

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

H.B. 294
Mar 7, 2023
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40143-MQa-39A

Short Title: NC Housing Choice Incentive. (Public)

Sponsors: Representative Alston.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE NORTH CAROLINA HOUSING CHOICE GRANT TO
3 EMPOWER AND ENCOURAGE LOCAL GOVERNMENTS TO ADDRESS THE
4 CRITICAL HOUSING NEEDS IN THEIR COMMUNITIES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.(a)** As used in this section, the following definitions apply:

- 7 (1) Accessory dwelling unit. – An attached or detached residential structure that
8 is used in connection with or that is accessory to a single family dwelling that
9 conforms to the North Carolina Residential Code for One- and Two-Family
10 Dwellings, including applicable provisions from State fire prevention code.
11 (2) Middle housing. – A residential dwelling that is one of the following:
12 a. A duplex.
13 b. A triplex.
14 c. A quadplex.
15 d. A townhouse.
16 (3) Multifamily housing. – A residential dwelling comprised of four or more
17 units, each intended to be occupied by a person or family for use as a
18 residence. The term also includes accessory dwelling units and middle
19 housing.

20 **SECTION 1.(b)** The Department of Commerce shall establish the North Carolina
21 Housing Choice Grant and shall award grant funds annually to counties and municipalities in
22 accordance with the criteria provided in this section to be used by the grant recipients for local
23 water, sewer, or transportation infrastructure projects.

24 **SECTION 1.(c)** A county or municipality shall be eligible for grant funds under this
25 section if the county or municipality (i) has a population of 100,000 or less, as of the most recent
26 decennial census, and has designated at least five zoning districts of reasonable size in which
27 multifamily housing is a permitted use or (ii) has a population of more than 100,000, as of the
28 most recent decennial census, and has designated at least 10 zoning districts of reasonable size
29 in which multifamily housing is a permitted use and at least four of the following criteria apply
30 to the designated multifamily zoning districts:

- 31 (1) There is a minimum gross density of 15 units per acre.
32 (2) The districts contain no age restrictions.
33 (3) The districts contain no parking minimums.
34 (4) The districts allow for setback waivers.
35 (5) The districts allow for accessory dwelling units.
36 (6) The districts have permissive building height requirements.



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1 (7) The districts allow residential development in areas not zoned for residential
2 use.

3 **SECTION 1.(d)** Eligible counties and municipalities shall apply for funding under
4 this section no later than April 1 of each year. The Department of Commerce may award up to
5 one million dollars (\$1,000,000) per grant to counties or municipalities meeting the criteria in
6 subsection (c) of this section that have produced a significant number of housing units via the
7 designated multifamily zoning districts. In the event that eligible grantees exceed available funds
8 in any year, the Department of Commerce shall distribute the grant funds on a per capita basis
9 according to the population of the grant recipient. Unawarded grant funds shall not revert and are
10 available to the Department of Commerce to award in future years. A county or municipality
11 may only receive one grant award under this section every five years. Funds awarded under this
12 section shall be used by the grant recipient for local water, sewer, or transportation infrastructure
13 projects.

14 **SECTION 1.(e)** There is appropriated from the General Fund to the Department of
15 Commerce the sum of thirty million dollars (\$30,000,000) in recurring funds for the 2024-2025
16 fiscal year to be used for the North Carolina Housing Choice Grant program established in this
17 section.

18 **SECTION 2.** This act becomes effective July 1, 2023.