



APA-NC Housing Choice Needs and Policies Report

MARCH 2026



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Acknowledgements

Many thanks to members of APA-NC, municipal and county staff, and stakeholders that participated in interviews and provided feedback on housing strategies and priorities during the development of this report.

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Introduction

Report Purpose

This report is a work product of the North Carolina American Planning Association's Housing Choice Task Force and outlines needs, input received, impediments and best practices at the state and local levels to address housing needs. It builds on work by APA national and provides a summary of needs and ideas — a shared point of departure for future state, regional and local conversations and actions to increase availability and affordability of housing.

Statewide needs are significant. Great work is happening across the local government level and housing has increasingly been a topic of conversations at the state level. Addressing these needs will likely take a combination of efforts at the state and local level. APA-NC agrees that there is a need to address housing issues. The purpose of this report is to guide further conversations related to state level initiatives and act as a resource for local and regional efforts.



Report Organization

The report is divided into four chapters:

Chapter 1: Needs

Chapter 2: Engagement

Chapter 3: Opportunities and Best Practices

Chapter 4: Conclusion (Priorities, Impediments, and Costs of Inaction)

Chapter 1

Needs outlines nationwide and statewide housing needs. This chapter also includes case studies detailing housing needs at the local and regional level.

Chapter 2

Engagement provides an overview of engagement conducted during 2025 in support of developing the APA-NC Housing Choices Needs and Policies Report. Engagement activities included numerous subcommittee meetings, a Planning Practitioner Survey, stakeholder interviews, and a second survey and input phase centered around the APA-NC Conference in October of 2025.

Chapter 3

Opportunities and Best Practices is organized by topic area and provides insight on statewide and local initiatives and solutions to addressing housing needs. Examples of statewide action from other states are summarized and best practices are organized into four categories and described. The four categories of best practices are Collaboration and Partnerships, Land Use and Regulations, Construction and Development and Financing.

Chapter 4

Conclusion offers insight into emerging priorities based on member input and discussions of the Housing Task Force. This chapter also acknowledges impediments that are unique to North Carolina that may inhibit employing some best practices. Costs of inaction are also detailed in this chapter.

Needs

Nationwide Housing Needs

The **Brookings Institute estimates** that the U.S. housing market is facing a shortage of 4.9 million housing units compared to the mid-2000s.

Housing availability at all income levels is a challenge with affordable and workforce housing (including rental and for sale products up to 120% AMI) needs being particularly acute. Nationwide according to FRED, from 1984 through 2022, nationwide Real Median Household Income Growth increased only by 31.3% in the 38-year timeframe while in the same timeframe, the average home sales price grew from \$97,800 to \$501,700 or 413%. The National Association of Home Builders concluded in March of 2023, that of the 132.5 million U.S households, 96.5 million households (72%) could not afford a newly constructed median price home of \$425,736 and only 35.9 million households (27%) in the US could afford the median price of a home.

Growth and Housing in North Carolina

North Carolina continues to experience exponential growth as the state is recognized as one of the most desired states for relocation. From April 1, 2020, through July 1, 2023, the population in NC grew by 400,000 persons according to the NC Office of State Budget and Management. A slowdown in relocations and population growth is unlikely as North Carolina continues to dominate many national markets and publications as cited as one of



4.9 million housing units shortage estimated in 2023 from Brookings Institute.

the best climates for business in the nation. In addition, North Carolina is a retirement destination. Growth in households ages 55+ is projected to significantly outpace middle aged households (ages 35 to 54 years of age) and young households (under 35 years of age) between 2024 and 2029. This growth pressure leads to increased demand to provide vital services, improve infrastructure, and address housing needs in communities across the state.

A recent study by Bowen National Research estimates that North Carolina has a projected housing gap of over 760,000 units between 2024 and 2029. This gap is estimated to be 42% rental units and 58% for-sale units. Affordability is also a significant concern in North Carolina. In 2025, Forbes magazine concluded that the median house price in NC was \$403,700 compared to \$462,206 nationally. The report also breaks down needs according to income levels. Affordable and workforce housing shortages make up 54% of projected housing gap in North Carolina according to the Bowen Report.

Factors Impacting Housing Supply

The Housing Supply Accelerator Playbook created by the National League of Cities and the American Planning Association mentions a number of factors driving housing supply shortages including:

- **Construction obstacles**
- **Financing challenges**
- **Land use, zoning and permitting obstacles**
- **Political or community opposition**

North Carolina faces similar issues as well as rising construction costs, infrastructure improvement needs, cultural factors including household size and home type preferences, as well as unique challenges such as in-migration, an influx in retirees from northern states, and a budding second home market in many areas.

Case Studies in Housing Needs

Although housing departments in larger cities and counties have a long history of reporting on needs and activities, including through Consolidated Plans required by HUD, recently there has been a broader interest in understanding housing needs. Following are summaries of four housing assessments from a variety of different localities. The assessments quantify and explore factors contributing to local housing needs to provide the groundwork for policy changes and other efforts to address housing availability in each locality.



218,160 households projected to move to NC between 2024 and 2025.

Southern Pines

The Town of Southern Pines, like many of North Carolina’s medium-sized cities, has seen remarkable recent growth—42% increase in population between 2000 and 2020, according to the U.S. Decennial Census. In 2023, the Town adopted an updated Comprehensive Plan that includes a top-ten initiative to “provide for greater

housing diversity in the community, including different types, sizes, and price points of homes...” To begin implementing this initiative, the Town Council prioritized a 2025 comprehensive plan implementation project to explore opportunities to support housing diversity in the community and promote more local workforce housing.

Southern Pines’ planners conducted an **in-house housing needs assessment** and used a **county-level housing needs assessment** to establish baseline information. Simultaneously, the Planning team organized a housing supply focus group, which included local REALTORS®, home builders, design professionals, Habitat for Humanity of the NC Sandhills, a bank representative, a local housing trust, and a representative of the Moore County Economic Development Partnership. The focus group met several times to identify regulatory reform and non-regulatory strategies for fostering new housing development and preserving existing units. The strategies were presented **via memorandum** to Town Management for review and, ultimately, to the Town Council for their prioritization. The Town Council prioritized three regulatory reforms strategies for 2025:

1. **Increase density with duplexes, townhomes, and stacked complexes, including pre-approved, expedited options and incentives.**
2. **Pre-review and approve expedited entitlement options and incentives for specific subdivision designs.**
3. **Create more land use flexibility for non-conventional housing, such as ADUs, modular and panelized homes, and live-work units.**

As of the writing of this report, the Southern Pines Town Council has passed new UDO standards that create two new minor subdivision types via an administrative approval process for missing middle housing, which incentivizes missing middle housing in areas of town zoned for relatively high density.



760,000 housing units projected shortage 2024-2029 in NC.

One barrier that the planners encountered was different non-housing planning-related priorities for adjacent communities, which limited the Southern Pines planners to unilateral housing strategies that could be done internally without coordination with adjacent communities. Another barrier is the relatively small size of the community and complexity in establishing either housing funding strategies or an affordable housing administration, such as a municipal housing department or administrator. The greatest successes as of the writing of this report have been building relationships with local stakeholders and envisioning strategies with them and the Town Council for increasing housing supply, especially for the local workforce. In upcoming years, the Town may choose to prioritize non-regulatory strategies, such as preserving the existing housing stock with local partners and taking a leadership role in a local and/or regional housing action plan with surrounding communities’ and local organizations’ support.

The Asheville Region

The Asheville Region is a diverse region that faces a variety of land use challenges. Limited developable area, sensitive natural resources, infrastructure costs, urban and suburban growth pressures, second home growth and in-migration of retirees are just some of the issues that must be navigated by communities. A Housing Needs Assessment in 2025 for the Asheville Region by Bowen National Research notes that in the four counties surrounding Asheville, projected demand for housing remains steady. The majority of demand is expected to be from households age 65 and older and driven by middle to higher income groups. The report also notes that housing quality and affordability remain challenges in the region. This is no surprise given that median sales prices of homes has risen from \$365,000 to \$453,000 between 2021 and 2024. Housing needs have been exacerbated due to damage from Tropical Storm Helene. Nearly 2,000 housing units were damaged in this four county region due to the storm, with more than 1,400 in need of replacement.



Other key takeaways from the report include:

- The PSA (Asheville Region) has an overall housing gap of 34,000 units for rental and for-sale product at a variety of affordability levels.
- Overall, there is a rental housing gap of 13,921 units in the region over the five year projection period (2024-2029).
- The overall for-sale housing gap in the PSA (Asheville Region) is approximately 20,437 units over the five-year projection period.
- There will be 7,705 seniors (age 65 and older) likely requiring assisted services that will not have their needs met by existing or planned senior care housing facilities by the year 2029.

Recommendations from the report include:

- Set realistic short-term housing goals, long-term objectives, and monitor progress.
- Develop municipal-level, county-specific, and regional-level housing plans.
- Consider capacity building through organizational efforts and/or hiring professionals to spearhead local (county or city) housing efforts.
- Consider developing a centralized housing resource center.
- Reassess, enhance, and leverage existing government housing incentives to encourage or support the preservation of existing housing and the development of new residential units.

- Explore and support housing policies, programs and incentives to support the preservation of existing housing and the development of new residential units, with possible emphasis on affordable workforce housing and senior-oriented housing.
- Support efforts to develop residential product in locations that responds to the housing needs of seniors ages 65 and older and responds to the growing base of households between the ages of 35 and 54.
- Market the Asheville Region’s housing needs and development opportunities to potential residential development partners.

Several communities in the Asheville region have taken steps towards regulatory reform and prioritized non-regulatory actions, including funding and programs, to address housing needs locally.

The Charlotte Region

The State of Housing in **Charlotte Report 2024** and related **Executive Summary** was published by the UNC Charlotte Childress Klein Center for Real Estate in the Belk College of Business. This report is the latest in six annual reports that have provided data-driven insights into the housing market in the Charlotte Metropolitan Statistical Area (MSA). The report outlines that 134 people moved to the Charlotte metro every day between 2022 and 2023, which continues an ongoing growth trend for the area that has led to increased demand and upward pressure on prices over the last few decades. Significant findings of the report include:

- Supply is catching up with some needs but affordable housing is difficult to find.
- There were 235,051 housing units built in the Charlotte MSA from 2013 to 2023; however, the number of households increased by 243,651 over the same period, which resulted in a housing shortage of 8,600 housing units.
- Typical starter home price in 2011 was \$150,000. As of 2024, starter homes are priced at \$375,000 or higher.
- Median Single Family home prices up 14% from January 2022 to September of 2024. 2022 - \$376,000 to \$429,945 in 2024
- Only 19% of homes sold for under \$300k in 2024, compared to 75% in 2014.
- Family income of \$138k is required to buy a median-priced house in 2024.
- Over 100,000 apartments units have been added in the Charlotte MSA between 2000 and 2024.
- Some decrease in apartment rents was seen in 2023 and 2024, due to increase in construction of multifamily apartments over the past several years.





Burke County

Burke County is a rural county located in the foothills of western North Carolina. The county seat of Morganton is home to several larger State institutions (hospitals and schools), which will continue to drive demand for a local workforce. Like many areas in NC, Burke County was strongly impacted by the exodus of furniture and textile industries in the late 1990s and early 2000s. However, the economy and population have picked back up in recent years. Currently, there are approximately 90,000 people living in the county, in an estimated 35,600 households.

Bowen National Research completed a **Housing Needs Assessment for the County** and its municipalities in 2023. In the five years following the study, the area was expected to grow by an additional 800 households. The study found an estimated overall housing gap of 4,822 units, including rental and for-sale products. The study found an ongoing demand for housing for both younger households and senior housing. A higher poverty rate within the County creates more housing affordability challenges for the area when compared to the state as a whole (25% of the population

lives in poverty); however, the County has a notably larger share of home ownership than the state as a whole. Despite the larger share of homeowners, nearly 40% of renter households are expected to continue to earn less than \$30,000 annually. Older housing stock is somewhat assisting housing affordability for owner-occupied households and demand remains strong for multifamily rental products, despite increasing home sale prices and rental rates.

While the report identified a significant amount of undeveloped land, much of this land requires the costly extension of utilities to create development of any significant density. Of note in the report was the lack of a skilled construction labor force in the immediate area as compared to the state, which leads to higher construction costs and therefore limits development within the area. Area stakeholders identified the highest need by price point for affordable rental (\$500 to \$749/month) and for-sale (\$150,000 to \$199,999) housing; however, local developers indicated a focus on higher-end or luxury housing (for annual incomes \$75,000 to above \$100,000), leading to a mismatch in needed product and proposed new construction.

Engagement

Overview

A survey of planning professionals in North Carolina was conducted to gain insight on housing needs and best practices. In addition, stakeholder interviews were held with housing advocates, local governments, and developers across the state. These interviews were essential in understanding issues at a local level and drawing attention to opportunities and successes.

Planning Practitioner Survey

An overwhelming majority of North Carolina's planning professionals view housing availability and affordability as a significant concern within their communities according to the recent survey conducted by the North Carolina Chapter of the American Planning Association. The survey gathered 105 responses from planners across the state and highlighted the primary barriers to new housing, local government actions being taken, and level of support for various housing initiatives. An overview of key findings is included below. In addition, throughout this report, results from the Chapter's housing survey will be shared to highlight priorities, success stories, suggestions, and cautionary tales for communities wishing to address housing issues.

