

TABLED



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 257

AMENDMENT NO. A46
(to be filled in by
Principal Clerk)

S257-ANOfa-1 [v.7]

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Amends Title [NO]
Second Edition

Date _____, 2025

Senator Garrett

- 1 moves to amend the bill on page 5, line 48, by increasing the amounts for both fiscal years by the
- 2 sum of ninety million dollars (\$90,000,000);
- 3
- 4 moves to amend the bill on page 6, line 43, by increasing the amounts for both fiscal years by the
- 5 sum of one hundred and fifty million dollars (\$150,000,000);
- 6
- 7 moves to amend the bill on page 7, line 8, by increasing the amounts for both fiscal years by the
- 8 sum of three million dollars (\$3,000,000);
- 9
- 10 moves to amend the bill on page 7, line 48, by increasing the amounts for both fiscal years by the
- 11 sum of one hundred and forty-three million dollars (\$165,000,000);
- 12
- 13 moves to amend the bill on page 16, by inserting between lines 21 and 22 the following new part
- 14 to read:
- 15 **"PART IV-A HOUSING RELIEF**
- 16
- 17 **"HOUSING FINANCE AGENCY ENHANCEMENT**
- 18 **SECTION 4A.1.(a) G.S. 122A-8 reads as rewritten:**
- 19 **"§ 122A-8. Bonds and notes.**
- 20 The Agency is hereby authorized to provide for the issuance, at one time or from time to time,
- 21 of bonds and notes of the Agency to carry out and effectuate its corporate purposes. The Agency
- 22 also is hereby authorized to provide for the issuance, at one time or from time to time of (i) bond
- 23 anticipation notes in anticipation of the issuance of such bonds and (ii) construction loan notes
- 24 to finance the making or purchase of mortgage loans to sponsors of residential housing for the
- 25 construction, rehabilitation or improvement of residential housing. The total amount of bonds,
- 26 bond anticipation notes, and construction loan notes outstanding at any one time shall not exceed
- 27 ~~twelve billion dollars (\$12,000,000,000)~~ eighteen billion dollars (\$18,000,000,000) excluding
- 28 therefrom any bond anticipation notes for the payment of which bonds have been issued. The
- 29 principal of and the interest on such bonds or notes shall be payable solely from the funds herein
- 30 provided for such payment. Any such notes may be made payable from the proceeds of bonds or
- 31 renewal notes or, in the event bond or renewal note proceeds are not available, such notes may
- 32 be paid from any available revenues or assets of the Agency. The bonds or notes of each issue



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1 shall be dated and may be made redeemable before maturity at the option of the Agency at such
2 price or prices and under such terms and conditions as may be determined by the Agency. Any
3 such bonds or notes shall bear interest at such rate or rates as may be determined by the Local
4 Government Commission of North Carolina with the approval of the Agency. Notes shall mature
5 at such time or times not exceeding 10 years from their date or dates and bonds shall mature at
6 such time or times not exceeding 43 years from their date or dates, as may be determined by the
7 Agency. The Agency shall determine the form and manner of execution of the bonds or notes,
8 including any interest coupons to be attached thereto, and shall fix the denomination or
9 denominations and the place or places of payment of principal and interest, which may be any
10 bank or trust company within or without the State. In case any officer whose signature or a
11 facsimile of whose signature shall appear on any bonds or notes or coupons attached thereto shall
12 cease to be such officer before the delivery thereof, such signature or such facsimile shall
13 nevertheless be valid and sufficient for all purposes the same as if he had remained in office until
14 such delivery. The Agency may also provide for the authentication of the bonds or notes by a
15 trustee or fiscal agent. The bonds or notes may be issued in coupon or in registered form, or both,
16 as the Agency may determine, and provision may be made for the registration of any coupon
17 bonds or notes as to principal alone and also as to both principal and interest, and for the
18 reconversion into coupon bonds or notes of any bonds or notes registered as to both principal and
19 interest, and for the interchange of registered and coupon bonds or notes. Upon the filing with
20 the Local Government Commission of North Carolina of a resolution of the Agency requesting
21 that its bonds and notes be sold, such bonds or notes may be sold in such manner, either at public
22 or private sale, and for such price as the Commission shall determine to be for the best interest
23 of the Agency and best effectuate the purposes of this Chapter, as long as the sale is approved by
24 the Agency.

25 The proceeds of any bonds or notes shall be used solely for the purposes for which issued
26 and shall be disbursed in such manner and under such restrictions, if any, as the Agency may
27 provide in the resolution authorizing the issuance of such bonds or notes or in the trust agreement
28 hereinafter mentioned securing the same.

29 Prior to the preparation of definitive bonds, the Agency may, under like restrictions, issue
30 interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds
31 when such bonds shall have been executed and are available for delivery. The Agency may also
32 provide for the replacement of any bonds or notes which shall become mutilated or shall be
33 destroyed or lost.

34 Bonds or notes may be issued under the provisions of this Chapter without obtaining, except
35 as otherwise expressly provided in this Chapter, the consent of any department, division,
36 commission, board, body, bureau or agency of the State, and without any other proceedings or
37 the happening of any conditions or things other than those proceedings, conditions or things
38 which are specifically required by this Chapter and the provisions of the resolution authorizing
39 the issuance of such bonds or notes or the trust agreement securing the same."

40 **SECTION 4A.1.(b)** Offset by the increase of the excise tax, as provided in
41 subsection (b) of this section, there is appropriated from the General Fund to the Housing Finance
42 Agency the recurring sum of five million dollars (\$5,000,000) for each fiscal year of the
43 2025-2027 fiscal biennium to be allocated to a Housing Innovation Office established by the

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1 Housing Finance Agency. The Housing Innovation Office shall use funds appropriated in this
2 section for (i) administrative and operational costs and (ii) research and implementation of
3 housing solutions, including technical assistance, grants, loans, and other measures designed to
4 address the housing crisis by supporting the construction and maintenance of affordable,
5 supportive, and sustainable homes and developing innovative funding models and building
6 techniques.

