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Sweeping Land-Use Bill Would Strip Local Authority

Legislation that would largely undo local land-use planning and regulation was filed in the House this week, with the bill mandating a range of specific actions removing local decision-making. [HB 765 Local Gov. Development Regulations Omnibus](#) represents a radical approach that would remove local regulatory standards, allowing unregulated development in some instances or establishing statewide rules in others.

The 22-page bill is comprehensive in its scope, but know that it would have the effect of undoing local land-use authority by:

- Creating a mix of state mandates and bans of certain local land-use activities that would lead to unregulated development or incompatible development, damaging existing property values.
 - Section 9 eliminates the ability for local governments and developers to negotiate voluntary conditions in the Conditional Zoning process.
 - Section 9 also bans municipalities from regulating parking or adopting street design standards that exceed NCDOT requirements.

- Eliminating local elected officials' decision-making powers granted to them by local voters, subjecting those officials to legal penalties during regular land-use planning decisions, and creating unprecedented conflict-of-interest rules.
 - Section 4. (a) introduces vague conflict-of-interest rules, barring officials from voting on land-use matters if they have a fixed opinion—an undefined and subjective standard.
 - Section 17. (b) imposes new civil penalties on local officials who violate existing or newly imposed rules, increasing legal exposure for routine planning decisions.

- Removing the ability of residents and local officials to pursue their unique visions for their communities that are critical to attracting new residents, new businesses and maintaining their quality of life.
 - Section 10. (b) mandates new minimum density requirements based solely on population size, allowing development by right, without

approval from elected officials or public input.

These provisions, and numerous others in the bill, would significantly restrict local communities' ability to shape their future, attract economic development, and maintain their quality of life. **NCLM urges city leaders to review HB 765 carefully and share concerns with legislators.**

Perennial Building Code Omnibus Bill Introduced in the House

This week, House legislators introduced [HB 661 Building Industry Efficiency Act of 2025](#), an omnibus bill to clarify Building Code regulations and impose new limitations on local government authority.

Key provisions impacting cities and towns include:

- Municipal Street Standards – Prohibits cities and towns from adopting street design and construction standards that exceed those required by the NC Department of Transportation (NCDOT).
- Infrastructure Acceptance in ETJs – Requires municipalities to accept sidewalks and street improvements into the public road system for maintenance and repair if they were mandated as part of a development project in the extraterritorial jurisdiction (ETJ).

The bill has been referred to the House Housing and Development Committee, where it awaits a hearing. **For questions or feedback, please contact Derrick Applewhite, NCLM Senior Government Affairs Associate, at dapplewhite@nclm.org.**

DEI Ban Impacting Local Governments Gains Traction in House

An NC House bill targeting consideration of diversity, equity, and inclusion (DEI) in state and local hiring and contracting practices advanced this week with a modification to its penalties section. [HB 171 Equality in State Agencies/Prohibition on DEI](#) was amended to remove criminal penalties against local government employees for noncompliance. The House State and Local Government and Rules Committees approved the bill this week, and it is scheduled to be considered by the full House on Tuesday, April 8.

As amended, HB 171 would prohibit 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 for violating this measure.

In addition to the pervasive ambiguity of this bill, the breadth of the “DEI” prohibition could have significant funding and staffing implications for local government while exposing municipal staff to liability for things that are outside of their control. In the event HB 171 is approved by the General Assembly, it would likely face the threat of a veto from Governor Josh Stein. While the Senate has the ability to override the governor’s veto, the House does not unless one Democrat member votes with Republicans.

Bill Providing Bidding Relief to Municipalities Advances

In a unanimous vote, the House advanced legislation that would give relief to cities and towns in bidding water and sewer projects. Under [HB 352 Modify Water and Sewage Project Bid Req.](#), water and sewer projects could be awarded after receiving only two competitive bids – one less than is currently required under state contracting law.

Rep. Erin Pare of Wake County initially proposed this legislation to apply to only two towns in her district: Holly Springs and Fuquay-Varina. However, as the bill advanced through the House, it was made clear that the statewide challenge of finding bidders is impacting all cities and towns. In response, Rep. Pare broadened the bill to apply statewide to all local government water and sewer projects. The change will be in effect until the end of 2030, allowing an opportunity for future adjustment.

House Bill 352 now awaits action in the Senate.

Lee Elected Senate Republican Leader

Following the retirement of former Senate Majority Leader Paul Newton, Senate Republicans elected Senator Michael Lee from New Hanover County to serve as the chamber’s leader of the majority party for the remainder of the session. Senator Lee is in his fifth term in the Senate and currently serves as a lead Senate budget writer and chairs the Senate Education/Higher Education Committee, both positions he will retain as Majority Leader. NCLM congratulates Senator Lee on this election by his caucus, and we look forward to working with him in his new role.

NCLM Continues Municipal Bond Advocacy

As Congressional leaders debate their respective budget proposals, proposals to make up expected revenue needs continue to remain under consideration. This includes ending the tax exemption for municipal bonds. In January, NCLM and the NC Association of County Commissioners sent [a letter](#) to North Carolina’s Congressional delegation urging that they maintain the tax-exempt status for municipal bonds. This

week, NCLM followed up this letter by encouraging the state’s members of the House of Representatives to sign on to a “Dear Colleague” letter sponsored by Nebraska Congressman Don Bacon encouraging the House Ways and Means Committee to retain the tax-exemption for municipal bonds because of their vital importance to support capital construction projects across the state without resulting in higher local taxes for taxpayers due to higher borrowing costs.



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