



## TOP 10 NCHBA ACTIONS TO BENEFIT OUR MEMBERS IN 2015

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**1. Prohibited Aesthetic Controls on One-and Two-Family Dwellings**—SB 25 (Session Law 2013-86, effective 06/19/15) prohibits local governments from mandating design and aesthetic controls on single family, duplex and townhome structures. Design elements that cannot be mandated include building color; type of style of exterior cladding; style or materials of roof structures or porches; exterior nonstructural ornamentation; location or architectural styling of windows and doors including garage doors, the number, types and interior layout of rooms. Several exceptions (e.g., historical districts, private covenants) apply. **COST SAVINGS: *Varies based on whether and to what extent local governments imposed such controls; however, statewide savings are estimated to be in the millions of dollars in those jurisdictions which did and others which were likely to follow.***

**2. Exempted Builders' Inventory from Property Taxation**—HB 168 (Session Law 2015-223, effective for taxable years beginning on or after 07/01/16 and applies to subdivision of land or other improvements made after 07/01/15) exempts from the property tax the increase in value of real property held for sale by a builder to the extent the increase is attributable to subdivision or other improvement. "Builder" is defined as a taxpayer engaged in the business of buying real property, making improvements to it, and then reselling it. Thus, both developers and home builders would qualify for this tax exclusion for both land development and building of single family and duplex homes. The builder must apply for this exemption annually and it can last no longer than three years. The Senate added a provision which extends this exemption to land being developed for commercial sale. This exemption ends the earlier of when the improved property is sold, when a building permit is issued, or five years whichever occurs first. The commercial builder must also apply for this exemption annually. Developers continue to pay the tax on the raw land and home builders continue to pay the tax on the finished lot. **COST SAVINGS: *The NAHB Economics Department estimates savings of \$145 million annually.***

**3. Repealed Municipal Protest Petition Authority**—HB 201 (Session Law 2015-160, effective 08/01/15) repeals municipal protest petition authority which, under prior law, required a rezoning to receive a 3/4 supermajority of a city council to be approved. These petitions were often filed in major residential, commercial or mixed use cases by NIMBY-neighborhood groups. Protest petitions have killed many good projects across the state over the years. **COST SAVINGS: *Millions of dollars in projects which will be built as a result of repeal.***

**4. Enacted Building Code Regulatory Reform Act**—HB 255 (Session Law 2015-255. Effective 10/01/15) enacted several significant changes in the building code/inspection process in our state. Among them is the creation of a 7-member residential code committee within our 17-member state building code council which will have to approve any proposed change in the One- and Two-Family Code before it could be further considered by the full council. Another provision prohibits "partial inspections" by requiring a code official to complete all parts of a required inspection instead of the practice of some inspectors to end their inspection when a single item "fails". Another provision requires local building inspection departments to accept, without further inspection, any design or other proposal for a component or element in a building which is completed, and field inspected, by a licensed engineer or architect who certifies under seal that the design complies with all requirements of the commercial or residential code. Specifies certain acts to be misconduct by code official (e.g., "habitual failure to provide requested inspections in a timely manner"; refusal to implement or adhere to an interpretation of the BCC or DOI). Raises \$5,000 threshold to \$15,000 to trigger issuance of building permit. Inspection fees may only be spent for activities of inspection department. All appeal decisions, interpretations, and variations of Code issued by BCC to be posted on web within 10 business days. Limitation on "inspections of work in progress" statutes to conform to limitation on unauthorized inspections. **COST SAVINGS: *Millions of dollars in avoided future costs.***

**5. Enacted Favorable Land Development Law Changes**—HB 721 (Session Law 2015-187, effective 10/01/15) addresses abuse by some local governments with respect to "performance guarantees" required when plats are recorded (e.g., caps at 125% of reasonably estimated cost of completion). Assures developer choice of bonding or letters of credit for subdivisions roads and other improvements and regulates the sometimes excessive periods for which such bonds are required to be held. Another provision regulates the practice of some local governments to put "permit holds" on existing lots as leverage to require improvements in a future phase of the development **COST SAVINGS: *Millions of dollars in future avoided land development costs.***