7 **SECTION 4A.1.(c)** There is appropriated from the General Fund to the Housing
8 Trust Fund established under G.S. 122E-3 the recurring sum of fifty million dollars
9 (\$50,000,000) for each fiscal year of the 2025-2027 fiscal biennium to be used (i) for the purposes
10 set forth in that statute and (ii) in the discretion of the Housing Finance Authority, for a program,
11 using a competitive application process, to provide funds to local housing authorities, local
12 housing trust funds, or other entities that have the primary purpose, and agree to use the funds
13 for, loans, grants, or both for construction and maintenance of affordable housing units in the
14 State. The Office shall develop an application process and detailed guidelines applicable to
15 assistance derived from the funding provided in, and to accomplish the purposes of the program.
16 Funding for the program is reserved for properties meeting all of the following requirements:

- 17 (1) Financial assistance to an area served by a local housing trust fund does not
18 exceed two million dollars (\$2,000,000).
19 (2) The local housing trust fund contributes one dollar (\$1.00) of private funds
20 for every dollar of assistance received from the Office.

21 **SECTION 4A.1.(d)** Part 2 of Article 4 of Chapter 105 of the General Statutes is
22 amended by adding a new section to read:

23 "**§ 105-153.12. Credit for housing trust fund donations.**

24 (a) Credit. – A taxpayer who makes a qualified contribution is allowed a credit against
25 the tax imposed by this Part in an amount equal to thirty percent (30%) of the donation. For
26 purposes of this section, a qualified contribution is a monetary donation (i) to the Housing Trust
27 Fund established pursuant to G.S. 122E-3 in the Housing Finance Agency and (ii) for the
28 construction, maintenance, or both of affordable housing.

29 (b) Reserved.

30 (c) Application. – To claim the credit provided in this section, an individual must file an
31 application with the Secretary for the credit. The application must be filed on or before April 15
32 of the year following the calendar year in which the qualified contribution was made. An
33 application is effective for the year in which it is timely filed. The Secretary may not accept late
34 applications under this subsection. The application must be on a form prescribed by the Secretary
35 and include any information required by the Secretary demonstrating that the qualified
36 contribution has met the conditions for the credit

37 (d) Substantiation. – An individual claiming a credit under this section must maintain and
38 make available for inspection by the Secretary any records the Secretary considers necessary to
39 determine and verify the amount of the credit to which the individual is entitled. The burden of
40 proving eligibility for the credit and the amount of the credit rests upon the individual, and no
41 credit may be allowed to an individual that fails to maintain adequate records or to make them
42 available for inspection.

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1 (e) Ceiling; Use Allocation. – The total aggregate amount of all credits allowed to
2 taxpayers under this section for qualified contributions made in a taxable year may not exceed
3 twenty million dollars (\$20,000,000). The Secretary shall, first, fully fund any prorated credits
4 in accordance with subsection (f) of this section and, second, if funds remain after fully funding
5 prorated credits, reopen the application period for credits under this section for which funds have
6 become available. If the Secretary reopens the application period and notwithstanding the
7 application deadline in subsection (c) of this section, the additional applications must be filed
8 with the Secretary on or before October 15 of the year following the calendar year in which the
9 qualified contribution was made. The Secretary may not accept late additional applications
10 permitted under this subsection. The Secretary's determinations based on additional applications
11 timely filed in accordance with this subsection are final.

12 (f) Reduction. – The Secretary shall calculate the total amount of credits claimed from
13 applications timely filed under subsection (c) of this section. If the total amount of credits claimed
14 for qualified contributions made in a calendar year exceeds this maximum amount, the Secretary
15 shall allow a portion of the credits claimed by allocating the maximum amount in credits in
16 proportion to the size of the credit claimed by each taxpayer. If a credit claimed under this section
17 is reduced as provided in this subsection, the Secretary shall notify the taxpayer of the amount of
18 the reduction of the credit on or before December 31 of the year following the calendar year in
19 which the qualified contribution was made. The Secretary's allocations based on applications
20 filed under subsection (c) of this section are final and shall not be adjusted to account for credits
21 applied for but not claimed.

22 (g) Limitation. – The credit allowed under this section may not exceed the amount of tax
23 imposed by this Part for the taxable year reduced by the sum of all credits allowable, except tax
24 payments made by or on behalf of the taxpayer.

25 (h) No double benefit. – A taxpayer who claims a credit under this section must add back
26 to taxable income any amount deducted under the Code for the qualified contribution. A taxpayer
27 who claims the credit allowed in this section may not, for the same qualified contribution, claim
28 another credit allowed in this Part."

29 **SECTION 4A.1.(e)** Subsection (d) of this section is effective for taxable years
30 beginning on or after January 1, 2025, and applies to qualified contributions made on or after that
31 date. The remainder of this section is effective when it becomes law.

32
33 **"HOUSING PRODUCTION AND AFFORDABILITY**

34 **SECTION 4A.2.** Article 9 of Chapter 160D of the General Statutes is amended by
35 adding a new Part to read:

36 "Part 1A. Housing Production and Affordability.

37 **"§ 160D-917. By right development for affordable housing.**

38 A local government shall allow by right, and without requiring a conditional use or special
39 use permit, the following:

- 40 (1) The development of at least one attached and one detached accessory dwelling
41 unit which conforms to the North Carolina Residential Code for One- and
42 Two-Family Dwellings, including applicable provisions from fire prevention
43 codes, for each single-family detached dwelling in areas zoned for residential

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1 use that allow for development of single-family detached dwellings. An
2 accessory dwelling unit may be built or sited concurrently or after the primary
3 single-family detached dwelling has been constructed or sited. Nothing in this
4 subdivision shall prohibit a local government from permitting accessory
5 dwelling units in any area not otherwise required under this subdivision.

6 (2) A development in an area zoned for residential use with at least 20 units per
7 acre that is located with one-half (1/2) mile of a transit stop or that is within a
8 transit-oriented development district or similar designation.

9 "**§ 160D-917.1. Administrative review of applications for development approvals for**
10 **affordable housing developments.**

11 (a) Notwithstanding any provision of this Chapter to the contrary, (i) within 30 days of a
12 local government's receipt of an application for development approval for a qualifying affordable
13 development or within 60 days of a local government's receipt of an application for development
14 approval of a residential project with less than 100 units, the local government shall complete an
15 administrative review of the application and any supporting documents and make an
16 administrative decision that does one of the following:

17 (1) Notifies the developer in writing that the application is complete and no
18 further information is required for the local government to make a
19 development approval determination.

