ 160D-702. Grant of power.**

15 ...

16 (c) A zoning or other development regulation shall not do any of the following:

17 (1) Set a minimum square footage of any structures subject to regulation under
18 the North Carolina Residential Code.

19 (2) Require a-or otherwise establish a minimum size, placement, configuration,
20 allocation, location, or number of parking space to be larger than 9 feet wide
21 by 20 feet long unless the parking space is designated for handicap, parallel,
22 or diagonal parking spaces, except as required by the Americans with
23 Disabilities Act of 1990, 42 U.S.C. § 12101, et seq., as amended, or federal
24 regulations promulgated under that Act.

25 (3) Require additional fire apparatus access roads into developments of one- or
26 two-family dwellings that are not in compliance with the required number of
27 fire apparatus access roads into developments of one- or two-family dwellings
28 set forth in the Fire Code of the North Carolina Residential Code for One- and
29 Two-Family Dwellings.

30"

31 SECTION 2.2. This Part becomes effective July 1, 2027, and applies to ordinances
32 and regulations enacted or amended on or after that date.

33
34 **PART III. SUPPORT LOCAL GOVERNMENT PERMITTING**

35 SECTION 3.1. Chapter 122A of the General Statutes is amended by adding a new
36 section to read:

37 "**§ 122A-5.16. Municipal Housing Approval Acceleration Program.**

38 (a) As used in this section, "residential development application" means an application
39 submitted to a local government for the approvals required for the construction of residential
40 dwelling units or the conversion of buildings or portions of buildings into residential dwelling
41 units. This definition includes rezonings, subdivision approvals, site plan approvals, special use
42 permits, and building permits, but excludes post-construction ministerial reviews such as
43 inspections and certificates of occupancy.

44 (b) The North Carolina Housing Finance Agency shall establish and administer the
45 Municipal Housing Approval Acceleration Program to reimburse eligible local governments up
46 to one hundred twenty-five percent (125%) for eligible documented costs incurred to accelerate
47 the review and disposition of residential development applications, including approval, denial,
48 and other final action. The Agency shall do all of the following:

49 (1) Develop performance reimbursement limits and eligibility guidelines in
50 consultation with the North Carolina League of Municipalities, taking into
51 consideration geography, market conditions, and local capacity. The

1 eligibility guidelines must clearly define and explain which local governments
2 may apply for performance reimbursement under this Program and for which
3 categories of documented costs.

4 (2) Develop a standardized reporting form for local governments to use in
5 applying for performance reimbursement. The form must require a local
6 government to include all of the following from the year in which it is applying
7 for reimbursement:

8 a. Total number of residential development applications received.

9 b. Number of residential development applications that have been
10 approved or denied or remain pending.

11 c. Processing time lines for approvals.

12 d. Amount of eligible costs incurred in granting approvals, identified by
13 category.

14 e. Documentation of eligible costs.

15 (3) Annually review completed applications for performance reimbursement as
16 described in subdivision (2) of this subsection and reimburse local
17 governments in accordance with the Agency's established reimbursement
18 limits. Performance reimbursement amounts may exceed one hundred percent
19 (100%), up to one hundred twenty-five percent (125%), on an individualized
20 basis. The Agency shall consider all of the following local factors in
21 determining whether to reimburse a local government more than one hundred
22 percent (100%):

23 a. Constrained fiscal capacity.

24 b. Constrained staffing availability in rural or small jurisdictions.

25 c. High-growth or high-cost housing markets.

26 d. Extensive reduction in processing time lines for approvals.

27 e. High number of approvals.

28 f. Adoption of best-practice reforms that materially accelerate residential
29 development and housing production.

30 (c) Application. – To receive performance reimbursement for eligible costs, eligible local
31 governments shall first apply to the Agency for reimbursement using the standardized reporting
32 form described in subdivision (2) of subsection (b) of this section.

33 (d) Funds. – The Agency shall use funds appropriated to it for this Program only as
34 provided in this section.

35 (e) Quarterly Report. – The Agency shall report quarterly to the Joint Legislative
36 Economic Development and Global Engagement Oversight Committee and the Fiscal Research
37 Division on all of the following:

38 (1) Total funds obligated and disbursed.

39 (2) Categories of eligible costs being reimbursed.

40 (3) Identification of local governments receiving performance reimbursement.

41 (4) Total number of residential development applications processed by each local
42 government receiving performance reimbursement.

43 (5) Number of residential development applications that have been approved or
44 denied or remain pending for each local government receiving performance
45 reimbursement.

46 (6) Average processing time lines for approvals for each local government
47 receiving performance reimbursement before and after participating in the
48 Program.

49 (7) Any reduction observed by the Agency in processing time lines for approvals
50 attributable to the Program."

51 **SECTION 3.2.** This Part becomes effective July 1, 2027.

