

At the start of the North Carolina Legislative session, several bills were introduced that would have curtailed municipalities' efforts to manage or implement land-use, zoning, and development policies. The North Carolina League of Municipalities staff sent alerts to all 500+ cities and towns about potential legislation that would be impactful and problematic.

Many towns and elected officials voiced concerns, and many passed resolutions opposing some of the most harmful proposed bills. The Highlands Board of Commissioners passed such a resolution and sent it to our legislative delegation. Let me provide an update about the fate of these harmful bills lobbied by developers.

The big bill that received a lot of attention was HB 765-The Save the American Dream Act. Like many proposed bills, this one had a noble title. Wouldn't everyone want to save the American dream? Who could be against that? But the devil was in the details, not the title.

HB 765 included provisions mandating minimum residential densities at the state level. It also included allowing Accessory Dwelling Units (ADUs), including tiny houses, in all residential zones. The concept behind these provisions was that the ADUs and higher densities would promote affordable housing for workers, a much-needed housing reform.

I am not against towns implementing ADU ordinances that allow higher densities and more units in certain residential areas. But the proposed bill did not prohibit ADUs from being rented as STRs, so their impact on workforce housing needs might have come for naught. The economic driver in this situation would be for property owners to maximize their investment returns by going for the short-term, not the long-term rental path.

My position is that these zoning decisions are best made at the local level by elected officials accountable to residents. A state-level one-size-fits-all is not a promising idea.

Also, HB765 included a provision to end parking requirements for residential and commercial developments. Put another way, a developer could build housing and commercial units without meeting any parking requirements imposed by town ordinances. I guess parking would simply be worked out some way or another.

A very disturbing provision of HB 765 was the penalties against elected officials for making routine land-use decisions. These penalties would put the personal finances of elected officials in jeopardy. A lot of my elected colleagues were prepared to resign if this provision became law.

Fortunately, HB 765 stalled in this past legislative session. There were attempts to attach certain provisions of HB 765 to other pieces of legislation, but those efforts also failed. Some would lament that municipal opposition to HB 765 is evidence of elected officials' indifference or resistance to addressing the housing crisis.

In a recent article, the NC League of Municipalities emphasized that the passage of HB 765 and other bills would not necessarily improve the affordable housing situation. The article stressed that there are other factors driving up housing costs and creating supply shortages. The article cited construction prices, workforce shortages, and high interest rates as major drivers of the housing crisis. And I might add that in some metropolitan areas, there are investment groups developing or buying subdivisions for the sole purpose of charging high rents to maximize their profits. Until these factors are addressed at a national level, I worry the housing crisis will especially affect young people striving to launch careers and start families. They will face the tremendous challenge of becoming homeowners, which is truly the American dream.

Now, towns, cities, and counties have new concerns about state legislation that would inhibit them from providing services to their constituents. As the legislature prepares to go into the short session in mid-April, public hearings are underway about limiting counties and municipalities from using property taxes as sources of revenue for such vital services as law enforcement, education, and other areas. On average, about 60% of a county or town's revenue comes from property taxes. Elected officials across the state worry that any limitation or prohibition through state law would greatly impair the operation and maintenance of local public services.

For instance, Highlands relies on property taxes from the general fund to operate the police department, pave roads, pick up garbage, manage land use and code enforcement, and fund the recreation department, to name just a few. Our fire department is also funded by assessments on property tax values.

The North Carolina League of Municipalities and the North Carolina Association of County Commissioners have both shared concerns with the House Property Tax Panel about property taxes being a key source of local government revenue. Both organizations will carefully monitor the developments as the next legislative session approaches.