20 (2) Notifies the developer in writing that the application is deficient and provides
21 the developer with a deficiency list, in writing, that identifies all of the
22 following:

23 a. Each deficiency.

24 b. The specific law, ordinance, policy, or procedure used as the basis for
25 each deficiency.

26 c. A description of the action the local government would deem
27 corrective for each deficiency identified.

28 For purposes of this section, a "qualifying affordable development" is a residential or
29 mixed-use development that (i) reserves at least twenty percent (20%) of total units for
30 households earning eighty percent (80%) or less of the area median income (AMI), or reserves
31 at least ten percent (10%) of total units for households earning sixty percent (60%) or less of
32 AMI; (ii) maintains affordability restrictions through deed covenants for a minimum period of
33 30 years; (iii) contains at least eight residential units; (iv) includes a binding commitment to
34 accept housing choice vouchers; and (v) meets the minimum standards of habitability, safety,
35 and quality of life for all established housing.

36 (b) The notice under subdivision (2) of subsection (a) of this section may include local
37 government recommendations pertaining to the development project but any recommendations
38 must be clearly designated as recommended or advisory only and shall not be required as a
39 condition for a development approval determination.

40 (c) Upon a developer's receipt of a notice of a deficient application and a deficiency list
41 under subdivision (2) of subsection (a) of this section, the developer may do any of the following:

42 (1) Correct the deficient application and resubmit a corrected application to the
43 local government.

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1 (2) Submit a written explanation for each deficiency and request another
2 administrative review under this section that shall be completed by the local
3 government within 10 business days and takes into consideration the written
4 explanation.

5 (3) Appeal the administrative decision as provided in G.S. 160D-405.

6 (d) Within 10 business days of a local government's receipt of a corrected application
7 under subdivision (1) of subsection (c) of this section, the local government shall notify the
8 developer in writing whether the application (i) is complete and no further information is required
9 for the local government to make a development approval determination or (ii) does not correct
10 all the deficiencies identified in accordance with subdivision (2) of subsection (a) of this section.
11 If the developer amended or altered the application with respect to matters that are unrelated to
12 the deficiencies identified in accordance with subdivision (2) of subsection (a) of this section, the
13 local government shall consider the corrected application a new application to be processed in
14 accordance with subsection (a) of this section.

15 (e) This section does not apply to permits submitted pursuant to G.S. 160D-1110.1.

16 **"§ 160D-917.2. Lot size and density for affordable housing.**

17 (a) Notwithstanding any provision of this Chapter to the contrary, a local government
18 with a population greater than 10,000 may not establish a minimum lot size that is less than
19 one-quarter (1/4) acre and may not establish a density requirement of less than eight units per
20 acre for development approvals in areas zoned for residential use.

21 (b) A local government shall allow at least a thirty-five percent (35%) increase in density
22 for projects where at least fifteen percent (15%) of the units are reserved for low-income
23 residents. For the purposes of this subsection, "low-income residents" are those residents with a
24 family income that is sixty percent (60%) or less of the area median family income."

26 **"HOME OWNERSHIP AND ACCESSIBILITY**

27 **SECTION 4A.3.(a)** G.S. 105-153.5(b) and (c) reads as rewritten:

28 (b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
29 deduct from the taxpayer's adjusted gross income any of the following items that are included in
30 the taxpayer's adjusted gross income:

31 ...
32 (12a) The amount deposited during the taxable year, not to exceed fifteen thousand
33 dollars (\$15,000), to a first-time home buyer savings account to be used for
34 eligible expenses by a qualified beneficiary. For purposes of this subdivision,
35 the following definitions apply:

36 a. Eligible expenses. – A downpayment and any closing costs included
37 on a real estate settlement statement, including appraisal fees,
38 mortgage origination fees, and inspection fees.

39 b. First-time home buyer savings account. – An account with a qualified
40 financial institution that has less than one hundred fifty thousand
41 dollars (\$150,000).

42 c. Qualified beneficiary. – A first-time home buyer designated by an
43 account holder for whom the money in a first-time home buyer savings

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1 account is or will be used for eligible expenses for the purchase of the
2 qualified beneficiary's first primary residence, which is located in this
3 State.

4 d. Qualified financial institution. – A commercial bank in North Carolina
5 with a charter, either from the Commissioner of Banks, for a State
6 Charter, or from the Office of the Comptroller of the Currency, for a
7 National Charter.

8 ...

9 (c) Additions. – In calculating North Carolina taxable income, a taxpayer must add to the
10 taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's
11 adjusted gross income:

12 ...

13 (7a) The amount deducted in a prior taxable year to the extent this amount was
14 withdrawn from a first-time home buyer savings account and not used to pay
15 for eligible expenses of a qualified beneficiary in conformity with this section,
16 unless the withdrawal was rolled over to another newly created first-time
17 home buyer savings account.

18"

19 **SECTION 4A.3.(b)** There is appropriated from the General Fund to the Housing
20 Finance Agency the recurring sum of three million dollars (\$3,000,000) for each fiscal year of
21 the 2025-2027 fiscal biennium to be allocated to the NC 1st Home Advantage Down Payment
22 Program administered by the Agency for uses consistent with that program.

23 **SECTION 4A.3.(c)** There is appropriated from the General Fund to the Housing
24 Finance Agency the recurring sum of ten million dollars (\$10,000,000) for each fiscal year of the
25 2025-2027 fiscal biennium to be used for a program to establish new, and expand existing,
26 community land trusts with the primary purpose of facilitating affordable homeownership by
27 retaining ownership of the land and leasing it to homeowners who purchase the house on that
28 land at below-market pricing. The Agency shall develop an application process and detailed
29 guidelines applicable to the program to accomplish the purposes of, this section. Required
30 guidelines for the program include, but are not limited to, the following:

- 31 (1) Interest on the financing of the purchase of the house is provided at a low,
32 fixed rate.
- 33 (2) No private mortgage insurance is required.
- 34 (3) Recipients are first-time home buyers.
- 35 (4) Recipients provide at least three percent (3%) of the purchase price as a
36 downpayment.
- 37 (5) Recipients meet income and credit score limits, as established by the Agency.
- 38 (6) Recipients have less than one hundred thousand dollars (\$100,000) in total
39 household assets, including checking accounts, savings accounts, stocks, and
40 bonds, but not including retirement and college savings accounts.
- 41 (7) Recipients agree to live in the property as the primary residence.