Findings

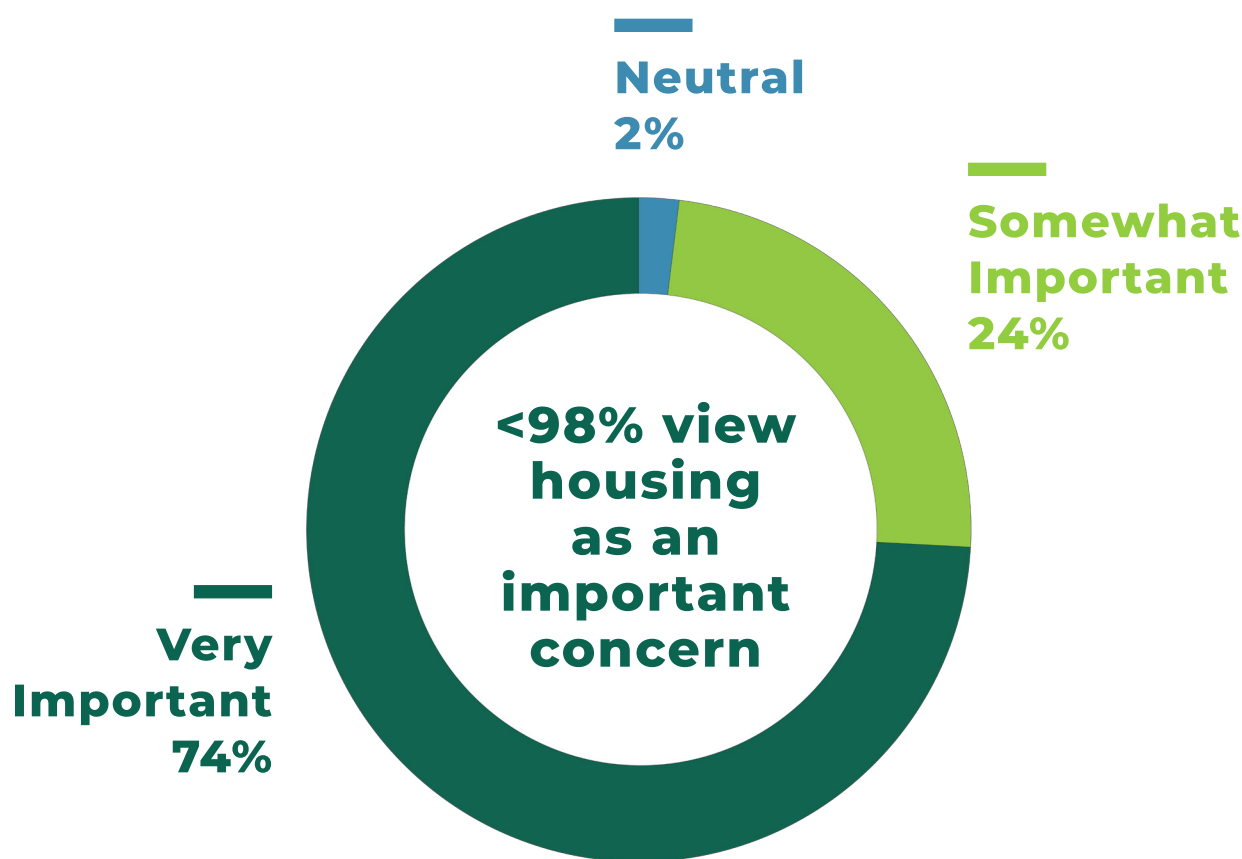
The survey captured a diverse audience of planning professionals in North Carolina. 69.52% of the respondents are members of the APA. The respondents worked in a wide range of community sizes with the majority of respondents being either from small (31.43%) or medium communities (30.48%) and 20.95% being from large metros or cities.

A combined 98.1% of respondents identified housing availability or affordability as a "Very Important" (74.29%) or "Somewhat Important" (23.81%) issue in their area. However, only 17.14% of survey respondents rated local political will to address housing issues as "Significant," and even 19.05% of survey respondents reported no political

will for these issues. Fortunately, most respondents (62.86%) stated that there was "Some" political will. So, although surveyed planners overwhelmingly agree that housing is an important topic, they perceive political will to be lacking. Ultimately the findings of the survey highlight the need for a more proactive and collaborative approach from all stakeholders to bridge the gap between proposed solutions and the creation of accessible and affordable housing across the State.

According to the APA-NC Housing Choice Task Force housing survey, the top three barriers to housing include affordability of new housing, financing, and restrictive land use regulations. Roughly a quarter of

How big of a concern is Housing affordability?



respondents also believed that short-term rentals and aging housing stock contributed to housing availability and affordability. When asked about other housing barriers, respondents mentioned lack of sewer access, the cost of utilities, construction costs, and land availability, as well as a lack of inclusionary zoning options and limited diversity of housing.

Survey respondents provided insight on best practices employed locally or regionally, innovative housing examples and

willingness to support state level initiatives. These responses yielded numerous examples and success stories. Responses are included in the Appendix (include link). The survey also showed broad support for a number of housing initiatives improve housing availability, insight on which initiatives could be potentially supported, depending on how they are implemented, and some direction on which initiatives were opposed or strongly opposed by planning practitioners in North Carolina.

Support for Housing Initiatives

The following housing initiatives were strongly supported:

Allow Innovative Local Funding Options for Affordable Housing

- » 58% Strongly Support
- » 22% Potentially Support
- » 5% Oppose

Allow Local Impact Fees to Address Infrastructure Constraints

- » 54% Strongly Support
- » 28% Potentially Support
- » 7% Oppose

Allowance for Accessory Dwelling Units (ADUs)

- » 50% Strongly Support
- » 32% Potentially Support
- » 8% Oppose

Allow Multi-family in All Commercial Districts

- » 50% Strongly Support
- » 30% Potentially Support
- » 7% Oppose

Allow Inclusionary Zoning

- » 41% Strongly Support
- » 35% Potentially Support
- » 6% Oppose

The following housing initiatives had high levels of potential supporters and/or modest levels of opposition which indicate some concerns:

Allow Duplexes, Triplexes, and Quadplexes in All or More Residential Districts

- » 40% Strongly Support
- » 39% Potentially Support

Removal of Parking Minimums

- » 36% Potentially Support
- » 34% Strongly Support

Minimum Density With Water and Sewer Service

- » 42% Potentially Support
- » 17% Strongly Support

The following initiatives had higher levels of respondents opposed:

Changing Building Codes to Allow for Single Access Stairs for Multi-family or Mixed-Use Development up to a Certain Height (i.e. 6 Stories)

- » 51% Strongly or Potentially Support
- » 21% Oppose or Strongly Oppose

Shot Clock for Rezoning or Other Development Applications

- » 42% Strongly or Potentially Support
- » 33% Oppose or Strongly Oppose

Statewide Housing Initiatives Ranked by Level of Strong Support

Initiative	Strongly Support	Potentially Support	Opposed or Strongly Opposed
Allow Innovative Local Funding Options for Affordable Housing	58%	22%	5%
Allow Local Impact Fees to Address Infrastructure Constraints	54%	28%	7%
Allowance for Accessory Dwelling Units (ADUs)	50%	32%	8%
Allow Multi-family in All Commercial Districts	50%	30%	7%
Allow Inclusionary Zoning	41%	34%	6%
Allow Duplexes, Triplexes, and Quadplexes in All or More Residential Districts	40%	39%	14%
Removal of Parking Minimums	34%	36%	16%
Shot Clock for Rezoning or Development Applications	20%	22%	33%
Minimum Density with Water and Sewer Service	17%	42%	12%
Changing Building Codes to Allow Single Stair Apartments	30%	21%	21%

Responses to this survey show broad support for a number of statewide initiatives including:

- **Allow Innovative Local Funding Options for Affordable Housing**
- **Allow Local Impact Fees to Address Infrastructure Constraints**
- **Allowance for Accessory Dwelling Units (ADUs)**
- **Allow Multi-family in All Commercial Districts**
- **Allow Inclusionary Zoning**
- **Allow Additional Housing Types in More Residential Districts**

The responses are also telling as other initiatives had strong support but also those that were opposed. Some of this opposition may be due to lack of local control or worry of unintended consequences. Discussions with members of the task force provided insight that concerns about changing building codes were related to perceived public safety impacts and concerns about shot clocks for applications stemmed from staff capacity limitations, especially in small jurisdictions.

Best Practices Survey

A second survey and opportunity for input was organized to coincide with the 2025 APA-NC Conference. This effort included an in-person voting exercise and an online survey that detailed draft best practices by category. The tools that received the highest votes included:

- **Facilitate the development of small-scale residential projects**
- **Local land trusts**
- **Removal of barriers to missing middle housing**
- **Inclusionary zoning authorization**
- **Incentive structures for affordable or workforce housing**

The results of this input influenced the content of the report and subsequent discussions of potential priorities with the Housing Task Force, Executive Committee, and Legislative Committee.



Stakeholder Interviews

Guided by the four broad impediment categories identified by both National APA and APA-NC—construction obstacles, financing challenges, land-use and permitting barriers, and political or community opposition—the Task Force’s engagement subcommittee conducted extensive interviews with planners, developers, nonprofit leaders, infrastructure specialists, and faith-based organizations.

Stakeholder input from planners, developers, nonprofit leaders, infrastructure specialists, and faith-based representatives across North Carolina identifies barriers, emerging opportunities, and policy-relevant themes related to the production of diverse and accessible housing.

These stakeholder conversations reveal a complex development environment in which local capacity, regulatory structures, and political dynamics strongly influence the feasibility of providing diverse and accessible housing. Participants emphasized their involvement across the entire development

life cycle, from plan review and permitting to infrastructure, design, rehabilitation, zoning, financing, and community engagement, offering a comprehensive view of the constraints shaping housing production.

Stakeholders expressed mixed perceptions about the adequacy of current plans and regulations. Many agreed that local processes are technically workable when municipal staff are collaborative and when developments integrate multiple price points. Innovations such as AI-assisted design, modular and prefab construction, and more flexible lot configurations were cited as promising. Yet respondents also noted that these solutions depend heavily on staff willingness and local political support. Others argued that regulatory frameworks remain outdated, impose growing administrative and infrastructure-related costs, and are misaligned with contemporary housing needs. These challenges are intensified by rising tap fees, survey requirements, and

building codes that fail to accommodate emerging housing types such as cottage courts or pocket neighborhoods.

Geographic context further shapes these constraints. Mountain, rural, and coastal areas face disproportionate burdens where infrastructure standards, fire and road codes, and utility requirements—designed largely for flatter, urbanized regions—trigger unpredictable or prohibitive development costs. Septic permitting, well maintenance, and utility extensions introduce additional obstacles, particularly for households with limited income or aging homes in need of rehabilitation.

Across all regions, interviewees highlighted local politics, NIMBYism, and resistance to change as persistent barriers. Concerns about neighborhood character, traffic, and density often drive opposition to infill and transit-oriented development, leaving elected officials hesitant to approve projects despite broader community housing needs. Developers also described inconsistencies across jurisdictions, such as differing survey requirements, appraisal timelines, and permitting processes, as costly and discouraging to cross-boundary investment.

Based on these findings, several ideas for state level actions emerged. Stakeholders encouraged the General Assembly to modernize fire and road standards, support statewide reforms enabling accessory dwelling units (ADUs) and small-lot development, reduce soft costs through predictable administrative procedures, expand access to septic and utility funding, strengthen pathways for modular and off-site construction, and improve benefit eligibility for low-income

households. Greater cross-departmental and cross-jurisdictional coordination was also identified as essential for streamlining development and promoting diverse housing options.

Together, these insights reflect both the challenges and the emerging opportunities facing North Carolina’s housing landscape. They underscore the need for updated regulatory frameworks, consistent processes, and political alignment to support the production of diverse, attainable housing that meets the needs of communities across the state.



Summary of Best Practices Recommendations to APA-NC Members and Communities



Collaboration and Partnerships

- CP-1** Housing Needs Assessments
- CP-2** Investment in Infrastructure
- CP-3** Public Private Partnerships and Land Disposition
- CP-4** Faith Based Housing
- CP-5** Regional Support
- CP-6** Increased Funding for Affordable Housing
- CP-7** Housing Authority Partnerships
- CP-8** Inclusionary Zoning Authorization



Land Use Regulations

- LU-1** Comprehensive Planning
- LU-2** Zoning Reform
- LU-3** Facilitate Residential Infill
- LU-4** Allow Accessory Dwelling Units (ADUs)
- LU-5** Removal of Barriers to Missing Middle Housing
- LU-6** Multifamily in Commercial Districts
- LU-7** Allow Minimum Density Near Transit
- LU-8** Incentive Structures for Affordable or Workforce Housing
- LU-9** Modernize Approach to Manufactured Homes
- LU-10** Track Progress

Summary of Best Practices Recommendations to APA-NC Members and Communities



Financing

- F-1** Leverage Federal Programs and Funding
- F-2** New State Initiatives to Address Funding Gaps
- F-3** Infrastructure Financing Incentives and Mechanisms
- F-5** Local Land Trusts
- F-6** Local Housing Fund



Construction and Development

- CD-1** Engage the Development Community
- CD-2** Assess and Pursue Process Changes
- CD-3** Minimize Discretionary Reviews
- CD-4** Facilitate the Development of Small-Scale Residential Projects
- CD-5** Review Infrastructure and Engineering Standards
- CD-6** Update Building Codes
- CD-7** Promote and Encourage Careers in Residential Construction Trades and Supporting Professions

Opportunities and Best Practices

Statewide Initiatives Overview

Several states have recently enacted legislation intended to support the expansion of housing choice. Although these efforts vary from place to place, the most common approaches involve modification of enabling legislation related to local government land use controls. States have also utilized tax incentives and administrative reforms to encourage a wider range of housing types. Some states have imposed requirements for local governments to measure and report their progress toward expanding the supply of housing in their jurisdictions. Summaries of different options for statewide initiatives are discussed below, followed by case studies for each initiative.



State Modification to Local Authority

Description

The most common type of state-level housing reform modifies local authority to regulate land use. Most of the reforms are narrowly focused on specific topics. For example, many states have recently moved to allowing accessory dwelling units (ADUs) by right in all residential districts. Similarly, many states have limited local authority to impose residential design standards. A few states have advanced more sweeping changes to local authority.

Pros

State-level preemptions standardize regulations and create uniformity and predictability for developers. Preemption of specific standards also reduces some regulatory barriers and costs associated with housing development.

Cons

Preemption reduces local control over land use and design, often without actually obtaining increased housing production or decreased costs for consumers. Removing tools from local governments can have unintended consequences related to historic preservation, infrastructure capacity, and community character.

Considerations

It is not clear if any states track whether preemption of development standards actually result in new housing production or expanded affordability. Future preemption laws should be narrowly tailored and based on evidence of success.

Case Study

Florida's Live Local Act

Florida's Live Local Act, enacted in 2023, preempts some local authority to regulate land use and establish development standards in order to reduce barriers to housing production. Local governments must permit multifamily housing in commercial and industrial zones if at least 40% of units are affordable to households earning less than 120% of Area Median Income. Counties and municipalities must allow religious groups to develop affordable housing on their property. The law also preempts local restrictions on Accessory Dwelling Units. All single family residential zones must allow ADUs by right, with no parking or owner-occupancy requirements.

Case Study

California's YIMBY Law

California's "**YIMBY law**" (**SB9**) **also known as the HOME Act** was enacted in 2021 and some of its provisions were expanded in 2025. The law is a broad preemption of local authority and effectively prohibits single family zoning. It allows property owners to build duplexes, triplexes, and small apartment buildings in single family districts. The policy does not preempt local design standards and does not apply in historic districts, preserving some local control of community character. The law permits minor subdivisions in most urbanized areas. In effect, the state has established a minimum lot size of 1,200 square feet.



