

Subject: Significate Pending NC Legislation
Date: 24 April 2024

This week, the Highlands Town Manager and I will be attending the North Carolina League of Municipalities' annual CityVision Conference. This conference is a forum where municipal leaders and league staff meet to address challenges and issues facing towns and cities.

Josh and I will have attended several large sessions, small presentations, and workshops. Top on my list was a workshop covering short-term rentals and municipalities. I wanted to get current information from legislative and legal perspectives and learn how other towns address STRs. Highlands has also been in state discussions about regulating STRs, so Josh and I shared our perspectives.

SB 667, which attempts to establish state STR regulations, is still under legislative review. The outcome of this proposed statute will have a direct impact on how and whether Highlands and other municipalities will be able to regulate STRs. Like many other municipal leaders, I believe the issue of regulating STRs should remain the purview of local governments, not the state.

I will speak for other mayors who have been tracking proposed legislation emanating from Raleigh. We do not all believe singular statewide statutes fit all communities, and zoning and development issues are best addressed locally.

Let me cite a couple of proposed bills that underscore this position. First, there is HB 409-Regulation of Accessory Dwelling Units (ACD). Are ACDs a major issue for some communities? And would HB 409 effectively solve the problem? This bill would allow across-the-state ACDs in all single-family residential zones. The bill's rationale is that it would help alleviate the workforce housing shortage. Ironically, there is no provision in the bill to disallow these ACDs from becoming STRs, so many folks in the NC League of Municipalities worry the legislation would be counterproductive. The bill also so has no parking limits or capacity limits. What? Yes, no limits like what local governments might require.

The second example of this intrusion into local government authority is SB 515-Improved Water Rates. The title sounds so good, but the bill would limit what towns could charge for water service to people living outside city limits to only 25% more than town residents. The bill has now been modified to say that if a town wants to go beyond the 25%, a public hearing has to be held where the increase has to be justified. Mayors across the state have voiced opposition to this bill that was ironically introduced by Senator Michael Lazarra, a former president of the League of Municipalities. Way back when, say 50 years ago, Highlands allowed some water lines to be run beyond the town limits with the provision those customers would pay a double water rate. In recent years over a million dollars in upgrades to those waterlines outside the town limits has justified those higher rates. In recent decades the town policy has been not to run water or sewer lines beyond the town limits. Passage of SB 515 would only underscore the town policy of not allowing water and sewer beyond town limits.

Another bill afoot is SB 317-Addressing the Workforce Housing Crisis. It, too, would pre-empt local zoning by allowing large housing complexes to be developed on ten or more acre tracts in any residential zone. Local zoning requirements would not apply. The last time I checked, it had strong support in the Senate.

If you are concerned about any of these proposed bills, please contact your representatives, Senator Kevin Corbin or Representative Karl Gillespie. Josh and I already have.