42 **SECTION 4A.3.(d)** There is appropriated from the General Fund to the Department
43 of Commerce the recurring sum of fifteen million dollars (\$15,000,000) for each fiscal year of

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1 the 2025-2027 fiscal biennium to be used for the Rural Water Extension Program. The
2 Department shall develop an application process and detailed guidelines applicable to the
3 program. The program shall be open to rural communities with populations of 10,000 or less
4 that apply to obtain technical assistance and necessary financing necessary for the purpose of
5 developing drinking water and waste disposal systems to ensure safe drinking water and sanitary
6 waste disposal systems for public health and economic vitality of rural communities of the State.

7 **SECTION 4A.3.(e)** Article 4 of Chapter 105 of the General Statutes is amended by
8 adding a new section to read:

9 **"§ 105-153.13. Credit for rural affordable rental housing.**

10 (a) Credit. – A taxpayer that is allowed for the taxable year a federal income tax credit
11 for low-income housing under section 42 of the Code with respect to a qualified North Carolina
12 low-income building located in a qualifying rural area, is allowed a credit under this section for
13 each affordable rental unit for the taxable year within which the construction of the affordable
14 rental unit is completed. The amount of the credit is equal to the lesser of twenty-five thousand
15 dollars (\$25,000) or thirty percent (30%) of the construction costs incurred.

16 (b) Definitions. – The following definitions apply in this section:

17 (1) Affordable rental unit. – A rental unit used as a permanent residence by an
18 eligible renter and subject to permanent affordability restrictions.

19 (2) Eligible renter. – An individual who occupies the affordable rental unit as a
20 primary residence and is a person of lower income, as defined by G.S. 157-3

21 (3) Permanent affordability restrictions. – Restrictions that have been
22 permanently imposed by the Housing Finance Agency on an affordable rental
23 units owned, operated, or managed by an appropriate nonprofit organization
24 Permanent affordability restrictions imposed or required by the Agency
25 pursuant to this subdivision may require a regulatory agreement with the
26 Agency or other affordability restrictions in recorded documents, provided the
27 Agency determines that such restrictions are enforceable and likely to be
28 enforced.

29 (4) Qualified North Carolina low-income building. – A building with between
30 five and 18 affordable rental units.

31 (5) Qualifying rural area. – An area of the State with a population density of 50
32 or fewer people per square mile in the taxable year in which the credit is
33 claimed.

34 (c) Limitation. – The credit allowed by this section may not exceed the amount of tax
35 imposed by this Part for the taxable year reduced by the sum of all credits allowable, except
36 payments of tax by or on behalf of the taxpayer.

37 (d) No double benefit. – The credit allowed by this section does not apply to costs paid
38 with funds provided to the taxpayer by a State or federal agency or program. A taxpayer who
39 claims the credit allowed in this section may not, for the same activity, claim another credit
40 allowed in this Part."

41 **SECTION 4A.3.(f)** There is appropriated from the General Fund to the Housing
42 Finance Authority the recurring sum of ten million dollars (\$10,000,000) for each fiscal year of
43 the 2025-2027 fiscal biennium to be used for a manufactured home supply program. The

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1 program, using a competitive application process for units of local government, shall provide
2 funding for loans, grants, or both for replacement and repair of manufactured homes. The Office
3 shall develop an application process and detailed guidelines applicable to the program to
4 maximize the beneficial impact of, and number of homes and families assisted with, funding
5 provided. The process shall reserve funding for manufactured home assistance used as a primary
6 residence by persons of lower income, as defined by G.S. 157-3 and shall prioritize funding for
7 projects that maximize the number of families served. Financial assistance to a single
8 manufactured home shall not exceed twenty-five thousand dollars (\$25,000).

9 **SECTION 4A.3.(g)** Subsection (a) of this section is effective for taxable years
10 beginning on or after January 1, 2025. Subsection (e) of this section is effective for taxable years
11 beginning on or after January 1, 2025.

12
13 **"HURRICANE RECOVERY AND RESILIENCE**

14 **SECTION 4A.4.(a)** There is appropriated from the General Fund to the Department
15 of Public Safety, Office of Recovery and Resiliency (NCORR) the nonrecurring sum of one
16 hundred fifty million dollars (\$150,000,000) for the 2025-2026 fiscal year to be allocated and
17 used as follows:

- 18 (1) One hundred million dollars (\$100,000,000) to establish an emergency
19 housing response fund available to NCORR to respond to housing needs after,
20 and due to the event on which is based, a major disaster declaration by the
21 President of the United States under the Stafford Act (P.L. 93-288). The State
22 Building Code Council shall adopt rules establishing an expedited permitting
23 process and code flexibility for like-for-like disaster rebuilding.
- 24 (2) Fifty million dollars (\$50,000,000) to establish a voluntary buyout fund.
25 Moneys in the fund shall be used to purchase homes undergoing, and located
26 in areas subjected to, repeated flooding due to natural disasters. NCORR may
27 purchase a qualifying home for up to one hundred ten percent (110%) of the
28 pre-disaster fair market value of the home.