Property Tax Exemption for “Middle Income” Housing

Description

Abatements finance the production of rental housing affordable to Low- and Moderate-Income households by providing a full or partial property tax exemption. The policy reduces property-level operating expenses, thereby increasing net operating income. In principle, multifamily properties utilizing tax exemptions should be able to yield similar rates of return as those properties charging higher rents. The programs are designed to incentivize the construction of multifamily housing that includes units affordable to middle-income households (e.g. up to 120% of the Area Median Income). In the places where these programs have been enacted, certification by a state or local entity is required along with eligibility criteria based on size, location, rents, and income targeting.

Pros

Tax emptions for moderate-income rental housing fills the gap between luxury market rate housing and low-income housing financed by traditional rental housing production programs. These programs arguably shift some of the burden of public support for attainable housing from state and federal government to counties and municipalities. This shift ensures the entities with regulatory control over land use share in the associated cost burdens.

Cons

Tax abatements may harm local governments’ finances. Tax expenditures for multifamily property are the revenues of local government. Unlike the properties benefiting from the exemptions, local governments do not have a corresponding offset in expense. They must continue to provide services to residents, including the indirect beneficiaries of the tax exemptions. The cost of maintaining service levels must be borne by other property taxpayers.

Considerations

In places where they have been enacted, tax abatements benefit large-scale properties and do not include “missing middle” housing types (i.e. duplexes and small multifamily buildings). In practice, rents based on affordability standards for “moderate-income” households may remain unaffordable to most renters. The process of certification and monitoring may be too cumbersome, negating the benefits of the program.

Case Study

Florida

In 2023, Florida enacted a sweeping property tax exemption for “middle income” rental properties as part of the **Live Local Act**. In order to benefit from an exemption to Florida’s ad valorem property tax, properties must be certified by the Florida Housing Finance Corporation. Properties must have at least seventy units, be targeted to households earning less than 120% of Area Median Income, and charge below-market rents.

Case Study

Colorado

The state of Colorado enacted legislation in 2023, the **Low-income Housing Property Tax Exemptions** bill, that provides a similar tax exemption to income-qualified homeowners who purchase from non-profit developers.

Case Study

Denver

The City of Denver has launched a **pilot program to support middle income housing** similar to Florida. Qualifying developments must meet affordability criteria. Developers must prove that the housing would not be financially viable without the property tax relief.

Local Housing Need and Progress Assessment Mandates

Description

Some states require municipalities to report on local housing policy implementation. In general, the reports assess the current housing market, identify barriers to housing production where there are shortages, and describe what corrective actions the jurisdiction has undertaken. In one state, local authority to regulate land use is diminished when the community experiences persistent supply constraints. These plans are often tied to a funding opportunity or a penalty for failing to report.

Pros

Ideally, the policy of assessment and reporting increases transparency and understanding of housing market dynamics. States such as Virginia utilize the assessments to inform statewide planning. The planning process may help identify policy gaps within municipalities and differences among neighboring jurisdictions, leading to increased cooperation.

Cons

Producing housing assessments and reports takes staff time and can impose an administrative or financial burden on local governments. As a state-imposed requirement, the reporting may be shallow, listing boiler-plate policies and data in order to satisfy the requirement.

Considerations

States should assess the scope, content, and usefulness of reporting before imposing a new requirement on local governments. Many jurisdictions may require technical assistance or interlocal cooperation in order to complete useful assessments. While understanding the state of play is interesting, without action to change the outcomes, these assessments may not have any practical impact on housing numbers.



Local Solutions Overview

State, regional, and local government policy decisions and processes influence housing and affordability. Statewide initiatives elsewhere have addressed barriers to housing, including reducing regulatory hurdles for accessory dwelling units and modifying single family zoning in order to encourage more missing middle housing types. In North Carolina, many of these topics are being addressed locally through changes in policies and standards. Local governments, planners, advocates, and the development community can play a role in streamlining processes, reforming

regulations in ways that work to address local needs while balancing other interests. This section of the report identifies potential strategies for local governments to increase overall housing supply or the availability of more diverse housing. Strategies are organized based on the system approach outlined in the Housing Supply Accelerator created by the National League of Cities and the American Planning Association. The four sections include Collaboration and Partnerships, Land Use and Regulations, Construction and Development, and Finance.



Collaboration and Partnerships

The following best practices are included in this section:

- CP-1** Housing Needs Assessments
- CP-2** Investment in Infrastructure
- CP-3** Public Private Partnerships and Land Disposition
- CP-4** Faith Based Housing
- CP-5** Regional Support
- CP-6** Increased Funding for Affordable Housing
- CP-7** Housing Authority Partnerships
- CP-8** Inclusionary Zoning Authorization

Collaboration and partnerships are essential for understanding the entire housing ecosystem in any given area and creating innovative approaches for addressing needs. Typical stakeholders include local governments and councils of governments, homeowners, home builders, the local or regional association of home builders, REALTORS (R) and their local associations, financing institutions, design professionals,

and non-profit organizations focused on providing affordable housing or housing repairs. Many best practices for collaboration and partnerships represent ways to buy down the cost of housing through local efforts. Coordination with, and actions from, state and federal levels of government should also be marshaled to support the development of affordable housing.

What We Heard

Task forces that bring together the above stakeholders have proven fruitful for several survey respondents. Some survey respondents mention misunderstandings between planners and other stakeholders; however, rather than further entrenching into our respective positions, efforts should be made to understand each other's guiding principles and seek opportunities for common ground.

According to one survey respondent from the City of Wilson, public-private partnerships can bring large residential and mixed-use development projects to an area. Some unexpected housing partnerships have become success stories for various communities. For instance, several communities partnered with the University of North Carolina School of Government for support while others turned to local religious and education institutions. Universities are well-situated to conduct research, such as market analyses or housing needs assessments while local school districts can aid local governments in the inventory and acquisition of land for schools' workforce housing. An innovative partnership in one community includes a local land trust working with the local school district to develop workforce housing for school faculty and staff. Religious institutions with undeveloped land may also be willing to develop affordable housing on their campuses.

Securing public land for affordable housing is a way some communities are taking direct action on addressing local housing needs.

Several communities are exploring the sale or disposition of surplus government land for affordable housing. One municipality created a specific land disposition policy to facilitate the land sale process for affordable developments. Some other communities are forming a Community Housing Task Force to study the issue and build partnerships. Some others have contracted with the UNC School of Government's Development Finance Initiative to complete housing assessments and identify sites for development.

Best Practices

CP-1: Housing Needs Assessments

Before most best practices and tools can be employed, it is necessary to understand housing needs and the ideal focus of housing initiatives for the local community. Local housing needs assessments are a good place to begin to establish a baseline of housing-related information and data, which can be used to monitor and evaluate the success of local housing-related policies, programs, and regulations. Needs assessments typically analyze demographic and economic data to understand housing trends and identify needs, which can then be used to develop targeted solutions and address housing supply gaps.

Individual local governments can spearhead an assessment of needs. In other instances, partnering with adjacent communities or

conducting county-wide assessments can be an effective way of understanding regional needs and defining an appropriate focus for local actions. Regional housing coalitions and regional governments (i.e. Councils of Government) can also be a partner or a facilitator for these types of assessments, as housing needs and markets cross county lines.

Housing needs assessments should define the problem areas and be a springboard toward developing a focus or plan for housing needs for the community. The assessment should identify housing needs for targeted income groups. It should be followed with an engagement and planning effort to determine areas programs or funding should target, which may include one or more of the following areas:

- 1. Preservation of Existing Housing Stock**
- 2. Production of Rental Housing**
- 3. Production of Owner-Occupied Housing**
- 4. Homebuyer Assistance**
- 5. Transitional Housing (housing for homeless or special needs)**
- 6. Identification of Price Points for Needed Housing (rental or owner-occupied)**

Case Study

City of Hendersonville

Hendersonville, a city with a population of 15,269, strategically invested in soliciting community feedback for two recent initiatives: the Gen H Comprehensive Plan and a Strategic Housing Plan. Appendix D of the Gen H Comprehensive Plan is an example of best practice for community engagement. This Appendix covers the city’s extensive engagement process, including strategy, methods, and results. The plan’s development involved a year of activities using a variety of connections to gather input on needs. This engagement summary outlines information that can be used to design future community engagement activities. Within the Strategic Housing Plan, the City published their outreach methods entitled “Affordable Housing Report Summary of Community Insights.”

CP-2: Investment in Infrastructure

The cost of infrastructure to serve new development can be a significant barrier to housing. Infrastructure gaps may be in areas of utilities, including electricity, water, sewer, or stormwater drainage, or for transportation, recreation, or school services. In many instances, inadequate infrastructure capacity, combined with limited funding at the state and local level to address priorities, is a primary reason cited by opposition to new housing.

Public investment in water and sewer treatment transmission and capacity can help spur housing growth by limiting utility extension costs for new development, especially in infill and planned growth areas. Pursuing regional stormwater solutions for downtown and infill areas can also remove barriers to some types of desired development. Encouraging more public investment in transportation infrastructure, including roadway and intersection

improvements, bicycle and pedestrian improvements, and transit facilities at the state and local levels is essential to deal with rapid growth of cities, towns and counties across North Carolina.

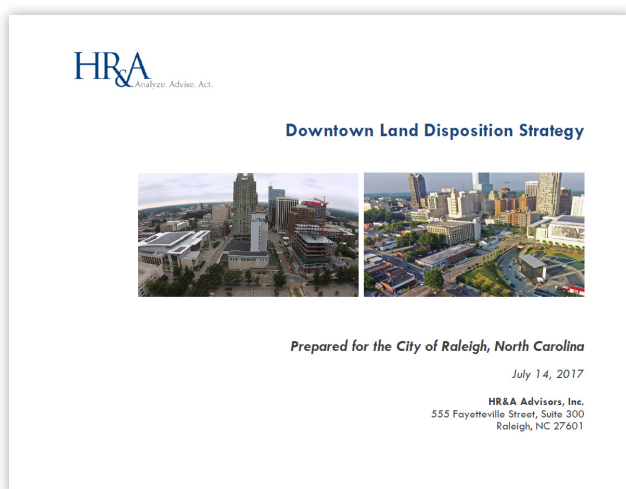
Funding for these improvements could be sourced from state or local resources, as well as from the development community. State appropriations to local communities to invest in public utility infrastructure can be vital to new housing development in some areas, particularly in rural areas where unlocking development potential of dozens of acres depends on costly upgrades back to larger lines or even treatment plants. Impact fees, although not currently authorized by state statute, are another method to fund strategic infrastructure investments that have enabled communities in other states to proactively address growth concerns. Where employed, these fees allow projects to benefit from scale, efficiencies, and predictability, while addressing evolving system-wide priorities. The fees also allow local governments to be more responsive than current funding sources and could reduce gaps in timing between new development and impacts.

CP-3: Land Disposition/Public Private Partnerships

Land disposition and Public-Private Partnerships have been successfully used to support affordable and workforce housing in North Carolina communities. Both options can help bring housing units to market at price points that may allow residents to lease or own a home in areas where most new housing is unattainable.

Land disposition occurs when the local government owns land and sells, transfers, or leases property to another entity. Many municipalities and counties have surplus land that has been acquired over time for a variety of reasons. Local governments have the ability to sell land

for public purposes, which may include redevelopment and housing. Typically a process is undertaken to study land holdings and consider ideal future uses which may include parks, government uses, or housing. Development agreements are utilized during a sale to meet local goals of leasing or selling that land for housing (potentially to low or moderate households). By reducing or removing the land cost for a project through land disposition, a local government is able to utilize their existing asset of government-owned land to address local housing needs.



Case Study

The Downtown Land Disposition Strategy report, prepared by HR&A Advisors for the City of Raleigh in July 2017, evaluated redevelopment strategies for 11 city-owned downtown parcels. The study aligned site reuse scenarios with public policy priorities including affordable and workforce housing, economic development, green space, arts and culture, retail, and municipal facilities. The report outlines two redevelopment scenarios per focus site, projects revenues from land sales and tax generation through 2032, and recommends specific disposition methods to achieve both fiscal and civic objectives.

Public-Private Partnerships (PPPs) are another option to support affordable housing. The purpose of PPPs is to create an agreement between governments and private companies or nonprofits to promote or provide affordable housing. PPPs can take different forms but may provide gap financing, provide local low-income housing tax credits, focus on preserving existing affordable housing, and/or work to increase mixed income developments.

CP-4: Faith Based Housing

Religious organizations are some of the largest landowners in growing cities and towns across North Carolina. These organizations also have a history in providing community services, including emergency shelters. National, regional, and local initiatives are being created to lead, educate, and equip religious organizations to go beyond pastor homes and temporary services and empower faith-based groups to address long-term local housing needs.

Case Study

The City of Charlotte's Faith in Housing Initiative

The City of Charlotte's **Faith in Housing Initiative** represents a proactive and innovative approach to addressing affordable housing needs. This initiative empowers local faith-based organizations (FBOs) to play a direct role in the development of affordable housing solutions. Nationally, such efforts are often referred to as part of the "YIGBY" (Yes in God's Backyard) movement, which encourages FBOs to pursue development opportunities that align with their mission,

while also promoting long-term financial sustainability for their communities.

With many of these organizations owning vast amounts of underutilized land, the initiative provides the organizations with tools and resources to repurpose their assets in ways that align with their missions as FBOs and serve the broader community. By offering technical assistance, education through a structured cohort, and grant opportunities, the initiative supports FBOs in navigating complex development processes, ultimately contributing to housing stability and equity in Charlotte and, ideally, increasing the number of housing units in Charlotte.

At the core of this initiative is a collaborative approach. Key stakeholders include city council members, city Housing & Neighborhood Services (HNS) staff, faith leaders, affordable housing developers, nonprofit partners, and technical assistance providers. Additionally, organizations with expertise in equity, engagement, and capacity building are helping to ensure that the process is inclusive and community centered.

Since its launch in 2024, interest in the initiative has grown significantly. The inaugural Faith in Housing Summit drew around 400 attendees, and since then, the email list of engaged participants has nearly doubled. Although exact numbers haven't been tracked, word of the initiative continues to spread organically through community networks and partner organizations.

While there is no standalone HNS program currently targeting individuals in the faith space, the Faith in Housing Initiative is filling that gap through educational cohorts and grant funding focused on technical assistance. These components are equipping FBOs with the knowledge and support necessary to bring their visions to life.

The community's response has been overwhelmingly positive. A recent Faith in Housing Nonprofit Mixer saw over 150 attendees and high demand beyond the event's capacity. Faith leaders continue to express strong interest - over the past month alone in 2025, meetings have taken place weekly with one to two new leaders exploring how they can contribute.

