



June 26, 2026 | nclm.org

Land Use Issue Round-up

Legislation of Interest

[SB 1047 Regulatory Reform Act of 2026](#)

Who Votes Next: House

[SB 445 Regulatory Reform Act of 2026](#)

Who Votes Next: Conference Committee Appointed

[HB 162 Parking Lot Reform/Stormwater Control](#)

Who Votes Next: House

[HB 1094 Ferry Div. Audit/DOT Omnibus](#)

Who Votes Next: House

[SB 695 Incent Development Finance District Funding](#)

Who Votes Next: Ch. SL 2026-12

[HB 376 Water/Wastewater Affordability & Capacity Act](#)

Who Votes Next: Presented to Governor (6/26)

As the potential end of the session looms, land use and planning issues are among the major pending issues, including the following bills.

- **Dueling Regulatory Reform Bills** ([SB 1047 Regulatory Reform Act of 2026](#) and [SB 445 Regulatory Reform Act of 2026](#)) - Two measures, both called the "Regulatory Reform Act of 2026," saw action this week. The first measure, SB 445, went to a conference committee between the House and the Senate; the second, SB 1047, received approval from the full Senate and moved on to the House. It is expected that one of the bills will emerge as the final version, incorporating elements from each. The following provisions affecting cities and towns are included in these proposals.

- Site-specific vesting changes - Extends the time for site-specific vesting from at least 2 years to at least 5 years. It also adds stormwater, flooding, and building code rules to the permits included in this vesting right, and bars the future implementation of overlay zoning and any additional future requirements. [Section 10, SB 445]
 - Residential Right of Use in Commercial Zoning - Requires certain cities to allow by-right residential uses in commercial or light industrial districts, subject to limitations on building height. This provision would apply to Apex, Asheville, Cary, Charlotte, Durham, Fayetteville, Greensboro, High Point, Huntersville, Raleigh, Wake Forest, and Winston-Salem. [Section 13, SB 445]
 - Accessory Dwelling Units (ADUs) - Requires cities with a population of 50,000 or more to allow at least one ADU on parcels zoned for single-family detached dwellings. In requiring this, the legislation forbids these cities from imposing certain requirements or prohibitions, but retains setback, size, and backyard location requirements. [Section 14, SB 445]
 - Permit Choice Modifications - Adds legislative approvals to the definitions of “development permit” and “land development regulation” and grants additional permit choice rights to development applicants. Under the current law, only administrative and quasi-judicial decisions are subject to the permit choice statute. This provision allows permit applicants to choose between two versions of the regulations: the regulations in place when the application was submitted or the regulations as amended while the application was pending. While straightforward under the current law, the addition of legislative decisions has confusing implications for both permittees and local governments. [Section 13, SB 1047]
 - Permit Shot Clocks - This provision adds new time requirements for processing all administrative development approvals and rezonings, and allows automatic approval of the application if these deadlines are not met. These “shot clocks” require reviews and decisions to be made within 7 days of filing for initial completeness, 20 days for an initial review, 10 days for a secondary review, and 90 days for a final decision. [Section 14, SB 1047]
 - Development Fees - The bill adds new “transparency” requirements for development fees, including various publication, up-front estimates, and a final bill statement. The final bill is limited by the initial estimates, and local governments may be sued by an aggrieved party with a mandatory award of attorneys’ fees and costs. [Section 17, SB 1047]
- **Preemption of Parking Minimum Requirements** - A measure to preempt minimum off-street parking requirements passed the Senate by a nearly unanimous vote this week. [HB 162 Parking Lot Reform/Stormwater Control](#) includes provisions previously advanced in other legislation over NCLM’s objections that remove city authority to ensure adequate public safety and service vehicle access. Through committee amendments, 20 coastal counties were exempted, allowing those cities the ability to enforce parking minimums in those counties.
 - **E-bike Authority** - [HB 1094 Ferry Div. Audit/DOT Omnibus](#), a broad transportation bill, includes authorization for cities to regulate electric-assisted bicycles (“E-bikes”). The legislation adopts a standard three-

tier classification of e-bikes and authorizes cities to resolve regulatory gaps and uncertainty.

- **Incentivize Development Financing** - A measure that will provide cities with a new tool for incentivizing development finance district funding became law this week with Governor Josh Stein's signature. [SB 695 Incent Development Finance District Funding](#) passed the Senate last year and was approved by the House earlier this month. NCLM Director of Government Affairs Erin Wynia spoke in support of the bill during the Senate committee process last year, and the League applauds the enactment of the new law.
- **Utility Rate Hearing Requirements** - A bill that includes a new public hearing requirement for city utilities is headed to Governor Stein's desk this week. [HB 376 Water/Wastewater Affordability & Capacity Act](#), Section 3, requires that a public hearing be held if customers located outside city limits are being charged 25% more or higher than residents inside the city.