29 **SECTION 4A.4.(b)** The Department of Insurance shall study the feasibility, and the
30 best method of implementing, a low-interest loan program to provide loans to homeowners for
31 costs associated with strengthening residential structures to withstand hurricanes. As part of its
32 study, the Department shall investigate and recommend optimal loan terms, the administrative
33 structure for the program, and limitations on loan amounts and on uses of loaned funds necessary
34 to maximize safety and economic benefits and target funding support where need is greatest. The
35 Department, as a further part of the study, shall include whether, and to what extent, to use loans
36 to do one or more of the following: (i) supplement a quality wind-mitigation inspection by a
37 licensed home inspector, (ii) create a report for the homeowner resulting from the inspection that
38 provides information to contractors and insurance companies of recommended improvements
39 that will best improve and contribute to storm readiness and resilience, and (iii) offset the costs
40 to homeowners of best practices for home improvements for storm resilience by licensed
41 contractors, including, but not limited to, strengthening roof-to-deck attachments, reinforcing
42 roof-to-wall connections, installation of secondary water resistance for roofs, window upgrades,
43 and exterior door upgrades. In addition, the Department shall determine and make

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1 recommendations on appropriate levels of discounting insurance rates to further effectively
2 incentivize homeowners to undertake implementation of identified enhanced resilience
3 improvements for homes. The Department shall submit its report, including funding needs and
4 any legislative proposals, to the General Assembly and the Fiscal Research Division no later than
5 January 1, 2026.

6 **SECTION 4A.4.(c)** Subsection (b) of this section is effective when it becomes law.
7

8 **"HOUSING AFFORDABILITY AND FINANCING MECHANISMS**

9 **SECTION 4A.5.(a)** The Housing Innovation Office established by the Housing
10 Finance Agency pursuant to Section 4A.1.(b)mill of this act shall study methods of incentivizing
11 the construction of, and increasing the affordability of, housing options for rent or sale. As part
12 of its study, the Office shall examine tax incentives to developers of, and renters and purchasers
13 of, low-income housing; tax increment financing options; local and State bonding initiatives;
14 public private partnerships to engage and maximize State or local dollars with private
15 philanthropy; and any other financial, regulatory, or compliance measures the Office determines
16 can reasonably be expected to increase the availability and affordability of low-income housing.
17 The Office shall submit its report, including funding needs and any legislative proposals, to the
18 General Assembly and the Fiscal Research Division no later than January 1, 2026.

19 **SECTION 4A.5.(b)** Beginning January 1, 2025, and at least once every biennium
20 thereafter, the State Auditor shall audit all housing programs administered a State agency having
21 an annual budget of ten million dollars (\$10,000,000) or more.

22 **SECTION 4A.5.(c)** This section is effective when it becomes law.
23

24 **"ADAPTIVE REUSE AND CONVERSION**

25 **SECTION 4A.6.(a)** Article 4 of Chapter 105 of the General Statutes is amended by
26 adding a new section to read:

27 **"§ 105-153.14. Credit for short-term rental conversion to affordable housing.**

28 (a) Credit. – An owner of a hotel or motel providing lodging accommodations for pay
29 located in this State with at least 30 rooms for short-term rental is allowed a credit against the tax
30 imposed by this Part for each affordable rental unit created from the conversion of one or more
31 rooms. The amount of the credit is equal to the lesser of (i) thirty percent (30%) of the cost of
32 conversion or (ii) forty thousand dollars (\$40,000). The credit is allowed for the taxable year
33 within which the conversion is completed.

34 (b) Definitions. – The following definitions apply in this section:

35 (1) Affordable rental unit. – A rental unit used as a permanent residence by an
36 eligible renter and subject to permanent affordability restrictions.

37 (2) Eligible renter. – An individual who occupies the affordable rental unit as a
38 primary residence and is a person of lower income, as defined by G.S. 157-3

39 (3) Permanent affordability restrictions. – Restrictions that have been
40 permanently imposed by the Housing Finance Agency on an affordable rental
41 units owned, operated, or managed by an appropriate nonprofit organization
42 Permanent affordability restrictions imposed or required by the Agency
43 pursuant to this subdivision may require a regulatory agreement with the

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1 Agency or other affordability restrictions in recorded documents, provided the
2 Agency determines that such restrictions are enforceable and likely to be
3 enforced.

4 (c) Limitation. – The credit allowed by this section may not exceed the amount of tax
5 imposed by this Part for the taxable year reduced by the sum of all credits allowable, except
6 payments of tax by or on behalf of the taxpayer.

7 (d) No double benefit. – The credit allowed by this section does not apply to costs paid
8 with funds provided to the taxpayer by a State or federal agency or program. A taxpayer who
9 claims the credit allowed in this section may not, for the same activity, claim another credit
10 allowed in this Part."

11 **SECTION 4A.6.(b)** The State Building Code Council shall adopt rules establishing
12 an expedited permitting process of no more than 45 days and code flexibility for the conversion
13 of hotel and motel rooms into affordable rental units (i) for which a tax credit is allowed under
14 G.S. 105-153.14, as enacted by subsection (a) of this section, and (ii) where the existing building
15 footprint is maintained. The flexibility allowed in this section shall not amend any provisions
16 required to maintain safety measures necessary but shall make allowances for any existing
17 structural or other constraints applicable to motels and hotels but not applicable to residential
18 structures.

19 **SECTION 4A.6.(c)** There is appropriated from the General Fund to the Housing
20 Finance Agency the nonrecurring sum of two million dollars (\$2,000,000) for the 2025-2026
21 fiscal year to be used for an accommodation conversion program. The program, using
22 competitive application process for developers, shall provide funding to offset certain costs
23 involved in converting hotels and motels into affordable rental units for permanent housing.
24 Costs which may be offset with funding appropriated in this subsection includes architectural
25 and financial feasibility assessment assistance. The Agency shall develop an application process
26 and detailed guidelines applicable to the program to maximize the number of affordable rental
27 units resulting from the funding provided in this section.

28 **SECTION 4A.6.(d)** Subsection (a) of this section is effective for taxable years
29 beginning on or after January 1, 2025. Subsection (b) of this section is effective when it becomes
30 law.

31
32 **"TENANT PROTECTIONS AND RENTAL AFFORDABILITY**

33 **SECTION 4A.7.(a)** There is appropriated from the General Fund to the Housing
34 Finance Agency the recurring sum of thirty million dollars (\$30,000,000) for each fiscal year of
35 the 2025-2027 fiscal biennium to be allocated to an Emergency Rental Assistance Fund
36 established by the Housing Finance Agency. Funds in the Emergency Rental Assistance Fund
37 shall be used to provide temporary rental and housing assistance to persons of low income, as
38 defined in G.S. 157-3, and to persons experiencing homelessness. The temporary rental and
39 housing assistance provided in this section shall be limited in duration and shall not exceed six
40 consecutive months of provided assistance for any one person or family.