Charlotte's Faith in Housing Initiative exemplifies how public-private partnerships can activate community-rooted assets to address urgent housing needs. With growing momentum and deep community engagement, the city is laying the groundwork for a more equitable and compassionate housing landscape—driven, in part, by the values and commitments of its faith-based institutions.

CP-5: Regional Support for Housing Initiatives

Whether in an urbanized metro region or a rural area, it is often productive to approach housing solutions at a regional level. Residents are not confined by jurisdictional boundaries when it comes to living, working, accessing services, and recreation. When housing becomes too expensive in one part of a region, households tend to relocate to more affordable areas—often further from employment centers and other frequent destinations. Smaller jurisdictions in rural or suburban areas may also lack the resources needed to adequately address housing concerns if they are taking the needs on independently at the municipal level.

Regional Councils of Government, counties, and similar agencies can facilitate housing plans and strategies that cross jurisdictional boundaries. These entities often have access to resources beyond those of smaller jurisdictions and can take a strategic view of the regional economy, topography, and housing needs. Regional approaches offer an efficient way to address housing needs by considering how people move across jurisdictional boundaries, reducing duplication of efforts. This increased efficiency can be a proactive and cost-effective method of addressing housing challenges, requiring fewer resources than if each municipality and county were to develop and fund their own individualized plans.

Ultimately, regional agencies lack regulatory and legislative authority, so the implementation of regional housing plan goals depends on municipal or county government action. If jurisdictions within a regional system choose or are not able to participate in the planning process,

gaps may be created in data collection, assessment strategies, outreach efforts, and, ultimately, in implementation action.

For regional initiatives to be successful, care should be taken to involve relevant representatives from each affected local jurisdiction, to ensure all parties' interests and capabilities are appropriately addressed. Regional agencies must be empowered with resources that can be shared and coordinated across their designated areas.

Case Study

Western North Carolina

In the Western North Carolina High Country, multiple housing initiatives were launched by individual jurisdictions, each applying to the state for assistance. The "Our State, Our Homes" program helped synthesize these efforts into a more strategic regional approach to housing concerns. The High Country Council of Governments served as a natural facilitator for the regional housing plan. With support from housing-based community organizations and faculty-student partnerships at Appalachian State University, the plan incorporates all seven counties and 19 municipalities in the region. Additional staffing, expertise, and labor were provided through the North Carolina LEAD program—facilitated by the School of Government and funded by agencies such as AmeriCorps—enabling the High Country Council of Governments to successfully execute the project. For more information, see the **Our State, Our Homes** program.

CP-6: Increased Funding for Affordable Housing

Federal funding of LIHTC at higher levels.

In 1986, the Low-Income Housing Tax Credit program was authorized with the Tax Reform Act of 1986. According to the 2023 Factbook of the Affordable Housing Tax Credit Coalition, since 1986, the Low-Income Housing Tax Credit program has financed the development of four million affordable rental homes in urban, suburban, and rural areas. The NC Housing Finance agency reported that the impact of the program in NC from 1986-2022 helped to create and preserve 109,359 affordable apartment homes in 2,530 properties across NC. The program has been one of the most successful programs in the development of affordable rental housing nationwide. However, states annually receive significantly more proposals than available credits to administer.

According to a 2023 report by the Urban Institute published by Urban Wire, the Low-Income Housing Tax Credit program produces roughly 15% of rental units nationwide while the need for affordable rentals is roughly 90,000 units annually. However, some estimates as reflected by the National Low Income Housing Coalition suggest that a 7.1 million shortage of affordable rental housing units existed in 2025. Several published reports point to the need for the US Congress to “increase overall state LIHTC allocations while expanding LIHTC’s capacity to finance new units by providing additional credits to states with high housing costs and inadequate recent housing production”.

State funding for affordable housing

For North Carolina’s rural and urban areas, federal grant funding of local housing initiatives is critical. Programs such as CDBG, HOME, USDA, LIHTC programs and others have been instrumental in providing housing and continued funding for these initiatives from the Federal government is of vital importance.

Direct funding housing comes through federal funds for larger NC Urban communities, but most counties and cities that are not identified as direct entitlements must depend upon funding from the State or local funds. Housing funds provided by the State have led to the preservation and production of housing that is affordable for low to moderate income individuals and families. These programs help leverage private resources and expand local governments’ ability to address vital needs in their communities.

The NC Department of Commerce is the administrator of the State’s CDBG program for non-entitlement communities and receives direction from the Governor and NC General Assembly for funding priorities. HOME program funds received by the state are administered by the NC Housing Finance Agency. Both program’s priorities are also subject to priorities of the Governor and NC General Assembly. Beginning in 2013, allocations of CDBG funding for housing rehabilitation (through scattered site and later Concentrated or Neighborhood Revitalization funding categories) began to shift from these activities to more funding of infrastructure and economic development activities. As a result, HOME program funds became the primary source for housing rehabilitation, along with affordable housing production activities. Unfortunately, HOME

funds used for rehabilitation and housing production have experienced reductions based upon Congressional funding of the program.

Additionally, the NC Housing Finance Agency has relied upon appropriations from the NC General Assembly into the Housing Trust fund (HTF), funded since 1987 through annual appropriations by the NC General Assembly. The highwater mark for the fund was in 2007 with just under \$22 million in allocations, but the fund experienced a decline following the Great Recession of 2007. Appropriations fell over 68%, resulting in contributions to the fund experiencing a reduction. Funding began to be restored in 2016 but not to previous levels, remaining flat at about \$7.7 million annually. In 2023, the NC Housing Coalition actively supported a dedicated housing source with higher recurring levels of funding as proposed in SB424 bill titled, Restoring the American Dream. This proposed bill would add \$30 million in a onetime appropriation to the Housing Trust Fund and, going forward, would rely upon a recurring dedicated revenue source for future funding.

Local Government Housing Funds

Local Governments have multiple mandates and functions authorized by the NC General Statutes. Federal and state resources are insufficient to address all the housing needs in communities. Many local governments have sought to address housing issues in their communities by allocating local resources to housing programs. These approaches are designed to leverage private resources to further their investments. As one avenue of accomplishing this goal, the General Obligation Bond has grown in use by NC communities, providing greater authorities and flexibility for communities by allowing local governments to borrow funds for public purpose projects. These financial instruments require multiple approvals, starting with debt capacity evaluations and approvals from the Local Government Commission, and including advisement by a separate Bond Council, evaluation by the Bond Market, authorization to proceed from the elected body, and ultimately the approval by voters in a community on each bond question proposed for debt issuance. Given the process, bonds are matters not to be entered into lightly; however, if approved, bonds can be quite useful in providing leveraging seed money for affordable housing.

CP-7: Housing Authority Partnerships

Many communities have housing authorities whose mission is to provide housing-related services to the community through education, community engagement, and even funding opportunities. Considering most housing authorities' grassroots approach to addressing housing-related issues, these agencies can be key to not only building community support for

housing reform but in identifying viable strategies. There may be opportunity for local governments to partner with their local housing authorities to discuss the opportunities and economic feasibility of affordable housing projects for developers; establish financing mechanisms or funding sources that offer below-market loans, below-market interest rates, and/or lower fees; consider land banking opportunities using vacant public land; and consider allocating general revenue funds, housing finance agency reserves, and/or local housing trust fund proceeds for housing supply projects. Once again, capacity of both the local government agencies and the housing authority staff are important considerations in the effectiveness and capacity of the noted opportunities. For instance, Lexington, NC, has a partnership with the Lexington Housing Authority, which provides HUD counseling, down payment assistance, and financial advising among other services.

CP-8: Inclusionary Zoning Authorization

Inclusionary zoning is the practice or enabled authority granted to a community to require that a specified number of units be developed for affordable and workforce housing in newly developed market rate developments through the land use entitlement process. The practice has been utilized across the nation by states and their enabling legislation as communities apply interventions for the production of affordable housing.

Inclusionary zoning has had limited application in NC as there are multiple uncertainties with the authority granted by the NC General Statutes. As pointed out in the UNC School of Government's "A

Primer on Inclusionary Zoning” report of November 16, 2010, the Inclusionary zoning practice is through actions invoked by a local government through either voluntary, conditional, or mandatory programs. For all program types, development approvals are granted with the belief and expectation that an affordable price for housing is achieved.

Voluntary programs function much like a conditional zoning district process wherein the applicant chooses to participate in the program and construct affordable housing in return for incentives in the form of relaxed development standards. In this case, the conditional use process establishes conditions for land development (not considerations of the price point of the housing produced), and, if found to be in compliance with the land use objectives of a community, the conditional standards are applied. For voluntary programs, the incentives and requirements are specifically defined by ordinance and applied uniformly across all relevant permits.

Like the voluntary approach, conditional programs involve the applicant seeking to join the program and apply conditional standards through conditional zoning districts. Development standards and incentives are applied to the district after findings related to compatibility with a community’s long-term objectives to create more affordable housing units. However, there are no uniform requirements and standards are negotiated for each development.

Mandatory programs are the least used approach and institute a required for affordable housing based upon established standards. These standards are usually established by ordinance and may require a predetermined number of affordable units

be provided in the development process. A small number of communities have used this approach in NC. The mandatory approach is untested in court with a high degree of uncertainty on how this approach would fare if challenged in the courts.

There are many legal uncertainties with the current approaches and granted authorities of inclusionary zoning application in NC. The concept and approach in NC have been studied for many years and filled with complexity. The legal uncertainties center around two basic premises, one being the ownership of structures and the other being the ability to regulate price. Use categories according to the UNC report establish that under state law, zoning ordinance may regulate land development activities and use, but property ownership and price are not among authorities granted. Additionally, a distinct category for affordable housing in land use decisions may violate the Federal Fair Housing Law. In summary, many questions exist around the authorities granted in NC for inclusionary zoning approaches. Additional guidance and adjustment to the statutes formally permitting this approach are warranted for communities to apply this tool to address affordable housing challenges.



Land Use and Regulations

This section outlines strategies for encouraging housing through changes in land use regulations. Infrastructure, costs, financing, and market forces play a much larger role than local regulations; however, it is necessary for local governments, including elected officials and planners, to assess local conditions, needs, and the existing regulatory framework and consider actions to reform development regulations and encourage new housing.

The following best practices are included in this section:

- LU-1** Comprehensive Planning
- LU-2** Zoning Reform
- LU-3** Facilitate Residential Infill
- LU-4** Allow Accessory Dwelling Units (ADUs)
- LU-5** Removal of Barriers to Missing Middle Housing
- LU-6** Multifamily in Commercial Districts
- LU-7** Allow Minimum Density Near Transit
- LU-8** Incentive Structures for Affordable or Workforce Housing
- LU-9** Modernize Approach to Manufactured Homes
- LU-10** Track Progress

What We Heard

According to the Chapter’s housing survey respondents, some jurisdictions are taking a direct approach to address local housing needs by creating new policies and updating standards. Regulatory reform is a key efficiency focus area for many communities. These reforms include streamlining plan reviews, creating technical review committees, and expediting approvals for affordable housing projects. Other frequently cited actions related to permitted uses and dimensional standards included:

- **Allowing Accessory Dwelling Units (ADUs), like in Raleigh’s pre-approved ADU designs;**
- **Permitting and re-defining “missing middle” housing types like duplexes, triplexes, and quadplexes in more residential districts;**
- **Allowing residential uses in all commercial districts;**
- **Permitting and incentivizing cottage courts; and**
- **Relaxing standards for lot size and density.**



Despite numerous reforms, one respondent cautioned that allowing more housing types has resulted in more units but not necessarily more affordable units. For instance, one respondent stated that their community permitted ADUs by right in all residential zoning districts but had not seen any applications submitted. Any individual strategy ought to include a holistic approach from initial assessment for suitable change through to implementation, including outreach and improved application and review processes.

Best Practices

For all best practices noted herein, it is important to remember that there is no magic bullet of a one-size-fits-all approach for all of the different community types in North Carolina. Each individual practice must be assessed and applied in light of the existing community's character and vision. State enabling legislation must consider these approaches as options, with suitable support for implementation where appropriate, rather than mandates for all communities.

LU-1: Comprehensive Planning

Comprehensive Plans are fundamental to adopting or amending development ordinances (see N.C.G.S. 160D-501). Just as powerful as the plan itself is the process of public participation and citizen engagement. By engaging local residents, housing development stakeholders, and real estate and economic development professionals, a community can begin to develop a clearer vision for housing opportunities. When beginning discussions, it is important to distinguish between strategies for new housing and preservation of existing housing, as well as different

ownership patterns. Comprehensive plans and/or land use plans are required to be updated regularly by North Carolina state law; however, keeping these plans up to date is also essential to identify areas where density is appropriate, what zoning changes are needed, and to assist in the pursuit of grants.

LU-2: Zoning Reform

Local land use regulations, particularly zoning and development ordinances, can play a role in facilitating housing development. Zoning codes regulate allowable uses, building types and design standards at the local level. The codes also outline application, review, and approval processes. Although regulations cannot by themselves facilitate housing production and may play a secondary role in housing development to infrastructure, costs, and market forces, it is important to identify and edit barriers due to land use regulations.

Many local governments in North Carolina have relatively antiquated codes that emphasize single-use Euclidean approaches to land use and are marked by extensive single-family zoning districts. In many cases, dimensional standards and even allowable housing types do not reflect existing, historical built form. Considering more by-right uses, adjusting dimensional standards (i.e. setbacks, lot widths, and lot sizes), and re-evaluating street widths are examples of local reforms that should be customized to balance local character and housing costs. Ultimately, zoning reform can take many forms, but a focused effort to evaluate existing zoning frameworks, assess real and perceived barriers, and target updates to align local regulations with housing goals is needed.

Review and approval processes should be streamlined to the degree suitable to the size and capabilities of the local community. Process changes that emphasize staff review and administrative approval are more feasible and encouraged, to set solid expectations for developers and give certainty to community members. Statewide “shot clocks” are problematic and not recommended, given limited staff resources in many midsize to smaller jurisdictions. Mandating unreasonable time frames without knowledge of the local jurisdiction sets up the potential for complete lack of adherence to any rules for understaffed communities.

The State may be able to assist communities in updating zoning ordinances in a variety of ways, whether monetarily or through development of a storehouse of standard code language that is readily available for use by all jurisdictions.