1
2 **PART IV. PRESERVE SINGLE-FAMILY HOMEOWNERSHIP**

3 **SECTION 4.1.** Chapter 75 of the General Statutes is amended by adding a new
4 Article to read:

5 "Article 9.

6 "Preservation of Single-Family Homeownership.

7 **"§ 75-146. Definitions.**

8 The following definitions apply in this Article:

- 9 (1) Affiliate. – A business entity that wholly or substantially owns, is wholly or
10 substantially owned by, or is under common ownership or control with and
11 that acts directly or indirectly on behalf of, in concert with, or for the benefit
12 of another corporate buyer.
- 13 (2) Business entity. – A corporation, limited liability company, partnership, real
14 estate investment trust, association, joint venture, fund, trust, or other legal
15 entity, whether organized for profit or not for profit, but excluding a
16 governmental entity.
- 17 (3) Corporate buyer. – An individual or business entity who acquires or holds title
18 to a single-family home for any purpose other than owner-occupancy.
- 19 (4) Owner-occupant. – An individual who acquires or holds title to a
20 single-family home and who occupies, or intends in good faith to occupy, the
21 home as the individual's primary residence.
- 22 (5) Single-family home. – A residential structure that is either a fully detached or
23 semi-detached building or that is a row or town home that (i) is separate from
24 any adjacent unit by a ground-to-roof wall, (ii) does not share heating or
25 air-conditioning systems or utilities, and (iii) does not have dwelling units
26 located above or below.

27 **"§ 75-147. Legislative findings and purpose.**

28 (a) The General Assembly finds all of the following:

- 29 (1) The availability of single-family homes for owner-occupancy is vital to the
30 health, safety, welfare, and prosperity of the people of this State.
- 31 (2) Homeownership remains one of the principal means by which households
32 build equity, accumulate intergenerational wealth, achieve residential
33 stability, and participate fully in the economic and civic life of their
34 communities.
- 35 (3) Single-family homes are distinct from other forms of real property in that they
36 are traditionally intended to serve as the primary residences of individuals and
37 families, rather than as a large-scale financial asset class.
- 38 (4) The large-scale acquisition and holding of single-family homes by corporate,
39 institutional, and other business entities for rental or speculative purposes can
40 reduce the supply of homes available for owner-occupants, intensify
41 competition for entry-level and moderate-cost homes, and contribute to the
42 displacement of prospective homebuyers by portfolio purchasers.
- 43 (5) When substantial numbers of single-family homes are converted from
44 opportunities for family ownership into instruments of large-scale rent
45 extraction, the State suffers not only economic harm, but social and civic harm
46 through reduced neighborhood stability, diminished opportunities for wealth
47 formation, and increased dependence of residents upon concentrated private
48 market power for basic housing.
- 49 (6) Single-family homes should, as a matter of public policy, be preserved
50 primarily for ownership and occupancy by individuals and families and should
51 not be subject to indefinite aggregation by large-scale landlord interests or

1 accumulated at scale by corporate buyers whose principal purpose is to hold
2 such homes as rental inventory, speculative inventory, or other investment
3 assets.

4 (b) Therefore, the purpose of this Article is to protect the single-family housing market
5 from excessive concentration, preserve meaningful opportunities for owner-occupancy, deter the
6 treatment of single-family homes as a large-scale commodity class, and promote the broad
7 distribution of the benefits of homeownership among the people of North Carolina.

8 **"§ 75-148. Prohibited large-scale acquisition of single-family homes.**

9 (a) It is unlawful for a corporate buyer to purchase, acquire, or otherwise obtain an
10 ownership interest in a single-family home in this State if, upon consummation of the transaction,
11 that corporate buyer would own, lease-purchase, control, or hold a beneficial interest in more
12 than 25 single-family homes in this State that are used primarily for rental, speculative, or other
13 non-owner-occupancy purposes.

14 (b) For purposes of this section, homes owned or controlled by affiliates are aggregated.

15 (c) A purchase made in violation of this section is an unfair or deceptive act or practice
16 affecting commerce under G.S. 75-1.1.

17 **"§ 75-149. Exemptions.**

18 This Article does not apply to any of the following:

19 (1) A single-family home acquired by devise, descent, or other inheritance.

20 (2) A single-family home acquired by a lender, loan servicer, or governmental
21 entity through foreclosure, deed in lieu of foreclosure, enforcement of a
22 security interest, tax foreclosure, or similar process, provided the acquiring
23 party does not retain the home for rental or speculative purposes longer than
24 24 months after acquisition.

25 (3) A single-family home acquired, in whole or majority part, by a nonprofit
26 organization, community land trust, or public housing-related entity for the
27 purpose of affordable homeownership, transitional housing, community
28 stabilization, or other public or charitable housing purpose.