41 **SECTION 4A.7.(b)** G.S. 7A-451 reads as rewritten:
42 **"§ 7A-451. Scope of entitlement.**

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1 (a) An indigent person is entitled to services of counsel in the following actions and
2 proceedings:

3 ...

4 (20) Proceedings for summary ejection actions brought under Articles 3 and 7 of
5 Chapter 42 of the General Statutes."

6 **SECTION 4A.7.(c)** Article 6 of Chapter 42 of the General Statutes is amended by
7 adding a new section to read:

8 "**§ 42-57. Alternative Security Deposit Payment Options.**

9 (a) Definitions. – For the purposes of this section the following definitions apply:

10 (1) Security deposit insurance. – A policy or bond issued by an insurer licensed
11 to do business in this State, which guarantees payment to the landlord for
12 damages or unpaid rent up to an amount equivalent to the security deposit
13 otherwise required under G.S. 42-50 and this Article.

14 (2) Installment payment plan. – An agreement between the landlord and tenant
15 allowing the tenant to pay the security deposit in periodic payments over a
16 specified term.

17 (b) Tenant Options. – Instead of paying the full amount for a security deposit authorized
18 by G.S. 42-50 at the commencement of the lease, a tenant may elect one of the following
19 alternatives:

20 (1) Installment payment plan. – The tenant may pay the security deposit in
21 installments pursuant to a written installment payment plan agreed upon by
22 the landlord and tenant. The plan shall include all of the following:

23 a. The total amount of the security deposit, not to exceed the amount
24 established by G.S. 42-51(b).

25 b. A payment schedule not to exceed the lease term or six months from
26 the commencement of the lease term, whichever is lesser.

27 c. Signatures of both the landlord and the tenant.

28 (2) Security deposit insurance. – The tenant may provide security deposit
29 insurance as a substitute for a cash security deposit. The insurance policy or
30 bond shall do all of the following:

31 a. Name the landlord as the beneficiary or insured party.

32 b. Remain in effect for the duration of the lease term, including any
33 renewals or extensions, unless otherwise agreed by the landlord."

34 **SECTION 4A.7.(d)** Subsection (b) of this section becomes effective October 1,
35 2025, and applies to actions for summary ejection brought on or after that date. Subsection (c)
36 of this section is effective when it becomes law.

37
38 **"HOMELESSNESS PREVENTION AND SOLUTIONS**

39 **SECTION 4A.8.(a)** There is appropriated from the General Fund to the Housing
40 Finance Agency the recurring sum of thirty-five million dollars (\$35,000,000) for each fiscal
41 year of the 2025-2027 fiscal biennium. The Housing Finance Agency shall work with local
42 housing authorities to use the funds appropriated in this section to provide combined housing and
43 wraparound services to persons and families experiencing homelessness. For purposes of this

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1 subsection, wraparound services means the collective components of comprehensive and
2 individualized support for persons with serious mental health or behavioral challenges.

3 **SECTION 4A.8.(b)** There is appropriated from the General Fund to the Housing
4 Finance Agency the sum of twenty million dollars (\$20,000,000) in nonrecurring fund to be
5 allocated to a Rapid Rehousing Program established by the Housing Finance Agency. The Rapid
6 Rehousing Program shall work with the local housing authorities to use the funds appropriated
7 in this section to provide temporary, short-term rental and housing assistance and case
8 management services to persons experiencing homelessness.

9 **SECTION 4A.8.(c)** Notwithstanding any other provision in this section, funds
10 appropriated in this Part may also be allocated by the Housing Finance Agency to any local
11 housing authorities established under Chapter 157 of the General Statutes that request funds to
12 establish coordinated entry systems designed to ensure that all people experiencing a housing
13 crisis have fair and equal access to the rental and housing assistance provided for in this Part.
14 The coordinated entry systems shall be designed to evaluate whether a person or family is
15 qualified for the rental or housing assistance funded by this Part and shall ensure that individuals
16 and families are offered the most appropriate rental or housing assistance based on their needs.
17 The Housing Finance Agency shall establish guidelines and a process for applying for the funds
18 appropriated in this Part and may allocate the funds according to its discretion.

19
20 **"CONSTRUCTION WORKFORCE DEVELOPMENT**

21 **SECTION 4A.9.(a)** Article 10 of Chapter 143B of the General Statutes is amended
22 by adding a new Part to read:

23 "Part 21A. Housing Advancement.

24 **"§ 143B-472.124. Housing innovation and affordability advancement.**

25 (a) Title. – This Part shall be known and may be cited as "The Housing Innovation and
26 Affordability Advancement Act".

27 (b) Definitions. – The following definitions apply in this Part.

28 (1) Department. – The Department of Commerce.

29 (2) Construction skilled trade. – Specialized careers requiring hands-on skills and
30 training to build and maintain structures but not requiring a four-year degree.
31 The term includes electricians, plumbers, carpenters, roofers, HVAC
32 technicians, and other similar skills applicable to and used in the construction
33 of residential structures.

34 (3) Institution of higher education. – Any public university, community college,
35 or technical training school in North Carolina offering programs in
36 construction skilled trades.

37 (c) Housing Construction Development Program. – There is established in the
38 Department of Commerce the Housing Construction Development Program (Program). The
39 Program shall be comprised of the following elements:

40 (1) Workforce development. – In conjunction with The University of North
41 Carolina and the Community Colleges System Office, the Department shall
42 develop a grant program for institutions of higher education in this State to
43 expedite and facilitate the expansion of home construction skilled trade

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1 training programs. The Department shall (i) develop guidelines for an
2 application process for institutions of higher education for the allocation of
3 funds granted pursuant to this section and (ii) prioritize awarding funds based
4 on the degree to which the institution has shown in the application the
5 following:

6 a. A viable plan to partner and create learning synergies with industry
7 leaders and employers to align training and real-world home
8 construction needs.

9 b. The funding will be used for home construction workforce needs,
10 including construction skilled trades.