LU-3: Facilitate Residential Infill

Encouraging higher density housing can have multiple benefits, including cost savings for infrastructure and the provision of services, increased walkability, environmental benefits (due to reduced urban footprint), and increased local revenue. Facilitating residential infill development in areas with existing or planned infrastructure is a key tenant of smart growth. Local governments are best positioned to facilitate density in the right places through such changes as modernizing density and lot size requirements and removal or relaxing of common barriers in land use regulations (i.e. parking requirements, allowable housing types, street widths, and/or setbacks, lot widths or other standards).

Facilitating residential infill is a balance between taking advantage of well-located sites and infrastructure investments and maintaining existing neighborhood character in some areas. Also, higher density development typically creates more need for design controls to maintain a high-quality built environment and ensure new development adds value to a community in the long-term.

Case Study

City of Durham

The City of Durham has passed a number of zoning reforms to facilitate infill development. The 2019 Expanding Housing Choices initiative sought to create additional housing in high demand neighborhoods by allowing duplexes “by right”, allowing ADUs on duplex lots, and implementing a Small Lot Option and Reduced Pole Width Flag Lots.

The Small Lot Option allows for the creation of small homes or duplexes on existing lots and for lots to be subdivided, with new lots created up to 2,000ft² and new homes at a maximum size of 1,200ft² heated area, 800ft² of building footprint, and height of up to 32'. Reduced Pole Width Flag Lots allow a 10'-wide “pole”, 2,000ft² minimum lot size, dwellings with maximum 1,200ft² heated area and 1,000ft² footprint. These options have opened new possibilities of subdivision and infill to help deal with increased housing demand in the city, including a shortage of starter homes.

LU-4: Allow Accessory Dwelling Units (ADUs)

Accessory Dwelling Units (ADUs), also known as granny flats or garage apartments, are self-contained residential units located in a

portion of a primary residence or as part of a smaller, stand-alone structure on the same lot as a primary unit. Typically, ADUs have a smaller gross floor area than the principal dwelling and should have a permanent foundation, but in some cases tiny homes on wheels may also fit this category. Additional standards can apply to this particular use, including location on the lot, size limitations, height maximums, setbacks, and/or parking requirements.

These types of units can provide additional diversity of housing in mostly single-family neighborhoods without changing the character of the surrounding area. These units can provide a place for family members to live nearby while maintaining independence. The units can also increase property value and provide rental income to landowners while providing affordable rental units.

While some cities have seen a significant increase in ADUs after the removal of regulatory barriers, uptake in North Carolina cities after legalization has been modest. Upfront costs for design and construction can be significant. Bank financing is also limited to non-existent for ADUs; by comparison, building a similarly-sized dwelling on a fee-simple lot makes it mortgage-ready. Bank financing for ADUs is difficult due to unrefined appraisal models, lender reluctance to take on construction risk, and restrictions on counting future rental income toward the borrower's eligibility. These systemic issues mean traditional loan products do not fit the unique nature of ADU construction.

ADU Case Studies

City of Raleigh

The City of Raleigh allows ADUs in many residential and mixed-use districts. Two

ADUs are allowed on parcels in designated Frequent Transit Areas. The City has also created a Fast Track Program that makes **ADU construction** more accessible to Raleigh homeowners by providing pre-reviewed building plans at far below the typical design cost.

City of Charlotte

The City of Charlotte is working to encourage ADUs as affordable rental units and address barriers to financing ADUs with the new **Queen City ADU Program**. The program offers up to \$80,000 in forgivable, interest-free financing to help homeowners build an ADU. One ADU per lot is permissible and owners must rent their ADUs to tenants earning no more than 80% AMI.

LU-5: Removal of Barriers to “Missing Middle” Housing Types

Barriers to housing types and density have evolved over time. It is quite common for municipalities and counties to have large swaths of low-density single-family zoning districts. In some cases, these districts are remnants of exclusionary efforts that date back to redline maps from the 1930s and 1940s. In other situations, especially in fast growing suburbs that were once rural areas, low-density districts remain from initial zoning efforts and may face issues of infrastructure availability. In many codes, processes and/or dimensional standards are conducive to only single family subdivisions or large-scale apartments. “Missing middle housing” refers to housing types with smaller lots or attached residential units that are generally in-between the size of large apartment complexes and the typical suburban single family detached subdivision. Unit types such as duplexes, triplexes, fourplexes, cottage courts, and

multiplexes are missing middle housing typologies. These housing types can help add diversity to existing neighborhoods and introduce a mix of for-sale price points and rental units while maintaining “house scale” development and overall character.

Many communities have examples of missing middle housing that date to the middle of the twentieth century in older neighborhoods. However, in some communities, due to a variety of reasons, including more recently built examples that were poorly designed, these housing types have been prohibited, or dimensional requirements make them unattractive to developers. The first step for communities that want to reintroduce these building types is to review the existing land use regulations to define and allow these housing types. Also important is reviewing and revising lot size and dimensional requirements, such as lot width and setbacks, as well as approval processes to allow for more administrative approvals. The **Missing Middle Housing website** created by Opticos Design is a good resource for understanding appropriate dimensional requirements and learning about missing middle.

Streamlined processes that do not require legislative or quasi-judicial hearings for missing middle housing options provide an additional incentive for developers, especially local, small-to-medium-scale developers.



Case Study

City of Brevard

The City of Brevard has dealt with unprecedented demand for housing in recent years due to a number of factors, including second home sales and seasonal rentals. The COVID-19 pandemic and Hurricane Helene exacerbated local and regional needs. Low to moderate income households have borne the brunt of rising rents and home costs. The City's location, situated between steep slopes in Pisgah National Forest and the French Broad River floodplain, magnifies housing issues due to lack of buildable land. The City has taken a number of proactive steps to address housing needs, including regulatory changes, revisions to their Housing Trust

Fund bylaws, strategic infrastructure investment, and funding pre-development work for affordable housing. Regulatory changes meant to facilitate infill residential include by-right allowance of missing middle housing types, allowance of cottage courts and group developments, and reducing restrictions on "irregular lots" or flag lots. The City of Brevard presents a case study in coordination as well. Initial changes to the City's Unified Development Ordinance (UDO) meant to enable missing middle housing led to conversations with the development community that identified parking standards as a key barrier to these types of structures. Amendments to the UDO followed, supported by overarching housing goals.



LU-6: Multi-family and Mixed Use in Commercial Districts

Communities across the country are reevaluating Euclidean approaches to zoning and allowing or encouraging more mixed-use development in certain areas. Many communities in North Carolina have commercial areas that are underutilized and/or expansive commercial zoning districts that were ambitiously applied years ago. These commercial districts typically allow a variety of permitted uses, including large-scale or intensive commercial uses. Interesting, many of the same districts do not allow for second story residential units or standalone multi-family residential uses. Allowing more mixed-use development and residential use types in commercial districts can increase walkability, allow for investment in aging commercial corridors, and help address local housing needs.

LU-7: Minimum Density Near Transit

Housing density near transit is essential to encourage adequate ridership and increasing housing options near transportation options can reduce the impacts of growth on roadways. Requiring a minimum density of housing by-right near high quality transit service is one way to encourage more multi-family housing to be built, support ridership, and take advantage of existing investments.

True premium transit is very limited in North Carolina, so defining what type of service meets the threshold for high quality transit merits some discussion. Light rail service and Bus Rapid Transit (BRT) service should certainly qualify and result in the highest minimum densities; however, established express bus stops or local routes with 15- or 30-minute headways could also qualify as high quality transit in some areas.

Case Studies

The most recent example of statewide upzoning along transit routes is SB 79 recently passed in California. This bill establishes minimum height, density, and floor to area allowances based on distance from transit stop locations for commuter rail, light rail, or bus rapid transit.

Locally, the City of Raleigh has adopted a new Transit Overlay District near planned BRT routes that aim to increase density. The City of Charlotte’s Transit Oriented Development Districts also encourage density near transit stops while emphasizing pedestrian-oriented building and site design.

LU-8: Incentive Structures for Affordable or Workforce Housing

Regulatory standards are an appropriate way to ensure that development occurs according to communities’ comprehensive plans. Regulation can be considered a punitive approach or it can take the form of incentives, in which a jurisdiction offers a benefit to a developer (e.g., relaxed standards, density bonuses, etc.) in return for a particular community benefit (e.g., construction of affordable/workforce housing units, additional open space, etc.). The City of Durham has an **incentive structure** that allows for affordable/workforce housing bonuses and the reduction of standards. The City of Morganton’s performance standards development option provides density bonuses in exchange for site and building design features; an approved NC Low-Income Housing Tax Credit (LIHTC) project allows for exemption from some standards.

LU-9a: Modernize Approach to Manufactured Homes

Manufactured housing is a matrix of old and new, permanent and temporary, having served multiple purposes for more than half a century. This matrix must be considered as a viable alternative to solving the needs of those whose situations fit the flexibility, affordability, and nuances of manufactured homes.

Initially marketed to the well-to-do as a “mobile home”, towable by the average sedan, mobile homes of this configuration largely fell into permanent positions in trailer parks, back yards, and individual lots across the country in the 1960s and 1970s, serving a need of affordable, flexible housing. By the late 1970s and beyond, these unit types continued to decline in value and became the go-to low priced home for many people, ranging from families to retirees. Regardless of the location in mobile home parks or individual lots, manufactured housing served a purpose only to become a target for communities wishing to rid themselves of the stigma of the trailer home. Today, many of these older units still exist and are frozen in place by the catch-22 of land use policy: These units are often deemed non-conforming uses prohibited from replacement to HUD’s unintended consequences of requiring larger modern manufactured homes from 1976.

The authority to regulate land use and development resides in the benefit to the public and forcing the continued existence of a 50- or 60-year-old unit does not accomplish that objective under the provisions of Chapter 160D of the General Statutes of North Carolina. Local governments can revisit older mobile and manufactured homes by modernizing their

land use and development ordinances to provide standards for replacement units whether permanently installed on owner-occupied individual lots or in parks or on leased land.

While the provisions of NCGS 160D-910 encourage units of local government to revisit their policies, this section also provides authorization and guidance on zoning specifically for manufactured homes. Overlay districts have been used at least back to 1988 (Kannapolis) to create opportunities for new parks and new neighborhoods to be developed for new manufactured homes. Overlay districts can establish alternatives to create neighborhoods that fill many needs by incorporating provisions for units on both individual lots and in parks. While perhaps more akin to campgrounds than traditional mobile home parks, parks can be utilized by traveling laborers who own either a manufactured home or a travel trailer, if permitted, utilizing their housing stipend rather than living in hotels when working away from home. For all uses of manufactured or mobile homes, the issue of tax value arises, and replacement units are one answer.

LU-9b: Modular Homes

Modular Homes and “Quasi-Modular Homes” fall under the same N.C. Residential Building Code as traditional “stick-built” homes. Innovations in construction techniques are reducing timelines, increasing build quality, and creating new products that don’t always neatly fit current building code and housing type definitions.

Traditional modular products are built and inspected off-site in a facility, transported to the site, and then assembled on a

permanent foundation for finishing. “Quasi-Modular Homes” like **Clayton Homes’ CrossMod homes** and **Compact Cottages Origami Homes** offer pre-fab speed and stick-built ease. Wall panels, bathroom “pods” and other “housing guts” are assembled in a factory, with electrical, plumbing, and HVAC systems left exposed to the naked eye. Once these components are delivered to a site and partially assembled, local building inspectors can inspect and approve the “housing guts” before sheetrock is installed to complete wall and ceiling systems.

Zoning codes should consider permitting both types of modular homes in all areas where traditional single-family stick-built dwellings are allowed, as an indistinguishable final product from traditional homes. In addition to the housing product, one advantage is that mortgage lenders typically consider these homes as “conventional” and may qualify for traditional mortgage products.

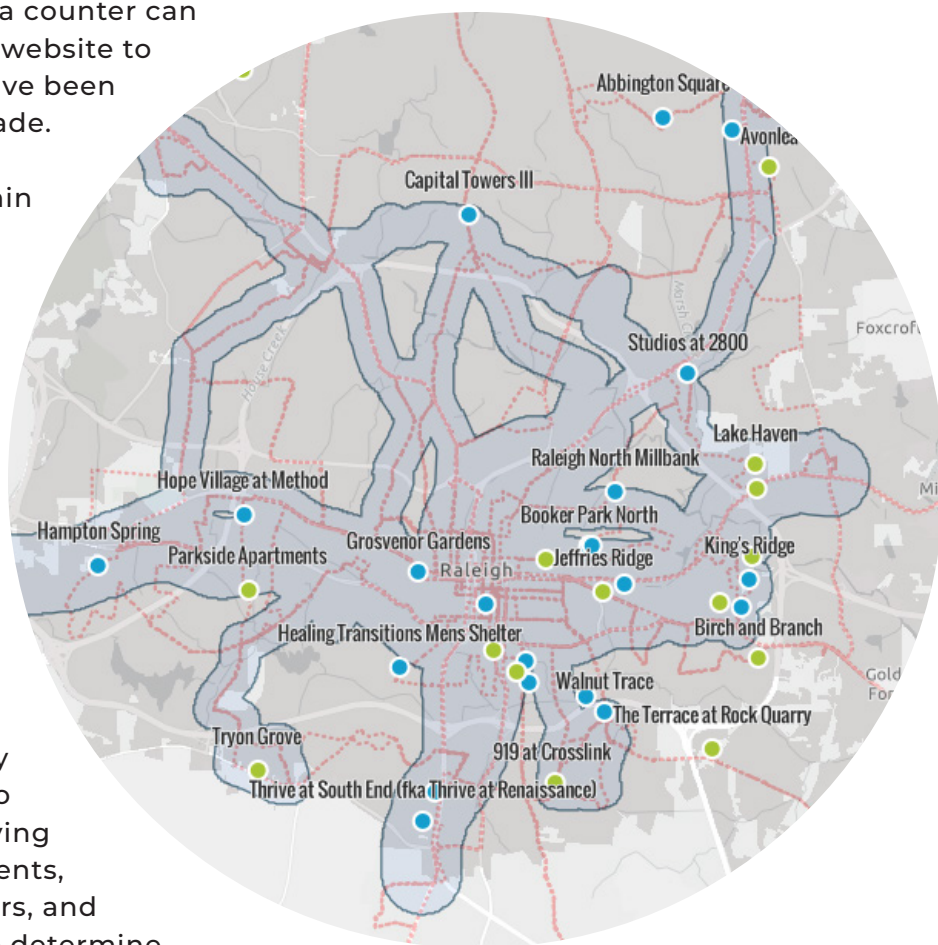


LU-10: Tracking Progress

Essential complements to any housing reform initiative are monitoring and evaluating established housing-related goals and strategies, as well as effectively communicating frequent updates on the progress made to reaching those goals. For instance, if a community's goal was to allow ADUs in all residential zoning districts, then pre-change and post-change ADU permits can be analyzed, and a counter can be added to the community's website to show how many new ADUs have been built since the change was made. Mining and analyzing existing data, collecting new data within a permitting system, and projecting that information back in data visualizations, whether internally or on public-facing websites, are ways to effectively monitor, evaluate, and report progress (or lack thereof). In cases where a specific reform was implemented, but no progress has been made, there is an opportunity to reassess the strategy that was chosen and potentially try something different. Crucial to evaluating the outcome is having conversations with local residents, home owners, builders, bankers, and other relevant stakeholders to determine barriers to the success of a goal and opportunities for improvements.