Senate Approves Public Camping Bill

Legislation of Interest

[HB 437 Drug-Free Zones/Unauthorized Public Camping](#)

Who Votes Next: House

The Senate approved a bill this week that would prohibit local governments from allowing people to regularly sleep or camp on public land within their jurisdictions. The approval of [HB 437 Drug-Free Zones/Unauthorized Public Camping](#) came after an amendment requested by NCLM to allow more time to comply and clarify notice requirements, both of which would give cities and towns more time to address situations before litigation ensues. As was discussed in last week's Bulletin, the bill allows the designation of a specific public place for camping if certain detailed requirements are met. The measure drew sharp criticism from Democrats and ultimately passed on a party-line vote, sending the bill back to the House for final review and consideration of the Senate's changes.

House Overrides Governor's Vetoes

Legislation of Interest

[SB 153 North Carolina Border Protection Act](#)

Who Votes Next: Ch. SL 2026-19

[HB 171 Equality in State Agencies/Prohibition on DEI](#)

Who Votes Next: Senate

[SB 227 Eliminating "DEI" in Public Education](#)

Who Votes Next: Ch. SL 2026-20

[SB 558 Eliminating "DEI" in Public Higher Ed](#)

Who Votes Next: Ch. SL 2026-21

After months of waiting, House Republicans overrode 4 of Governor Josh Stein's vetoes this week. Three of the bills related to the elimination of diversity, equity, and inclusion (DEI) programs in state and local government, public schools, and higher education.

Of those, [HB 171 Equality in State Agencies/Prohibition on DEI](#), impacts cities and towns, and the bill awaits Senate approval before becoming law. Senate approval seems likely given that the Senate has successfully overridden all of Gov. Stein's vetoes this session. As a reminder, HB 171 prohibits the use of public funds to support DEI programs in state and local government, including awarding contracts, maintaining dedicated staff positions or offices, offering training, and implementing hiring processes. The prohibition extends to the receipt of funds that require compliance with DEI mandates or policies and would require local government to terminate existing programs with such requirements unless participation is explicitly required by federal law. The legislation also imposes civil penalties for noncompliance and establishes a private right of action, allowing citizens to sue a local government official for violating this measure.

These override votes have remained in doubt due to a tighter majority margin. Votes became possible this week as a result of two Democratic members, both of whom lost their primary elections, being absent or chose not to record a vote on the bills, giving House Republicans the numbers needed for a successful override.

Legislators Consider Additional Tax Bills

Legislation of Interest

[SB 992 Truth in Taxation](#)

Who Votes Next: House

[SB 474 Adjust Counties/Reappraisal Moratorium](#)

Who Votes Next: Conference Committee Appointed

[SB 484 Clarify Tourism-Related Expenditures](#)

Who Votes Next: Ch. SL 2026-15

[HB 169 Haywood/Cherokee/Leland Occ. Tax. Mods](#)

Who Votes Next: Senate

Following the Governor's signature on a property tax revaluation moratorium last week, [SB 889 Property Tax Reappraisal Moratorium](#), lawmakers continued their consideration of other tax-related proposals during committee meetings and floor votes this week.

- **Truth in Taxation** - [SB 992 Truth in Taxation](#) would require new mail and publication notice requirements when a city or town proposes to adopt a tax rate that is higher than the revenue-neutral rate in the year following a revaluation. SB 992 is scheduled to be heard by the House Finance Committee next week.
- **Adjustment to Revaluation Moratorium** - The House approved a bill, [SB 474 Adjust Counties/Reappraisal Moratorium](#), that would change which counties, and the cities and towns within them, are subject to the property tax revaluation moratorium. If Senate Bill 474 becomes law, Buncombe, Chowan, and Pamlico Counties would be included in the moratorium, and Harnett and Scotland would be exempted. The Senate rejected the House changes and moved toward a conference committee between the two chambers.
- **Clarify Tourism-related expenditures** - A measure that clarifies the restriction on the use of room occupancy tax revenues became law this week. [SB 484 Clarify Tourism-Related Expenditures](#) is a response to the recent NC Supreme Court case that approved of Currituck County's use of room occupancy tax to pay for law enforcement needs that increase during the tourist season. This legislation essentially overturns that decision and declares that several categories of spending are not tourism-related and instead are "services ordinarily provided" by a city. The legislation leaves open that a city or town could receive different treatment by a local act.
- **Leland Occupancy Tax Exemption** - A bill with changes to the Town of Leland's occupancy tax authority advanced in the Senate this week. [HB 169 Haywood/Cherokee/Leland Occ. Tax. Mods](#) would allow Leland to spend room occupancy tax revenue on tourism-related capital expenditures, seasonal ocean rescue and lifeguards, and police and fire overtime pay for festivals and special events. The bill must be approved by the full Senate before going to the House for consideration of these changes.