11 (2) Apprenticeship development. – In conjunction with The University of North
12 Carolina and the Community Colleges System Office, the Department shall
13 develop a grant program for subsidizing the costs of qualifying employers for
14 paid apprenticeship positions for students in institutions of higher education
15 in the State in order to promote direct-to-hire pathways for participating
16 students to be prepared for and immediately fill home construction industry
17 workforce needs. A qualifying employer is an employer currently licensed as
18 a contractor or subcontractor to construct or perform construction skilled
19 trades in residential homes in the State. The Department shall (i) develop
20 guidelines for an application process for qualifying employers for the
21 allocation of funds granted pursuant to this section and (ii) prioritize awarding
22 funds based on the degree to which the employer has shown, in the application
23 or otherwise, the following:

24 a. A viable plan to partner and create learning synergies and pre- and
25 post-graduation employment opportunities for students attending
26 institutions of higher education in the State.

27 b. The funding will be used to subsidize the total cost of the paid
28 apprenticeship program created by the qualifying employer.

29 c. The funding will not exceed two thousand five hundred dollars
30 (\$2,500) per participating apprentice.

31 d. A history of hiring participating apprentices and students graduating
32 in relevant fields from institutions of higher education.

33 (3) Innovation assistance. – In conjunction with The University of North Carolina
34 and the Community Colleges System Office, the Department shall develop a
35 grant program for institutions of higher education in this State to offset costs
36 of researching and developing (i) building methods that show potential to
37 reduce construction time and costs, (ii) more affordable or sustainable
38 materials, or (iii) pioneering construction techniques that save resources while
39 maintaining or improving quality. The Department shall develop guidelines
40 for an application process for institutions of higher education for the allocation
41 of funds granted pursuant to this section."

42 **SECTION 4A.9.(b)** There is appropriated from the General Fund to the Department
43 of Commerce the recurring sum of fifty million dollars (\$50,000,000) for each fiscal year of the

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1 2025-2027 fiscal biennium for the Housing Construction Development Program established in
2 G.S. 143B-472.124, as enacted by subsection (a) of this section, to be allocated as follows:

- 3 (1) Fifteen million dollars (\$15,000,000) to be used for workforce development
4 purposes, as set forth in G.S. 143B-472.124(c)(1).
5 (2) Ten million dollars (\$10,000,000) to be used for innovation assistance
6 purposes, as set forth in G.S. 143B-472.124(c)(3).
7 (3) The remainder to be used for apprenticeship development purposes, as set
8 forth in G.S. 143B-472.124(c)(2).
9

10 **"FAIR HOUSING AND EQUITY**

11 **SECTION 4A.10.(a)** There is appropriated from the General Fund to the North
12 Carolina Human Relations Commission the recurring sum of three million dollars (\$3,000,000)
13 for each fiscal year of the 2025-2027 fiscal biennium. The funds appropriated in this section shall
14 be used by the Human Relations Commission to actively investigate, identify, and report to the
15 Attorney General discriminatory practices in the housing market that violate the State Fair
16 Housing Act.

17 **SECTION 4A.10.(b)** There is appropriated from the General Fund to the Department
18 of Commerce the recurring sum of twenty-five million dollars (\$25,000,000) for each fiscal year
19 of the 2025-2027 fiscal biennium to be allocated to a special account established by the
20 Department to be known as the Equitable Development Account. Funds appropriated to the
21 account shall be used to identify historically underinvested neighborhoods and provide funds to
22 the local government units in which identified neighborhoods are located to construct, improve,
23 and repair water, sewer, electrical, transportation, and other infrastructure. For purposes of this
24 subsection, a historically underinvested neighborhood is one that faces persistent challenges due
25 to discriminatory policies and practices resulting in limited access to resources and opportunities.

26 **SECTION 4A.10.(c)** G.S. 160D-501 reads as rewritten:

27 **"§ 160D-501. Plans.**

28 ...

29 (b) Comprehensive Plan Contents. – A comprehensive plan shall analyze, evaluate, and
30 require the implementation of equitable distribution of affordable housing and may, among other
31 topics, address any of the following as determined by the local government:

- 32 (1) Issues and opportunities facing the local government, including consideration
33 of trends, values expressed by citizens, community vision, and guiding
34 principles for growth and development.
35 (2) The pattern of desired growth and development and civic design, including
36 the location, distribution, and characteristics of future land uses, urban form,
37 utilities, and transportation networks.
38 (3) Employment opportunities, economic development, and community
39 development.
40 (4) Acceptable levels of public services and infrastructure to support
41 development, including water, waste disposal, utilities, emergency services,
42 transportation, education, recreation, community facilities, and other public

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- 1 services, including plans and policies for provision of and financing for public
2 infrastructure.
3 (5) Housing with a range of types and affordability to accommodate persons and
4 households of all types and income levels.
5 (6) Recreation and open spaces.
6 (7) Mitigation of natural hazards such as flooding, winds, wildfires, and unstable
7 lands.
8 (8) Protection of the environment and natural resources, including agricultural
9 resources, mineral resources, and water and air quality.
10 (9) Protection of significant architectural, scenic, cultural, historical, or
11 archaeological resources.
12 (10) Analysis and evaluation of implementation measures, including regulations,
13 public investments, and educational programs.

14"

15 **SECTION 4A.10.(d)** Subsection (c) of this section is effective when it becomes
16 law.";

17
18 moves to amend the bill on page 159, lines 5-6, by inserting the following between the lines:

19
20 **"ELIMINATE SECOND, THIRD, AND FOURTH INCOME ELIGIBILITY TIERS FOR**
21 **OPPORTUNITY SCHOLARSHIPS**

22 **SECTION 8A.11.(a)** G.S. 115C-562.1 reads as rewritten:

23 **"§ 115C-562.1. Definitions.**

24 The following definitions apply in this Part:

25 ...

26 (3a) Eligible student. – A student residing in North Carolina who has not yet
27 received a high school diploma and who meets all of the following
28 requirements:

- 29 a. Is eligible to attend a North Carolina public school pursuant to Article
30 25 of this Chapter. A child who is the age of 4 on or before April 16 is
31 eligible to attend the following school year if the principal, or
32 equivalent, of the school in which the child seeks to enroll finds that
33 the student meets the requirements established by the Authority
34 pursuant to G.S. 115C-562.2(d) and those findings are submitted to the
35 Authority.
36 b. Has not been enrolled in a postsecondary institution as a full-time
37 student taking at least 12 hours of academic credit.
38 c. Has not been placed in a nonpublic school or facility by a public
39 agency at public expense.
40 d. Resides in a household with an income level not in excess of the
41 amount required for the student to qualify for the federal free or
42 reduced-price lunch program.