Case Study

The City of Raleigh has been particularly effective in tracking **ADU uptake**, missing **middle housing construction**, **city-funded affordable rental development tracker**, and a general **affordable housing progress dashboard**.





Construction and Development

This section outlines best practices to support construction and development of housing, largely focusing on changes to processes and some engineering and building standards to facilitate new dwelling units. The engagement of local stakeholders is a starting point. Focusing on efficiency of processes and streamlining standards, including offering great community service and enhancing administrative approvals are excellent ways to reduce delays for the development community. Reviewing infrastructure and building standards, while ensuring adherence to the community’s vision and best practice safety standards, may also address costs that may currently be limiting housing development.

The following best practices are included in this section:

CD-1 Engage the Development Community

CD-2 Assess and Pursue Process Changes

CD-3 Minimize Discretionary Reviews

CD-4 Facilitate the Development of Small-Scale Residential Projects

CD-5 Review Infrastructure and Engineering Standards

CD-6 Update Building Codes

CD-7 Promote and Encourage Careers in Residential Construction Trades and Supporting Professions

What We Heard

Of the 13 strategies to support construction and development outlined in the APA Housing Supply Accelerator, the five most used by survey respondents include:

1. Engage local housing stakeholders and refine goals for local housing supply;
2. Minimize discretionary reviews (e.g., Special Use Permits and Conditional Zoning);
3. Review, evaluate, and improve internal operations, organizational structure, and management to ensure project reviews and permitting procedures are efficient, timely, and streamlined;
4. Facilitate housing development on public and privately owned land; and
5. Permit and promote innovative residential construction technologies.

Meeting, discussing, and sharing information with housing stakeholders was seen as essential by many survey participants. This area is highlighted in the Collaboration and Partnership section of this report; however, targeted engagement with the development community is addressed in this section. Additionally, technical review committees, coordination with other governmental agencies, leveraging administrative processes, facilitating infill development, and reviewing engineering standards can assist a community with achieving local housing supply goals.

During the Chapter's recent practitioner survey on housing one respondent stated that their organization created a technical review committee that included the Fire Marshal, permitting technicians, county

planning staff, environmental health staff, the Building Inspector, and other Town staff, which together ensured that development review proceeded more efficiently. Respondents suggested that external governmental entities such as the NCDOT, municipal and county managers, and public safety professionals should be informed on development and involved in conversations around housing.

Survey respondents argue that more administrative processes have reduced the need for lengthy and/or controversial discretionary reviews. According to their website, the City of High Point has created a streamlined group development process, in which land is developed with two or more principal buildings on the same tract of land that are occupied by separate families, firms, or other enterprises. Group developments in High Point examples may include apartment complexes, shopping centers, and similar multi-building sites. In Granite Quarry, all entitlement processes, with the exception of rezonings, are done administratively, which reduces application review timelines.

Similarly, identifying opportunities to improve internal operations and organizational structure, as well as permitting procedures, is a worthwhile endeavor for communities, which can be done either in-house or with an outside consultant. One respondent suggests expediting low- to moderate-income housing applications. Another respondent recommended that processes and procedures should be effectively communicated with the public, such as by publishing instructions for every permit type. However, in some communities, it seems that planning departments are chronically understaffed, which

makes it difficult to institute process or organizational improvements while also managing the development pipeline.

Facilitating housing development, especially infill areas, is another active role that communities can play. Identifying and supporting adaptive reuse and planned development projects and partnering with churches and educational institutions are some recommendations offered by survey respondents. Incentives, such as housing density bonuses used in the City of Hendersonville, are recommended to encourage developers to increase the number of marketable units while also requiring better site design. Regarding infill areas, site standards should be flexible enough and reasonable in terms of required buffers, open space, and parking standards.

Some innovative infill housing examples around the state were mentioned in the survey and include 3D-printed tiny home developments, cottage courts/clustered homes/pocket neighborhoods (i.e., small homes in high-density pattern like Duke Street Cottages, which can be in both infill and greenfield development areas), and Accessory Dwelling Units (especially, ready-made blueprints like those offered by the City of Raleigh’s ADU program). Some examples of facilitating small-scale infill are included in this chapter.

Seventy percent of survey respondents to the APA-NC Housing Survey support the removal of parking minimums. However, most jurisdictions represented by survey respondents still have minimum parking requirements in their development ordinances. Some communities reported having eliminated or reduced parking requirements in downtown areas or in specific housing districts. Many

respondents noted that their jurisdictions are car dependent and have concerns that eliminating parking requirements would create safety and service issues.

Respondents to the APA-NC Housing Survey also weighed in on allowing single stair apartments. Although 51% of respondents supported this change to building codes, 21% of respondents opposed the move. This indicates some reservations from local planners.

Lastly, through survey responses and committee conversation, a reoccurring theme arose related to the need for expertise and additional professionals in the trades that support residential construction.

Best Practices

CD-1: Engage the Development Community

It is easy to operate in development silos (i.e., planners, developers, etc.) with each component part not only working independently, but sometimes at odds with one another. However, a siloed approach tends to lead to misunderstandings and a lack of awareness about the full complexity of the development process. It is recommended that planners make efforts to deliberately break down communication barriers between different development stakeholders. Understanding the motivations of different stakeholders is a good place to start, which can be done through any number of engagement strategies (e.g., coffee klatches, consensus-building workshops, and focus groups, or task forces, as well as focusing on positive everyday interactions).

Good relationships between the regulating authority and the development community starts with an attitude of all parties being on the same team and working together, instead of viewing interactions as confrontational. Regulating authorities should have an attitude of helping developers to best reach their goal while supporting the vision of the overall community as set through the comprehensive plan. An interest in collaboration should also pervade intergovernmental relations, whether internal amongst different divisions within a single city (internal coordination e.g., zoning, building inspections, water, and electric departments) or across jurisdictions (external coordination e.g., city utility providers, county officials, and inspectors and NC DOT).

If relationships have been fostered between local governments and local developers, there may be opportunities for specific input on current zoning practices and processes that may lead to more efficient applications processes and less frustrations all around. Dialog could also be useful amongst different regulating agencies to ensure understanding of the relationship between processes and review opportunities for efficiencies.

CD-2: Assess and Pursue Process Changes

A benefit of engaging the development community is the additional clarity these members can provide on the efficiency of processes or barriers to development due to process challenges. Honest and frank conversations about inefficiencies and barriers can lead to policy and ordinance changes that make housing more likely to be designed and built.

Good processes start with good customer service. Ensuring the capacity for positive interactions through available staff time and setting the tone as an organization as a whole for positive community engagement is essential to all successful development practices.

Additionally, simple tools to assist those unfamiliar with the development process may be utilized to make the process more efficient. Fact sheets, flow charts, checklists, and diagrams are easy ways to make a process much more consumer friendly.

Investment in easily learned and managed software programs can be invaluable for communities of all sizes. Computerized systems allows for easy assessment of types of applications received, processing times, tracking of consistent repeated advice across employees, and understanding the actions and timelines of an application. Ensuring staff have access to technology they can easily use and monitoring of it to ensure it is used appropriately can provide benefits for development.

Support for appropriate process change must come from a positive attitude to efficiency and customer support at all levels of an organization. Staff may have suggestions that could be implemented if given the agency to move forward. Collaboration across agencies to learn best practices, as well as what to avoid, can be easy and inexpensive ways to support development, especially across neighboring jurisdictions where developers are often likely to encounter different processes at each agency.

CD-3: Minimize Discretionary Reviews

Minimizing discretionary reviews, as recommended in the APA Housing Supply Accelerator, will reduce time from application to approval. Development of clear and appropriately designed standards can offer assurances to developers of whether their proposals will be accepted. These standards should always be developed with input from community members through public participation in both setting the vision and goals of the comprehensive plan and applying that vision through the zoning and development standards.

Clear direction from a comprehensive plan should translate to clear land use regulations and a reduction in Special Use Permits or Conditional Zoning Districts. These types of discretionary reviews can be helpful in some instances but can be overused at times which adds unnecessary delays to projects. Further, streamlining processes by making specific housing or subdivision types subject only to administrative review frees up staff and community members time by reducing the need for Planning and Zoning Commission and City Council discussion on items that meet the agreed community vision. Discussions with the development community move more smoothly when staff can confidently say that the development standards have community support.

CD-4: Facilitate the Development of Small-Scale Residential Projects

Small scale developers are able to provide missing middle housing on infill sites. To streamline the addition of ADUs and Missing Middle Housing, local governments can turn to a number of resources for adding these housing types to their permitted uses, ensuring that developers understand the

opportunities and development regulations, and developing innovative approaches such as providing pre-approved plans for no to low cost to residents.

AARP Livable Communities is one of the leading advocates and researchers in the ADUs for age-friendly housing. AARP has created a Model State Act and Local Ordinance for ADUs as well as many resources on ADU types, increasing supply, financing and budgeting, and facts for local leaders. The resources are available for free at AARP.org/ADUs. Consideration should be given to reviewing this documentation for amendment for sensitivity to common concerns in North Carolina and support at state level.

The City of Raleigh has a detailed website dedicated to explaining the ADU options within the City and walking homeowners through the development process. Images clearly show the different types of ADUs permitted, and links are provided to sites for online permit lodgment and other required processes, as well as Frequently Asked Questions. This access to at-your-fingertips answers, that can provide information without requiring repetitive staff time and can streamline the housing construction process for both developers and staff.

Developing pre-approved plans for ADUs and Missing Middle Housing projects may be one way for cities to promote these types of development and reduce processing times for staff. Nationally, cities such as South Bend, Indiana, Fayetteville, Arkansas, and Kalamazoo, Michigan offer these types of high-quality architectural plans for little to no cost to promote development. The Plans are dependent on site approval for the subject lots but can save time and cost for developers.

View the plans for **South Bend** and **Fayetteville**.

South Bend Neighborhood Infill | Stacked Duplex

The Stacked Duplex
 The Stacked Duplex provides two identical 2-bedroom units that support a slight increase of density and the development on the city's most narrow infill lots with affordable housing options. The massing and elevation options fit within the scale and vernacular character of South Bend's oldest urban neighborhoods. An optional basement could provide storage or expansion of the ground floor unit.



ZONING DISTRICTS ALLOWED
 S U UF







Building Type Overview	
Building Dimensions	
Building Height	2 story
Building Width	22'
Building Depth (incl. porch)	48'
Program	
Unit Configuration	2 bed / 1 bath
Unit Size (finished gross)	1,760 sq. ft.
Basement (unfinished)	880 sq. ft.
Porch (unconditioned)	176 sq. ft.
1st Floor	880 sq. ft.
2nd Floor	880 sq. ft.
Lot Standards	
Lot Width (min.)	32'
Lot Width (max.)	70'

- 19 -

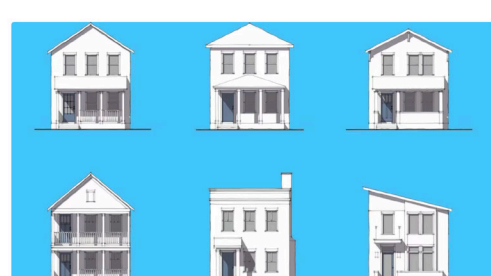
Source: *South Bend Neighborhood Infill Catalog*

View articles in Strong Towns about the programs in **South Bend**, **Fayetteville**, and **Kalamazoo**.

Pre-Approved House Designs Jump-Start Infill Development in South Bend

While other places keep finding ways to say "no" to new housing, this Indiana city is offering pre-approved development templates to small-scale developers at no cost.

Daniel Herriges | Oct 6, 2022



RELATED:

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- When We Treat Neighborhoods Like a Matching Tee Set**
Norm Van Eeden Petersman

Housing templates from South Bend's Pre-Approved Plan Catalog. (Source: City of South Bend)

CD-5: Review Infrastructure and Engineering Standards

Construction of housing can be supported by reducing development costs due to potentially excessive infrastructure and engineering standards. Standards related to streets, parking, and/or utilities should be reviewed regularly to stay abreast of housing trends to ensure that road designs can incorporate the latest needs. Assessment and flexibility is needed on a community-specific basis for infrastructure that will meet requirements while facilitating new development types and accomplishing land use and housing goals.

In some cases, municipal and NCDOT road standards may add unnecessarily to development costs when there are not enough options for road designs to fit all development types, leading to overdesigned roads that do not meet local needs. In some cases, new or revised development types are desired by developers and community members that the agencies have not anticipated. Without capacity to review and create new standards, development can be limited or become too costly. This can result in unrealized opportunities and/or overbuilt infrastructure that is expensive to maintain.

Many downtowns that provide some on-street parking and City-owned or subsidized parking lots have been able to eliminate parking requirements for the central business district. Developers are then able to make financial decisions to provide the best parking arrangement for their proposed use. Shared parking allowances can also reduce parking costs when joint uses have identified opposing operating hours or a likely shared customer base. Easement agreements between neighboring uses accepted as long-term proof of shared

parking arrangements can promote developments with reduced parking rates.

Payments-in-lieu for parking spaces may also be a viable option where the payments are sufficient to address realistic investment in parking facilities and physical space is identified for the replacement parking. If accepting in-lieu fees, cities should be mindful of the timing of construction of the investment and wisely budget for future project costs.

Administrative modification of parking requirements based on clearly set out criteria may also be an option. If modification is utilized, consistent, documented interpretations should be applied and recorded for future reference.

Utility standards that are context appropriate (i.e. rural well/septic and urban water/sewer standards) are needed. Local governments should also have options for private/consolidated systems (eg. single master-meter for water for multi-unit attached or detached multi-family sites; private sewer mains/taps via the NCDEQ Fast-Track permit process vs. requiring individual sewer tap and clean out locations per unit).

Sewer utility providers tend to allow master-meter water connection for multi-unit buildings and/or RENTAL units, but then require individual water meters for detached ownership units, and this same pattern is mirrored for individual sewer service clean outs.