Local Government Elections Bills Receive Consideration This Week

Legislation of Interest

[HB 1035 Various Local Election Changes III](#)

Who Votes Next: Ch. SL 2026-18

[SB 876 Various Local Provisions X](#)

Who Votes Next: Conference Committee Appointed

Legislators continued their consideration of a variety of bills affecting local government elections this week, with one becoming law on Wednesday and another headed for a conference committee to resolve legislative differences.

[HB 1035 Various Local Election Changes III](#), a local bill, shifts municipal elections to even-numbered years in Pink Hill, Bolivia, Belville, Snow Hill, Long View, Old Fort, Marion, New Bern, Hickory, and municipalities within Catawba County. The bill also extends or establishes four-year terms for elected officials in Bolivia (Mayor and Alderman), Columbus (Mayor), Belville (Mayor), and Everetts (Mayor and Commissioners). Additional provisions grant voting authority to the Mayor of Conetoe and make changes to election administration and vacancy filling in New Bern and Rural Hall. Since the bill affected fewer than 15 counties, it is designated as a local bill and becomes law when approved by the General Assembly without the Governor's signature.

[SB 876 Various Local Provisions](#) heads to a conference committee after senators declined to concur with changes made by the House this week, setting up negotiations between both chambers over a wide-ranging local bill. The legislation contains several significant election-related changes, including provisions that would make elections in the City of Albemarle partisan and move elections in all 11 municipalities in Moore County to even-year partisan elections starting in 2028. The House also added a number of unrelated local provisions to the bill, including language creating a downzoning exemption for the Harnett Regional Jetport. The House approved its version of SB 876 last Tuesday largely along party lines, with Democrat Representative Shelly Willingham joining Republicans in support.

Congress Approves Comprehensive Housing Bill, Though President Trump Stalls Bill's Progress

Legislation of Interest

[H.R.6644 21st Century ROAD to Housing Act](#)

Who Votes Next: Pending Presentation to President

Though Congressional leaders passed the bipartisan 21st Century Road to Housing Act Tuesday night, President Donald Trump hit pause on the bill's progress, choosing not to sign it Wednesday. Over the past months, leaders in the House and Senate have worked to craft a comprehensive housing bill. While both chambers introduced their own housing-focused bills at various points during this Congress, the leaders of the Senate Banking, Housing, and Urban Affairs Committee and the House Financial Services Committee reached a compromise, creating the final version of [H.R. 6644 21st Century Road to Housing Act](#).

Supported by housing industry and advocacy groups, as well as local government groups like the National League of Cities (NLC) and the National Association of Counties (NaCo), H.R. 6644 makes comprehensive reforms to various aspects of policy impacting the housing industry, all built upon a broad principle of increasing housing affordability to Americans. The bill makes a variety of modifications to federally backed housing finance programs, modifies the definitions used in federal statutes for "manufactured housing," reduces corporate ownership of housing, and creates incentive structures for local governments to reduce housing development regulatory frameworks. A complete [section-by-section analysis](#) of the 139-page bill was prepared by the Senate Banking, Housing, and Urban Affairs Committee. The specific applicability of some of these new regulatory and grant structures is under review in North Carolina due to the different mechanisms used to manage federal funds in the state, like the Community Development Block Grant (CDBG).

National League of Cities (NLC) President Kevin Kramer, Councilmember, Louisville, Ky., issued a [statement](#) following the House's passage of the bill, saying in part, "Local governments are ready to get to work and expand housing attainability. NLC and local leaders called on Congress and the Administration to invest fully in our nation's housing infrastructure. With this bill's passage, they have delivered for our communities and our residents."

While a public signing event was scheduled on Wednesday morning in the Capitol's Statuary Hall, President Trump canceled that event via a social media post, much to the surprise of the bill sponsors and other Congressional leaders. The President [stated](#) that he would not sign the bill until the SAVE America Act, a bill aimed at addressing concerns over voter fraud and voter identification, was signed into law. This bill has been mired in challenges in both the House and Senate, with Senate leaders stating that they do not have the votes to pass it.

H.R. 6644 can still become law, even without the President's signature. As stated in Article I, Section 7, Clause 2, known as the "Presentment Clause," when a bill has been presented to the President while Congress is in session, the President has ten (10) days to sign or veto the bill, or it becomes law. The bill has yet to be presented to the President, so the 10-

day clock hasn't started as of the writing of this article, and it remains unclear when it might.

Legislative Policy Committee

Submit Interest Forms by June 30

NC League of Municipalities President Jody McLeod seeks to appoint interested city officials as new members of the [NCLM Legislative Policy Committee](#), and you may [sign up](#) now.

The [Legislative Policy Committee](#) is an internal group of city officials that forms policy positions on key issues for North Carolina cities. Committee members also serve as advocates on municipal legislation and are an integral part of the League. If you are interested in serving on this committee, please complete the linked form **no later than June 30th**.

Please direct questions to Government Affairs Project Coordinator [Sophia Trentacosta](#).

INTEREST FORM



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