



April 7, 2023

REVIEW OF SENATE BILL 317: ADDRESSING THE WORKFORCE HOUSING CRISIS

This document provides a review of SB317, Addressing the Workforce Housing Crisis, which was filed in the Senate on 3/15/23. The bill seeks to establish workforce housing developments, which are 10-acre residential developments comprised of single-family detached, duplex, and attached residential development that are **pre-empted from basic local government planning requirements**, including:

- Allowable zoning districts
- Residential densities
- Dimensional requirements
- Landscaping
- Utility system fees
- A maximum 60-day approval period

APANC agrees that there is a crisis of housing availability and affordability for North Carolinians that needs to be addressed, but pre-emption of local government regulations as the primary means of addressing these challenges falls short of the mark and is likely to produce more problems than it solves. We offer the following observations about the proposed language of SB317.

WORKFORCE HOUSING DEVELOPMENTS ALLOWED IN ANY ZONING DISTRICT
 SB317v1 - p. 3 §160D-802.1 (a)
Requires local governments to permit workforce housing developments in any zoning district regardless of the district's intent or range of uses.

This is contrary to NC law requiring communities to adopt comprehensive plans to direct certain uses to most appropriate areas (NCGS §160D-501)

Ignores many State and federal limitations on residential development locations established to protect public safety:
 (e.g., airport overlay districts, flood damage prevention districts, water supply watershed districts, etc.)

EXEMPTION FROM DENSITY AND DIMENSIONAL REQUIREMENTS
 SB317v1 - p. 3 §160D-802.1 (a)
Prohibits the application of maximum density or minimum dimensional requirements within a workforce housing development.

This ignores health/safety aspects related to:

- Stormwater management
- On-site wastewater system separation requirements
 - Roadway access management
 - Driveway spacing
- Firefighting capability

The lack of density requirements confounds the ability to plan for future school and infrastructure needs.

HOUSING UNIT AFFORDABILITY ONLY ENSURED FOR 1 YEAR
 SB317v1 - p. 3 §160D-802.1 (b)(4)(b)
Occupancy of affordable units by owners meeting qualifying income limits is only required for one year, and there are no deed restrictions or other protections for long-term affordability.

Affordable units created can be sold as market-rate units after 12 months.
 No mechanism to ensure availability of affordable housing over the long term.

Only 20% of units in the workforce housing development must be affordable, and only half of those must be designated for purchasers making less than 100% of AMI.

**AFFORDABILITY
ENFORCEMENT PROCEDURES
UNCERTAIN**

SB317v1 - p. 4 §160D-802.1 (e)
Bill language indicates developer as party responsible for confirming income eligibility.

No standards, procedures, or oversight in the bill for initial determination of income eligibility.

Oversight is not needed for purchasers using State or federal downpayment assistance funds but is required for purchasers not using this assistance.

No provisions for eligibility tracking once developer finishes project.

This creates an unfunded tracking mandate for local governments who have no authority to request or mandate income information.

The bill permits certificates of occupancy to be withheld to ensure a “balance” of affordable/market rate units.

Court rulings have barred local governments from withholding COs for reasons other than building code-related concerns.

**10-ACRE MINIMUM SIZE /
NO MULTIFAMILY UNITS
ALLOWED**

SB317v1 - p. 3 §160D-802.1 (b)(1)

Requires developments to be at least 10 acres in size, and limits uses to single-family and two-family dwellings.

Focuses workforce developments on large vacant tracts in suburban/exurban locations, away from employment centers, transit, and necessary public services.

60-DAY APPROVAL DEADLINE

SB317v1 - p. 3 §160D-802.1 (d)
Requires approval/denial of a workforce development application within 60 days.

60 days is insufficient to review a preliminary subdivision plat, construct and accept public infrastructure, and review and record a final plat in North Carolina.

**EXEMPT FROM
IMPACT/SYSTEM
DEVELOPMENT FEES**

SB317v1 - p. 4 §160D-802.1 (h)
Local governments may not impose impact fees or water or wastewater system development fees on workforce lots.

This results in increased costs/charges that must be borne by other ratepayers and taxpayers beyond those in the workforce development.

**NO LANDSCAPING MAY BE
REQUIRED**

SB317v1 - p. 3 §160D-802.1 (d)
Prohibits local governments from requiring any landscaping internal to the development (other than a 20-foot-wide perimeter vegetated buffer).

This violates State and federal requirements for sedimentation and erosion control and may also violate other State requirements for riparian buffers.

The remaining 80% of the lots in the workforce development contain market rate homes but no landscaping requirements.

We believe the legislation could be improved with the following revisions:

1. Inclusion of a better balance between reseller equity capture and long-term provision of affordable units, such as deed restrictions.
2. Use of an outside agency or other mechanism to track purchaser income eligibility rather than the developer or a local government.
3. Assistance to local governments from the General Assembly with housing planning mandates and funding incentives for provision of workforce housing (as is currently being done in other states) rather than legislation that rests primarily on regulatory pre-emption.

The North Carolina Chapter of the American Planning Association stands ready to assist and engage the Legislature and other groups in whatever capacity would be appropriate, including providing more detail on anticipated repercussions of this legislation or working to develop collaborative solutions to the State’s affordable housing crisis. Thank you for your consideration and your hard work towards making North Carolina a better place to live.