CD-6: Update Building Codes

Building codes set standards for building construction and in the United States, each state adopts versions of the International Residential Code (IRC, covering 1-2 dwelling

units) and the International Building Code (IBC, covering 3+ dwelling units and commercial buildings).

Beginning in 2023, the North Carolina state legislature started a process to update , the North Carolina Residential Code (i.e. IRC) to allow 1-4 dwelling unit construction, with 5+ dwelling unit construction still regulated by the North Carolina Building Code (HB 488/SL 2023-108 became law 8/16/23) However, the full adoption of a 1-4 dwelling unit Residential Code and formation of a Residential Code Council has been delayed due to two Hurricane Helene-related bills: SB 382/SL 2024-57 (became law 12/11/24) and HB 47/SL-2025-2 (became law 3/20/25).

As a result of HB 47, the earliest effective date for a new, formal 1-4 dwelling unit North Carolina Residential Code is likely July 31, 2026. In the interim, the Office of State Fire Marshal (OSFM) will allow the draft 2024 Code (2018 Code is still default code) to be used as an alternative method of construction if requested by a building/property owner or their agent.

Similar to updated infrastructure and engineering standards, there are some updates to the Building Code that can be considered to reduce developer costs and facilitate housing development. Implementing identified changes to the North Carolina Residential Code (the state's adoption of International Residential Code, IRC) can be a start. Previously, 1-4 dwelling unit buildings were required to meet commercial building code. Now, 1-4 dwelling unit buildings will be covered by IRC which establishes fire and structural standards that are less burdensome and less costly than larger commercial or apartment buildings.

“IRC Incrementalism” (credit: Kronberg Urbanists Architects) allows creative combinations of detached and attached housing types (eg. Duplex + ADU, Cottage Courts) that can fit into a much broader range of sites at lower costs than large-scale residential projects. Simply put, IRC = \$\$ and IBC = \$\$\$,\$\$\$\$ for homebuilding costs.

For 1-4 dwelling unit construction, the primary requirement is that all floors, ceilings, and vertical walls separating attached units have 2-hour fire-rated wall assemblies. This still presents considerable costs, but sprinklers can be up to five times as expensive as fire-rated wall and floor/ceiling assemblies. See below for a quick overview of National Fire Protection Association (NFPA) standards:

- **NFPA 13:** Most complex and expensive systems (i.e. fire sprinklers, alarms) required for most larger-scale multi-family buildings (i.e. >10 units) and commercial buildings.
- **NFPA 13R:** Residential buildings up to 4 stories, less complex than NFPA 13, but still expensive.
- **NFPA 13D:** This standard is often State-exempted for 1-2 dwelling unit buildings and townhouses, pending fire wall assemblies, but can be extended to 3-4 unit or 5-6 unit residential buildings with lower costs. (eg. PVC or PEX pipe can connect fire sprinklers instead of DIP (Ductile Iron Pipe).

The cost for NFPA 13R sprinkler systems in a 4-unit building is typically \$1.50 to \$3.00 per square foot for new construction and \$2.00 to \$7.00 per square foot for retrofits. Fire-resistant Drywall Prices range from \$0.35 to \$0.45 per square foot.

A 2-hour fire separation (like Type X drywall) between units is generally less expensive than a full NFPA 13 sprinkler system but more expensive than an NFPA 13R system, which provides a moderate level of protection with a limited system in new multi-family buildings. The NFPA 13R system is the most cost-effective option, costing about \$1 to \$2 per square foot, while full NFPA 13 systems cost four to six times more. Fire separation cost varies depending on construction, while NFPA 13R's cost is predictable, making it a less expensive path to a basic life-safety solution.

Additionally, allowing single-stair construction may be an opportunity to support infill development on smaller blocks, if combined with additional safety measures, such as pressurized stairways, automatic sprinkler systems, alarms, and fire-rated stairwells. An assessment of the costs of additional safety measures against the gain of development area is recommended, as well as provision of acceptable data regarding risk to safety versus reward of additional housing. When adequately assessed and implemented, single-stair construction for limited height buildings (6 stories/75 feet) may result in additional housing opportunities and more walkable areas.

Despite advances and objectivity in building codes and building science, zoning codes are not always aligned with building codes. For example, while North Carolina now allows 1-4 dwelling unit construction as “Residential” rather than “Commercial”, many zoning/development ordinances still consider 3+ dwelling units to be “Multifamily/Commercial”. One to four dwelling unit construction could be aligned with a state-standardized and enabled General Residential zoning district that allows 1-4 dwelling unit construction (attached or

detached) pending meeting criteria like water/wastewater, parking, and landscaping requirements.

Further amending the Code to allow slightly larger residential structures to meet the Residential Code could also foster affordability (i.e. up to 5 or 6 unit structures). For example, **Memphis, TN updated its local IRC code** to allow up to six units in buildings 5,000 SF or less to utilize NFPA 13D standards.



CD-7: Promote and Encourage Careers in Residential Construction Trades and Supporting Professions

Some housing needs assessments, and reports from around the country, have noted that a lack of skilled construction professionals is affecting the housing construction industry and therefore housing costs. Construction trades can provide a profitable and rewarding living for individuals not interested in office roles, and these occupations are needed for ongoing construction of new and maintenance of existing structures.

Options for development of trade skills can span all levels of life, from early high school to mature age students. Support for the trades can be re-invigorated in high school curriculums, to drive early interest and exploration of this industry. Another option may be to consider revisiting technical high schools so career training can begin in the 11th grade and span the final two years of high school. There may be options for half days in technical curriculum and half day in non-college career track basic education (reading, writing, arithmetic). Traditional community college training and degree programs in construction trades are another option, though limited anecdotal evidence shows that individuals may not be as likely to pursue this dedicated college track as in years past. Whether this lack of interest is due to the costs and time involved in college or a general lack of interest in trade careers is unclear. Alternatively, apprenticeship-style programs may offer a better opportunity for individuals to earn a living while learning their trade, with rationed schooling and testing still required. Apprenticeships may give individuals an opportunity to judge their interest in a career prior to dedicating

a full two years of time and money to classroom only work. Partnerships with community and local colleges who specialize in construction trades are encouraged to explore all of the above opportunities. Funding from State resources to support such programs is likely essential to long-term success.

In addition to trade skills, the above opportunities for both early, on-the-job, and college level training can be applied to many careers essential for the construction industry but not traditionally promoted as



career opportunities, such as engineering, city planning and surveying. These careers currently have a high-community need especially given retirement trends among baby boomers.

For more information, visit [Careers in the Construction Trades](#).



Financing

Financing is a key part—maybe the most important part of addressing housing needs. For every project that breaks ground someone has to be able to finance the project to bring it to reality.

The following best practices are included in this section:

- F-1** Leverage Federal Programs and Funding
- F-2** New State Initiatives to Address Funding Gaps
- F-3** Infrastructure Financing Incentives and Mechanisms
- F-5** Local Land Trusts
- F-6** Local Housing Fund

Local governments in North Carolina are utilizing a variety of financial strategies and partnerships to address housing concerns, although the success of these actions vary across jurisdictions. A common approach involves partnering with non-profit organizations and leveraging state and federal funds. Many local governments are working with Habitat for Humanity on new construction and home repair projects. Partnerships also extend to private developers and the North Carolina Housing Finance Agency (NCHFA) to fund new projects. Some jurisdictions also form partnerships with Low-Income Housing Tax Credit (LIHTC) developers active in their regions. Federal grants like the Community Development Block Grant (CDBG) and the HOME Investment Partnerships Program are frequently used to fund housing initiatives, including home repair programs.

Despite some state and federal funding, local governments have seen a need to assist in filling financing gaps to address priorities. Some communities have taken steps to create their own dedicated funding streams, such as establishing an Affordable Housing Fund supported by tax revenue and developer fees (noting that communities shall not inadvertently apply developer impact fees) or creating a Home Consortium with neighboring areas to pool resources. For example, Wake County offers a Housing Preservation Fund that provides capital for preserving affordable units.

To foster development, some local governments are offering direct financial incentives to spur the private sector to meet housing needs. In fact, innovative funding options such as direct financial incentives was the top-rated housing initiative in the Chapter’s housing survey, followed closely

by impact fees. Indirect incentives geared toward lowering the cost of infrastructure have been employed. Apex and Morganton, for example, provide funds for infrastructure such as water and sewer for new owner-occupied housing. Another community established an Affordable Housing Grant Policy to provide funding for each affordable unit constructed, which can be used to cover development fees. Some additional ideas shared by survey respondents include:

- Consider reducing fees for those developments that incorporate affordable housing; and
- For communities who plan to acquire properties for immediate housing projects or land banking, develop a housing toolbox that aids the municipality in moving quickly on land deals.

Best Practices

F-1: Leverage Federal Programs and Funding

Although increases in funding levels would be beneficial federal programs offer tools, services, grants, and funding that can assist in delivering local housing. The Low-Income Housing Tax Credit (LIHTC) program is the largest source of federal funding targeted at the creation and preservation of affordable housing. These funds are administered by state and local agencies. Other federal programs include the HOME Investment Partnerships Program (HOME), Community Development Block Grants (CDBG), Choice Neighborhoods, National Housing Trust Fund and Capital Magnet Fund.

F-2: New State Initiatives to Address Funding Gaps

Due to the scale of the problem, additional state initiatives are needed to support affordable housing in North Carolina. Current federal and state funding is inadequate to address funding gaps needed to bring affordable housing to reality. This issues has been exacerbated by rising construction and land costs in recent years. As mentioned in CP-6, state initiatives have been proposed, including the Restore the American Dream bill. This bill, proposed in March of 2025, would appropriate \$30 million to the North Carolina Housing Trust Fund and establish higher reoccurring funding levels. The bill notes that, “over 815,000 North Carolinians do not have access to affordable housing” and that “930,000 citizens are cost-burdened with their housing” and spend more than 30% of their income on housing costs and utilities. Part of the bill would leverage fees collected by registers of deeds and real property transactions to fund the NC Housing Trust Fund. Essentially, it proposes a one-time boost in funding and suggests leveraging real estate transactions to address housing needs in a sustainable way.

F-3: Infrastructure Financing

The cost of new housing includes site improvements, in addition to the cost of constructing residential structures. The Housing Supply Accelerator Playbook, published through a partnership between the American Planning Association and the National League of Cities, identifies the cost of infrastructure as a major impediment to housing supply. The upfront costs of expanding urban services for greenfield development, or improving services for infill

development, increase the cost of housing and create barriers to entry for small-scale developers.¹

The cost of infrastructure and urban service capacity are passed on to the consumer, whether future owner or renter, as reflected in the cost of housing. Specifically, the purchase price of a home, or the investment recovered through rent, reflects both the costs of direct physical improvements and system expansion associated with new homes (e.g. schools/water treatment). Although local governments in North Carolina are limited in their ability to assess impact fees, developers face direct costs for installation of roads, water, stormwater, sanitary sewer, and other infrastructure. They often also pay directly for the off-site improvements necessary to maintain the existing level of service and mitigate systemwide costs of the additional households. Similarly, builders and homeowners pay “tap fees” and other connection fees when adding new units to an urban service system.

Communities across the country have experimented with various techniques for reducing the upfront cost of infrastructure. In general, these approaches aim to balance two goals: internalizing the costs of new development (ensure that growth-pays-for-growth) while also reducing the purchase price of new homes by amortizing the cost of improvements. Most often, amortization takes the form of creating a special district to finance the costs of development, which is repaid over time through assessment on the new residential properties.

¹ Housing Supply Accelerator p.18-19

Community Development Districts (CDDs)/Community Facilities Districts (CFDs)

Special taxing districts are used extensively in sunbelt states. Spreading the cost of horizontal improvements ensures that “growth pays for growth” while reducing the upfront cost of purchasing a home. Community Development Districts (CDDs) in Florida and Community Facilities Districts (CFDs) in Arizona and California are special-purpose local governments created to finance and manage public infrastructure for new developments. The districts are governed by an elected board of directors; initially, voting is limited to the property owner or developer but shifts to residents as the community builds out. These districts issue tax-exempt bonds to fund initial infrastructure such as roads, utilities, and amenities. The bonds are repaid through special assessments or taxes levied on properties within the district, spreading the cost of improvements over time and linking payment responsibility directly to the property owners who benefit from the facilities and services.

Pros

These types of districts allow developers to shift the expense of horizontal improvements to future property owners who repay the costs over the useful life of the infrastructure. Deferring costs to the future should reduce the upfront cost of purchasing a home.

Cons

Rural areas and small-scale developers may have difficulty utilizing this model. The effective use of CDDs/CFDs is generally limited to master planned communities developed in phases (there can be multiple CDDs within a larger master planned area). Some districts have experienced financial crisis and insolvency, especially in 2008.

Considerations

In states where CDDs are utilized extensively, the districts often supplant the role of municipal government. Some CDDs provide urban services in addition to financing infrastructure. The long-term maintenance of infrastructure allows large-scale development in unincorporated areas outside of traditional municipalities.

Case Study

The Villages, Florida is one of the largest and most famous CDD developments. First established in 1992, the community continues to build out. The current population is greater than 80,000. Nearly all residents of the Villages are over the age of fifty-five. All infrastructure for the community is financed through bond issuances and ongoing assessments, reducing the cost of new housing at the time of purchase. A network of interconnected districts are authorized to operate and maintain infrastructure with the ability to levy assessments. There are currently twenty-three interconnected districts (sixteen residential, four commercial, and three special districts) which not only service the debt for the original cost of infrastructure but provide a range of services including recreation, utilities, and fire protection.

Infrastructure Development District (IDD)/Local Improvement Districts (LIDs)/Community Infrastructure Districts(CID)/ Rural Improvement Districts (RIDs)

Residential infrastructure development districts (IDDs) provide long-term financing of infrastructure costs in Tennessee, Utah, and Vermont. These districts are similar to CDDs and CFDs utilized in Florida, Arizona, and California but provide for a greater degree of involvement (and sometimes control) by local governments. The districts operate similarly to business improvement districts in North Carolina but support residential development instead. In most cases, the municipality must authorize the creation of the district. This feature distinguishes residential infrastructure development districts in states like Tennessee from CDDs in Florida and Arizona, which utilize a state-level approval process. Municipalities issue bonds, which are repaid through special levies on property within the development.

Pros

Like CDDs/CFDs, IDDs allow developers to shift the expense of horizontal improvements to future property owners who repay the costs over the useful life of the infrastructure. Deferring costs to the future should reduce the upfront cost of purchasing a home. IDDs are also more adaptable to small-scale development and retain local government control over development.

Cons

This method of financing infrastructure exposes the municipality, and existing residents, to default risk if a development fails and the assessment revenue does not materialize.

