

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL DRS45533-NSa-1

Short Title: Affordable Housing Efficiency Grant Program. (Public)

Sponsors: Senators Salvador and Theodros (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE AFFORDABLE HOUSING EFFICIENCY GRANT
3 PROGRAM TO PROVIDE FLEXIBLE INCENTIVE FUNDING FOR ENERGY
4 EFFICIENCY AND ELECTRIC BUILDING UPGRADES IN AFFORDABLE
5 MULTIFAMILY HOUSING.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Article 7 of Chapter 143B of the General Statutes is amended by adding
8 a new Part to read:

9 "Part 37. Affordable Housing Efficiency Grant Program.

10 **"§ 143B-344.65. Definitions.**

11 The following definitions apply to this Part:

- 12 (1) Affordable multifamily housing. – Multifamily residential buildings of five or
13 more dwelling units where at least fifty percent (50%) of the units are reserved
14 for or occupied by households with incomes at or below eighty percent (80%)
15 of the area median income, adjusted for household size, or as otherwise
16 defined by the Department.
17 (2) Area median income. – The annual median household income of an area as
18 determined by the U.S. Department of Housing and Urban Development.
19 (3) Department. – The Department of Environmental Quality.
20 (4) Electric building upgrades. – Improvements that replace fossil fuel systems
21 with high-efficiency electric alternatives, including, but not limited to, heat
22 pumps, electric water heaters, induction stoves, and electric vehicle charging
23 infrastructure.
24 (5) Energy efficiency upgrades. – Measures that reduce energy consumption,
25 including, insulation, efficient windows, lighting, appliances, and heating,
26 ventilation, or air conditioning systems.
27 (6) Office. – The State Energy Office.

28 **"§ 143B-344.66. Establishment of program.**

29 (a) The Affordable Housing Efficiency Grant Program is established within the Office of
30 the Department to provide flexible incentive grants to affordable multifamily housing for energy
31 efficiency upgrades and electric building upgrades. The program shall prioritize projects that
32 reduce energy costs for low-income residents, improve building performance, enhance indoor
33 environmental quality, and support clean energy goals. The Department shall adopt rules to
34 implement this Part, including criteria for grant applications, eligibility, prioritization, allowable
35 uses of funds, incentive structures, and reporting requirements.

36 (b) Grants may be used for any of the following:



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- 1 (1) Energy efficiency upgrades.
- 2 (2) Electric building upgrades.
- 3 (3) Related health and safety improvements necessary to facilitate the upgrades,
- 4 including ventilation enhancements or structural repairs.
- 5 (4) Project planning, design, and implementation costs, including energy audits
- 6 and technical assistance.

7 (c) The Office shall perform all duties required to facilitate the program, including
8 developing application processes, awarding grants, and monitoring compliance and outcomes.
9 The Office may partner with local government units, utilities, or nonprofits to accomplish the
10 objectives of the program.

11 (d) Eligibility. – Grants shall only be awarded to affordable multifamily housing
12 buildings that meet all of the following requirements:

- 13 (1) Have been in service for at least 15 years as affordable multifamily housing
- 14 buildings.
- 15 (2) Are located in potentially underserved communities, as identified by criteria
- 16 to be established by the Department.

17 (e) Incentive Amounts. – Grants shall provide incentives for early adoption that shall not
18 exceed seventy-five cents (\$0.75) per square foot of eligible space. Incentive amounts will be
19 based on project scope, demonstrated energy savings, and compliance with program tiers or
20 performance standards established by the Department.

21 (f) Compliance. – Grant recipients must ensure upgrades comply with applicable
22 building codes and energy standards. Applicants must also comply with federal requirements if
23 they are using federal funds in addition to State funds. Recipients shall maintain affordability
24 commitments for a period specified by the Department.

25 **"§ 143B-344.67. Reporting and evaluation.**

26 (a) Grant recipients shall report annually to the Office on project outcomes, including
27 energy savings, cost reductions for residents, greenhouse gas emissions reductions, and health or
28 environmental benefits.

29 (b) The Office shall submit an annual report to the Joint Legislative Commission on
30 Energy Policy on program performance, funds allocated, projects completed, and
31 recommendations for improvements."

32 **SECTION 2.** There is appropriated from the General Fund to the Department of
33 Environmental Quality the sum of five million dollars (\$5,000,000) in recurring funds beginning
34 in the 2026-2027 fiscal year to be used for staffing and operating funds for the Affordable
35 Housing Efficiency Grant Program, as enacted by this act. Up to six percent (6%) of the funds
36 may be used by the Department for administrative costs.

37 **SECTION 3.** This act becomes effective on July 1, 2026.