**6. Fixed Disposal of Condensation Issues for High Efficiency Furnaces and Air Conditioning Units**— NCHBA added amendment to HB 538 (Session Law 2015-207, effective 10/01/15) in the Senate to provide a fix for 90+% high efficiency (i.e. “green”) furnaces which shut down on extremely cold days when the drain line to the outside freezes the condensate. Amendment allows both this condensate and AC condensation to drain indoors to municipal and community wastewater systems. The amendment passed over the objection of a number of local governments. ***COST SAVINGS: Hundreds of thousands of dollars in avoided costs as well as future energy savings by preserving the option of high efficiency furnace installation.***

**7. Helped Pass Regulatory Reform Act of 2015**—HB 765 (Session Law 2015-286, generally effective 10/22/15) contains a number of NCHBA-sought provisions including: **On Site Wastewater Amendments.** Numerous provisions which improve the ability to permit wastewater sites, approve innovative technology and allow professional engineers to design and inspect wastewater systems without oversight of local health department. **Isolated Wetlands.** Clarifies that the ONLY types of isolated wetlands the State can regulate are Basin Wetlands and Bogs; State may not regulate isolated man-made ditches or ponds constructed for stormwater management or other purposes. The following thresholds for which no mitigation for loss is required: less than or equal to one acre of isolated wetland in the coastal region, less than or equal to ½ acre of isolated wetland in the Piedmont region, and less than or equal to 1/3 acre in the mountain region. (Currently, the thresholds are 1 acre east of I-95 and 1/3 acre west of I-95). Mitigation requirements will extend ONLY to the amount of impact which exceeds the thresholds set forth above. The impact to isolated wetlands shall not be combined with project impacts to federal jurisdictional wetlands for the purpose of determining when impact thresholds are triggered. **Cluster Box Units/Amend Stormwater Management Law.** The legislation also extends by two years (until 12/31/17) the authority that was set to expire which clarifies that the addition of a cluster box unit to a single-family or duplex development permitted by a local government shall NOT require a modification to any stormwater permit for that development. The bill also contains several other important amendments to the state’s stormwater requirements. **Prohibit Mitigating for Impacts to Intermittent Streams.** Except as required by federal law, the State will no longer be allowed to require mitigation for impacts to intermittent streams (those with a flow for only part of the year). ***COST SAVINGS: Millions of dollars statewide.***

**8. Helped Pass Local Government Regulatory Reform Act**—HB 44 (Session Law 2015-246, generally effective 09/23/15) contains a number of NCHBA-sought provisions: **Permit choice**—this provision removes the exclusion for zoning permits which was carved out of the permit choice law enacted last session. Where a local government or the State changes the substance of a rule or ordinance between the time the applicant submits an application for any type of development, the permit applicant may choose which version of the rule or ordinance will apply to the permit. **Riparian Buffer Reform**—this provision mandates the use of either the state or federal buffer standards, as applicable as the base standard, for all required riparian buffers. For example, NCHBA has long been concerned about local governments which exceed the required 50’ buffer without any scientific justification in river basins which require such buffers. This provision would require any local government which seeks to impose a greater buffer than that provided under state rules may do so only upon specific approval of the NC Environmental Management Commission (EMC). The approval from the EMC must be based on local scientific evidence confirming that the larger buffer is scientifically justified. Local governments that currently have ordinances that exceed the base state or federal requirements may not continue to enforce those measures after January 1, 2017 unless approval has been granted by the EMC. Other language would restrict the use of riparian buffers to river basins where buffers are required by the state. ***COST SAVINGS: Millions of dollars statewide***

**9. Established NCHBA Volume Builders Council**—This new council, composed of national and regional production building companies all of whom pay a special dues assessment for council membership, provides additional resources for NCHBA advocacy efforts and affords a voice to this important segment of our industry ***Currently the council is composed of more than 20 production building companies.***

**10. Created the Home Builders Education Fund, Inc.**—During the 3<sup>rd</sup> Quarter meeting, the NCHBA Board created this entity, organized under Section 527 of the Internal Revenue Code, to provide additional resources to assist in the election of pro-housing officials and for other advocacy purposes. **This entity will supplement and compliment the role of NCHBA’s existing political action committee (BUILD-PAC).**