Considerations

States enacting residential IDD programs should consider how to mitigate the impact of default on municipal finances if a development fails. Minimum criteria for utilizing the tool must also be determined. Tennessee established a minimum capital cost of five million dollars or an area of at least five acres. Creation of an IDD program could be crafted to require additional public benefits, such as the provision of income-qualified affordable housing.

Case Study

Tennessee enacted legislation authorizing municipalities to create IDDs to finance infrastructure for residential development in 2024. A district may be formed if it involves at least \$5 million in capital infrastructure investment or covers at least five acres. At least half of the area must be designated for housing. Eligible infrastructure includes roads, utilities, and other required public improvements. The upfront costs of horizontal improvements are repaid through special assessments on the residential property. The tool was expanded by subsequent legislation in 2025.

Municipal Utility Districts (MUDs)

Municipal Utility Districts (MUDs) are special purpose local governments used in Texas to finance and infrastructure in new developments. A MUD is formed within a municipality's planning jurisdiction. Developers must obtain the municipality's consent to create a new MUD. Developers are reimbursed for upfront infrastructure costs from bond proceeds once. The subsequent debt service is paid through special assessments levied on properties within the MUD. Like CDDs/CFDs and IDD (by various names), this technique spreads the cost of infrastructure over many years.

Pros

MUDs allow developers to shift the expense of horizontal improvements to future property owners, reducing the upfront cost of purchasing a home. They are especially effective for large-scale residential developments needing water, sewer, and stormwater.

Cons

Smaller or rural projects may find it difficult to form a MUD. Financial stress can occur if build-out is slower than expected or if property values decline, affecting assessment revenues.

Considerations

MUDs sometimes create confusion regarding what services the district provides and which costs are paid through district assessments.

Case Study

Texas communities utilize MUDs extensively. The Houston area contains hundreds of **MUDs** that finance and operate water, sewer, and stormwater infrastructure. This system has enabled rapid growth while shifting costs away from cities and initial homebuyers. It may be one reason why Houston is comparatively more affordable than other large metropolitan regions. [View the MUDs within Harris County, TX](#), where Houston is located.

F-4: Local Housing Trust Funds (HTFs)

Housing Trust Funds (HTFs) are established sources of funding for a variety of affordable housing-related activities in municipalities across the state. North Carolina has a handful of jurisdictions that have HTFs of varying sizes to supplement the construction of affordable/attainable housing, including Asheville, Raleigh, Chatham County, Charlotte, and others. As the state continues to face challenges related to housing affordability, HTFs are a critical funding strategy to ensure residents in need have access to affordable housing.

Summaries of notable funds across North Carolina are presented below:

Asheville

Established in 2000, the City of Asheville's Housing Trust Fund (HTF) provides low-interest loans to developers, non-profit organizations, and individuals, which facilitates the creation of affordable housing units for low- and moderate-income residents.

The HTF in Asheville is primarily funded through a combination of developer contributions, fees, taxes, and private donations. In 2016, Asheville voters approved a \$25 million general obligation bond for affordable housing, with \$5 million of that amount allocated directly to the HTF.

Since its inception, the fund has created approximately 1,300 affordable housing units. In the 2024-2025 funding cycle alone, the HTF allocated nearly \$5 million to five projects, resulting in the creation of nearly 200 affordable units for families in the 30 to 80% AMI range.

Charlotte

Established by the Charlotte City Council in 2001, and initially funding developments in 2002, the Housing Trust Fund (HTF) serves as a critical tool to support the development and preservation of affordable housing. The HTF provides essential gap financing, enabling projects that would otherwise be financially unfeasible to move forward.



The HTF is capitalized biennially through voter-approved general obligation housing bonds. Since 2018, Charlotte residents have authorized \$100 million in bond funding,

with \$87.5 million already allocated to affordable housing initiatives.

As of December 2021, the HTF has invested \$218.8 million, resulting in the creation or preservation of 10,869 affordable housing units, the funding of 888 shelter beds, and the development of 3,690 units specifically targeted to extremely low-income households earning less than 30% of the Area Median Income (approximately \$25,250 annually for a family of four).

The HTF has demonstrated significant impact beyond its direct investment. Every dollar contributed has leveraged an additional \$6.32 in outside funding, generating a total of \$1.6 billion in citywide investment. This leverage ratio has improved to \$9.36 per dollar since FY2019, bolstered by strategic partnerships such as the **Charlotte Housing Opportunity Investment Fund (CHOIF)**.

Read the **City of Charlotte's 20-year report** on its fund.

Chatham County

In 2018, Chatham County established its own HTF under the direction of the county's Affordable Housing Advisory Committee and the Board of Commissioners, which has supported new affordable developments and repair services to county residents.

While the HTF was initially funded by general property tax revenue, a recent sales tax referendum was approved by voters. A portion of the new sales tax further supplements the fund, ensuring the fund stays at its annual target level.

Since its inception, the county has invested \$1.9 million into the preservation of Naturally



Occurring Affordable Housing (NOAH) and construction of new units. The county has also developed a fee reimbursement policy that will reimburse developers that construct affordable housing for those at or below 80% Area Median Income for a period of 10 or more years. In total, the fund has supported the construction of approximately 200 units, assisted with home repair of nearly 300 units, and supported related programs like Habitat for Humanity and Low-Income Housing Tax Credit projects.

F-5: Land Trusts

Community Land Trusts (CLT) are nonprofit organizations that acquire and own land in order to reduce costs of homeownership locally in the communities where they work. Typically, home buyers purchase a home on CLT land but leases the land from the CLT, resulting in significant savings. An example of this is the Durham Community Land Trustees (DCLT). They were established in 1987 and have managed 370 units of affordable units that have been offered for home ownership or as rentals. Other examples of community land trusts

operating in North Carolina include WeBuild Concord and the Raleigh Area Land Trust (RALT).

For more information on these organizations see:

- [Durham Community Land Trustees](#)
- [WeBuild Concord](#)
- [Raleigh Area Land Trust](#)

F-6: Preservation of Existing Housing Stock

As a housing structures age, regular maintenance and capital expenses are required to ensure the integrity of the structure. As residents age-in-place, it can become more difficult for the occupants to complete physical tasks to support home maintenance. To assist these residents, and support aging housing stock, there need to funds and programs available to assist with repairs and include energy efficiency upgrades in order to preserve existing housing stock. Necessary upgrades present job training opportunities for construction trades and could be funded via a strong non-profit network, with housing partners, local government programs, energy incentives, and/or state or federal funding. Community revitalization used to be a part of the HUD CDBG program but more recently this focus has waned. In addition to preserving naturally occurring affordable housing via assistance with improvements, preservation of existing affordable housing units is also a concern. LIHTC projects have a set time horizon and many are reaching the end of their mandated affordability. Some local governments have tried to address needs. One example is **Forever Home Durham**. Forever Home is a collaborative between

the City of Durham, Durham County, the Durham Housing Authority, affordable housing developers, and nonprofits. Public and private funding is utilized to preserve existing rental homes. Funding includes a \$95 million affordable housing bond and \$65 million in City and federal funds.

Costs of Doing Nothing

There are real costs of not addressing housing issues in our state. A recent study, *The Economic Impact of Closing the Housing Gap in North Carolina* by Dr. Michael L. Walden concluded that if we moved to close the housing gap “over 2 million jobs would be created paying a total of \$144 billion in labor income.” The study also estimated that addressing the estimated gap of over 700,000 housing units would generate a total economic value of \$489 billion and result in public sector revenues of \$51 billion.

1. **In addition, lack of housing causes many issues in local communities including: Impact on Individual Businesses, Municipalities, and School Districts.** If housing becomes less affordable and/or available housing becomes more limited, employers will increasingly find it difficult to recruit and retain employees who can afford to live in the market. Additionally, many people commuting into the area for work will find commute times and costs unsustainable, leading to greater turnover among local businesses. These trends will add to the challenges of local businesses, preventing them from growing and investing and making the business more vulnerable to failure.
2. **Housing Cost Burdens and Impact on the Broader Economy.** The more money households spend on high and rising housing costs results in less disposable income they can spend in the local economy, impacting local retailers, restaurants, and service providers in town. In short, limiting the disposable income of area households due to housing costs will limit economic health and growth.
3. **Rental Disinvestments. With limited housing availability and rapidly rising housing costs, rental property owners have less of an incentive to maintain or improve the existing housing stock.** This often leads to property and neighborhood disinvestment that can contribute to neighborhood declines, increases in residential blight, and reduced property values.
4. **Social Cohesion and Stability. Issues associated with the quality, affordability, and availability of housing often lead to housing instability, which can lead to greater household turnover and displacement of long-term residents.** This, in turn, limits neighborhood cohesion and often disrupts neighborhood stability, thereby limiting a long-term commitment from residents of staying in and contributing to their neighborhood and the town overall. Furthermore, the construction of exclusively high-end housing can lead to the displacement of long-term residents who cannot afford to remain in the area. It should be noted that a mixture of housing types and housing prices is healthy within a housing market to allow movement between housing stock of different prices as family income and circumstances change.

Conclusion

The options for influencing housing development detailed in this report show that there is no single silver bullet for solving all housing concerns. Rather, this report presents a suite of options from which communities should choose those options that best support their local vision and capacity for implementation. While some policies may be able to be enacted at a statewide level, each jurisdiction should evaluate and choose the particular combination of options that would be most beneficial to work together to address the specific housing affordability concerns particular to that local area.

Changes can seem complicated and overwhelming, but there is an overall cost to doing nothing to address housing needs. The business community, and individual families, suffer if suitable housing is not available near to jobs, and lack of disposable income restricts broader investment in the economy. Disinvestment and reduced property values as a result of lack of housing choices only compounds a community's housing problems. Longer term outcomes include a lack of social cohesion and neighborhood stability through household turnover and displacement of long-term residents. A healthy housing market needs a mixture of housing types and housing prices to allow movement between housing stock as household circumstances change.

There are likewise some impediments that are common barriers to housing development across many jurisdictions, which should be addressed at both the local and state level. Despite some challenges,

there are many examples of regulations and programs that work well in other states, as well as within different communities across the state, which could be enacted through either changes in legislation or education in implementation. Again, the capacity of local jurisdictions to adequately and responsibly implement standards should be considered prior to mandating changes across the state. Across the state, funding challenges are a major issue for a variety of reasons, for local jurisdictions in development of standards and policies as well as installation of needed infrastructure, and for the development community in making the financial investment a wise venture.

While there are some emerging priorities that can likely be supported-statewide, it is always essential to choose local initiatives that support vision and goals set in the jurisdiction's comprehensive plan, which, as mandated by NCGS 160D-501, "sets forth goals, policies, and programs intended to guide the present and future physical, social, and economic development of the jurisdiction". Some ideas need to be adjusted for each community to best meet local needs. It is also important that smaller communities with limited capacity for development of new policies and standards are supported through the development and accessibility of resources that are applicable across jurisdictions.



Impediments

Despite a pronounced need for housing in many areas of North Carolina, there are numerous impediments to meeting needs. Outdated zoning codes, lack of political will, and ever-present pushback from NIMBYs were mentioned by survey respondents and stakeholder interviewed. Addressing planning staff capacity and a need to expand the construction workforce and supporting trades (i.e. engineering, surveying, and landscape architecture) may help. Local staff capacity may inhibit the effectiveness of attempts to streamline local development review and approval. Funding is essential and lack of funding is a fundamental impediment to market rate projects as well as adding and maintaining affordable housing units. It should also be noted that the statewide regulatory framework creates local constraints and unintended consequences related to housing. Currently,

inclusionary zoning is not explicitly authorized in North Carolina, which takes away one avenue to leverage new growth to provide affordable units. Additionally, local governments lack the ability to raise funds for impacts of growth (i.e. for schools, transportation improvements, parks, etc.). This has prevented them from taking a proactive approach to alleviating issues from housing and population growth and arguably has fueled opposition to new housing from existing residents. Recent regulatory changes which reduce local government ability to regulate design of single family and small-scale attached homes and separate legislation that prevents downzoning may have the unintended consequence of creating a hesitancy to embrace density, even where it may make perfect sense.

Emerging Priorities

Given feedback received from NC planners during this effort, the Housing Choice Task Force proposes the following local and state initiatives. The APA-NC Executive Committee and members stand ready to work with other stakeholders to refine details of local and state actions to address housing issues across the state.



State Level Actions

- » Increased support for affordable housing, through direct State action (e.g.: grants, housing trust funds, or tax credit programs) or through allowing local government to impose carefully constructed impact fees on new development.
- » Allow multi-family housing development, at a minimum of 6 units an acre, anywhere commercial development is allowed Statewide where public water and sewer utilities exist.
- » Allow Accessory Dwelling Units (ADUs) anywhere single-family housing is allowed Statewide and water and sewer utilities exist.
- » Review infrastructure and building code standards at the state level and consider revisions that remove barriers to housing while maintaining safety.



Local Actions

- » Asses local housing needs and priorities, to provide a factual basis for support for further action on housing needs. Understanding the needs of the local community can be key to determining actions that best fit that specific locality.
- » Review and enact process improvements, including authorization for more administrative approvals, which can make assessments more consistent and reduce time spent in the approvals process.
- » Make changes to local ordinances to support more housing types in residential districts, including ADUs and missing middle housing.
- » Review infrastructure and engineering standards for efficiencies and opportunities to reduce upfront construction and ongoing maintenance costs.
- » Explore public private partnerships and local funding initiatives for both infrastructure and housing.

Call to Action

Governments should take the time to assess their local needs, in conversation with their local development community and review best practices across the state and nation, to craft solutions likely to work in their community. The need is significant, and it is likely that local and statewide action will be necessary moving forward. However, enacting policies strongly opposed by local agencies due to lack of feasibility, such as shot clocks on understaffed and strained departments, may be well-meaning but could cause more issues than they solve.

Given the complex nature of delivering housing, local planning and regulations only play a small role in the larger picture, and it is important that planners do what we can. However, local, regional, and state level action is required, some of which is outside the scope of the planning wheelhouse. Equally important is coordination with non-planning entities, which is essential to enact changes that can truly influence the housing shortage. Issues that cannot be addressed by planners alone include such factors as cost sharing for infrastructure provision, forming public-private partnerships, and addressing cost-driven market concerns.

The noted cautionary considerations, common impediments, and emerging priorities, in combination with addressing the broad suite of options presented within this document, can move North Carolina forward toward addressing housing needs in our state.

“The national housing supply shortage demands collective momentum and shared responsibility from each sector of the housing market to achieve meaningful progress.”

- The National League of Cities