29 (4) A builder or developer acquiring, constructing, or holding a single-family
30 home in the ordinary course of development for initial sale to an
31 owner-occupant, and not for long-term rental portfolio purposes.

32 (5) An individual acting in the individual's own name for personal, family, or
33 household purposes.

34 **"§ 75-150. Enforcement; remedies.**

35 (a) The Attorney General shall have the same authority under this Article to investigate,
36 bring civil actions, seek injunctive relief, and obtain other remedies as provided under this
37 Chapter.

38 (b) In addition to any other relief authorized by law, a court may do any of the following
39 upon finding a violation of this Article:

40 (1) Enjoin the acquisition or continued ownership of a single-family home
41 acquired in violation of this Article.

42 (2) Order divestiture of a single-family home acquired in violation of this Article
43 within a reasonable period set by the court.

44 (3) Order disgorgement to the State of any rents, proceeds, appreciation, fees, or
45 other profits derived from a single-family home acquired or held in violation
46 of this Article.

47 (4) Award restitution, damages, costs, and reasonable attorneys' fees.

48 (5) Impose a civil penalty of not more than ten thousand dollars (\$10,000) per
49 home acquired in violation of this Article,

50 (c) A court may join affiliates and other interested parties as necessary to ensure a full
51 accounting of ownership and effective enforcement of this Article.

1 (d) The remedies under this Article are cumulative and do not limit any other rights or
2 remedies available under law."

3 **SECTION 4.2.** This Part becomes effective October 1, 2026, and applies to
4 acquisitions occurring on or after that date.

5
6 **PART V. ESTABLISH WORKFORCE HOUSING PRECONSTRUCTION REVOLVING**
7 **LOAN PROGRAM**

8 **SECTION 5.** Chapter 122A of the General Statutes is amended by adding a new
9 section to read:

10 **"§ 122A-5.17. Revolving loan fund to finance short-term workforce housing**
11 **preconstruction costs.**

12 (a) Definitions. – The following definitions apply in this section:

13 (1) Preconstruction costs. – Land surveys, environmental due diligence and soil
14 testing, utility connections, planning and permit fees, and site clearing and
15 grading.

16 (2) Workforce housing. – Housing that is affordable to households earning
17 between sixty percent (60%) and one hundred twenty percent (120%) of the
18 county area median income or the State area median income, whichever is
19 higher.

20 (b) Program. – The North Carolina Housing Finance Agency shall establish and
21 administer the Workforce Housing Preconstruction Revolving Loan Program for the purpose of
22 making revolving loans for preconstruction costs for workforce housing projects before
23 developers obtain permanent, private financing. The Agency shall establish guidelines for project
24 equity requirements for applicants between twenty percent (20%) and thirty-five percent (35%)
25 based on market conditions in the county where the project is located. Funds appropriated to the
26 North Carolina Housing Trust Fund for the Workforce Housing Preconstruction Revolving Loan
27 Program shall be used by the Agency only as provided in this section.

28 (c) Requirements. – The following shall apply to loans issued pursuant to this section:

29 (1) No loan shall exceed one million dollars (\$1,000,000).

30 (2) Eighty percent (80%) of loans shall be reserved for projects in counties
31 designated as development tier one and tier two areas, as defined in
32 G.S. 143B-437.08.

33 (3) Twenty percent (20%) of loans shall be reserved for projects in counties
34 designated as a development tier three area, as defined in G.S. 143B-437.08.

35 For the purposes of this subsection, the development tier designation that is in effect as of the
36 beginning of a fiscal year shall be applied for all loans issued for that fiscal year.

37 (d) Report. – Before February 15 of each year, the Agency shall report to the Joint
38 Legislative Oversight Committee on General Government and the Fiscal Research Division on
39 the number of loans made under this section in the previous calendar year, the amount of each
40 loan, and the recipient of each loan."

41
42 **PART VI. INCREASE FUNDING FOR NORTH CAROLINA HOUSING FINANCE**
43 **AGENCY**

44 **SECTION 6.1.** There is appropriated from the General Fund to the North Carolina
45 Housing Finance Agency the sum of one hundred twenty million dollars (\$120,000,000) in
46 nonrecurring funds for the 2026-2027 fiscal year as a directed grant to establish the Municipal
47 Housing Approval Acceleration Program pursuant to this act.

48 **SECTION 6.2.** The State Controller shall transfer the sum of forty million dollars
49 (\$40,000,000) in nonrecurring funds for the 2026-2027 fiscal year from funds available in the
50 Economic Development Project Reserve, established in Section 2.2 of S.L. 2021-180, to the

1 North Carolina Housing Trust Fund for the Workforce Housing Preconstruction Revolving Loan
2 Program established by this act.

3

4 **PART VII. EFFECTIVE DATE**

5 **SECTION 7.** Except as otherwise provided, this act is effective when it becomes
6 law.