43"

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1 **SECTION 8A.11.(b)** G.S. 115C-562.2 reads as rewritten:

2 "**§ 115C-562.2. Scholarship grants.**

3 (a) The Authority shall make available no later than February 1 annually applications to
4 eligible students for the award of scholarship grants to attend any nonpublic school on a full- or
5 part-time basis. Information about scholarship grants and the application process shall be made
6 available on the Authority's ~~Web site.~~ website. Beginning March 15, the Authority shall begin
7 awarding scholarship grants to students who have applied by March 1 in the following order:

- 8 (1) Eligible students who received a scholarship grant for the school year prior to
9 the school year for which the students are applying.
10 (2) ~~Eligible students qualifying for a scholarship grant in the amount provided~~
11 ~~under subdivision (1) of subsection (b2) of this section.~~ All other students.
12 (3) ~~Eligible students qualifying for a scholarship grant in the amount provided~~
13 ~~under subdivision (2) of subsection (b2) of this section.~~
14 (4) ~~Eligible students qualifying for a scholarship grant in the amount provided~~
15 ~~under subdivision (3) of subsection (b2) of this section.~~
16 (5) ~~All other students.~~

17 ...

18 (b2) Scholarship grants shall be awarded ~~to eligible students as follows:~~

- 19 (1) ~~For students residing in households with an income level not in excess of the~~
20 ~~amount required for the student to qualify for the federal free or reduced price~~
21 ~~lunch program, per year per eligible student, in an amount of up to one~~
22 ~~hundred percent (100%) of the average State per pupil allocation for average~~
23 ~~daily membership in the prior fiscal year.~~
24 (2) ~~For students residing in households with an income level between the amount~~
25 ~~required for the student to qualify for the federal free or reduced price lunch~~
26 ~~program and not in excess of two hundred percent (200%) of that amount, per~~
27 ~~year per eligible student, an amount of up to ninety percent (90%) of the~~
28 ~~average State per pupil allocation for average daily membership in the prior~~
29 ~~fiscal year.~~
30 (3) ~~For students residing in households with an income level of between two~~
31 ~~hundred percent (200%) of the amount required for the student to qualify for~~
32 ~~the federal free or reduced price lunch program and not in excess of four~~
33 ~~hundred fifty percent (450%) of that amount, per year per eligible student, an~~
34 ~~amount of up to sixty percent (60%) of the average State per pupil allocation~~
35 ~~for average daily membership in the prior fiscal year.~~
36 (4) ~~For all students, per year per eligible student, an amount of up to forty five~~
37 ~~percent (45%) of the average State per pupil allocation for average daily~~
38 ~~membership in the prior fiscal year, unless the student qualifies for a higher~~
39 ~~amount under this subsection.~~

40 (b3) Tuition and fees for a nonpublic school may include tuition and fees for books,
41 transportation, equipment, or other items required by the nonpublic school.

42 (b4) No scholarship grant shall exceed, per year per eligible student, an amount equal to
43 one hundred percent (100%) of the average State per pupil allocation for average daily

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1 membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition
2 and fees for the nonpublic school the eligible student will attend.

3 (b5) In addition to the amount of the scholarship grant, for any student receiving a
4 scholarship grant in grades three, eight, or 11, the Authority shall provide to the nonpublic school
5 an amount equal to the cost of the nationally standardized test required to be administered as
6 provided in G.S. 115C-562.5.

7"

8 **SECTION 8A.11.(c)** G.S. 115C-562.8 reads as rewritten:

9 "**§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

10 ...

11 (b) ~~The General Assembly finds that, due to the critical need in this State to provide~~
12 ~~opportunity for school choice for North Carolina students, it is imperative that the State provide~~
13 ~~an increase of funds for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore,~~
14 ~~there~~ There is appropriated from the General Fund to the Reserve the following amounts for each
15 fiscal year to be used for the purposes set forth in this section:

Fiscal Year	Appropriation
...	
2027-2028	\$700,000,000 <u>\$275,359,295</u>
2028-2029	\$725,000,000 <u>\$300,359,295</u>
2029-2030	\$750,000,000 <u>\$325,359,295</u>
2030-2031	\$775,000,000 <u>\$350,359,295</u>
2031-2032	\$800,000,000 <u>\$375,359,295</u>

23 For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the
24 General Fund to the Reserve the sum of ~~eight hundred twenty five million dollars~~
25 ~~(\$825,000,000)~~four hundred million three hundred fifty-nine thousand two hundred ninety-five
26 dollars (\$400,359,295) to be used for the purposes set forth in this section. When developing the
27 base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the
28 Director of the Budget shall include the appropriated amount specified in this subsection for that
29 fiscal year.

30"

31 **SECTION 8A.11.(d)** Notwithstanding any other provision of law or of the
32 Committee Report referenced in Section 45.2 of this act to the contrary, the funds appropriated
33 to the Opportunity Scholarship Grant Fund Reserve for the award of opportunity scholarship
34 grants pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes are reduced as
35 follows:

- 36 (1) Of the funds allocated from the Reserve for the award of scholarship grants in
37 the 2025-2026 fiscal year, by the sum of four hundred eighty million seven
38 hundred seventy-five thousand seven hundred thirty-one dollars
39 (\$480,775,731) in nonrecurring funds.
- 40 (2) Of the funds appropriated for the 2025-2026 fiscal year, by the sum of four
41 hundred three million eight hundred sixty-nine thousand dollars
42 (\$403,869,000) in recurring funds.

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1 (3) Of the funds appropriated for the 2026-2027 fiscal year, by the sum of an
2 additional twenty million seven hundred seventy-one thousand seven hundred
3 five dollars (\$20,771,705) in recurring funds.

4 **SECTION 8A.11.(e)** This section applies beginning with the 2025-2026 school
5 year.";

6
7 moves to amend the bill on page 436 by deleting lines 15-40;

8
9 and by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____