

Subject: Workforce Housing  
December 12, 2023

A critical shortage of workforce housing plagues communities and economic development across the nation. What are the factors that contribute to the shortage? Let's start off with off-the-chart building costs, high land prices, interest rates, and investment companies buying houses only to charge high rents. While the expanding short-term rental market contributes to the problem, some advocates believe that strict zoning and building codes that limit density and construction options also aggravate the situation.

The North Carolina Legislature saw the introduction of several workforce housing bills in this past long session. Surprisingly, none of the bills gained final approval.

HB 562 and SB 317 were titled *Addressing the Workforce Housing Crisis*. In their recent legislative digest, the North Carolina League of Municipalities pointed out that the NC Homebuilders Association Builders supported this legislation. If passed, it would have cut or curtailed local zoning and planning regulations in order to promote housing affordability. The bill would have also changed density requirements, translating into more units per acre of land. The issue of density has been at the forefront of promoting more affordable workforce housing. To me, there was also a disingenuous provision in this legislation. The bill called for income limits, or a low-income provision, for a portion of the units, but it was only for one year. The bill stalled.

HB 537-*The Workforce Housing Act* was also introduced. Its main provision would allow multi-family housing in all business and residential zones. It also would limit building design provisions. To promote multi-family housing, this bill provided that land owned by local governments could be sold or leased below market value provided the land was used for multi-family units. This bill also did not pass.

Another related bill was HB 409/SB374-*Regulation for Accessory Dwelling Units*. I reviewed this bill in last week's article. Again, my problem with this bill was that if short-term rentals were not allowed in these units, the goal of providing housing for working people would be drastically curtailed. Since last week I have talked with experts from the North Carolina League of Municipalities. They reminded me that any town could amend its zoning ordinance to permit accessory dwelling units. Highlands could do a review of dwelling unit provisions where the town could create very specific restrictions in order to maintain the residential character of a neighborhood. Such an action would have to have strong community and board support.

The notion of allowing accessory dwelling units gets back to the challenges of building workforce housing. A homeowner seeking to develop such units would face changes that may not make such a project economically feasible. High construction costs and interest rates might be insurmountable obstacles at this time.

So, efforts for workforce housing did not move forward in the state legislature. However, I sense a growing concern and need for action.

SB 515 *Water and Sewer Affordability Act* also passed the Senate but not the House. This bill would limit the amount customers living outside a city could be charged for water and sewer. A municipality would have to conduct a public hearing in order to raise rates above 25%. With

growing pressure to extend water and sewer beyond the town limits of Highlands, I find this bill to be a concern. It, along with previous state actions, portends more control of these municipal utilities by the state. My reaction is to be highly cautious about extending these valuable services beyond town limits. Such a move might make the state view our system as a regional rather than a town utility.

All this maneuvering and positioning is an effort to create more workforce housing. Where Highlands, the state, and the country are headed over this critical challenge remains to be seen. Stay tuned; this is an issue of interest that affects a wide range of people. There is more to come in the coming year on this important issue.