NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Fiscal Note

Short Title: Relieving Housing Bottlenecks.
Bill Number: House Bill 1056 (First Edition)
Sponsor(s): Rep. Alston, Rep. Lopez, Rep. Prather, and Rep. Dahle

SUMMARY TABLE

FISCAL IMPACT OF H.B. 1056, V.1 ($ in millions)

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
State Impact					
General Fund Revenue	-	-	-	-	-
Less Expenditures	120	-	-	-	-
General Fund Impact	**(120)**	**-**	**-**	**-**	**-**
NET STATE IMPACT	**(120)**	**-**	**-**	**-**	**-**

FISCAL IMPACT SUMMARY

H.B. 1056 creates two housing programs administered by the North Carolina Housing Finance Agency (NCHFA). The Municipal Housing Approval Acceleration Program is funded with an appropriation of $120 million nonrecurring from the General Fund, and the Workforce Housing Preconstruction Revolving Loan Program is funded through the transfer of $40 million in nonrecurring funds from the Economic Development Project Reserve to the North Carolina Housing Trust Fund. The bill creates no additional General Fund administrative costs because NCHFA is self-supporting; however, the agency anticipates needing additional staff or contractual support funded from its own operating revenues.

FISCAL ANALYSIS

NCHFA is a self-supporting agency that does not receive State appropriations for its operating budget. Instead, the agency supports its operations through revenues generated from its programs and investments, including administrative fees, bond fund earnings, and interest income. As a result, any administrative costs associated with implementing the programs established by H.B. 1056 would need to be supported with the agency's existing resources and would not create an additional State administrative cost.

The direct State impacts of the bill are therefore limited to the funding provided for the two new programs established in the bill: the Municipal Housing Approval Acceleration Program and the Workforce Housing Preconstruction Revolving Loan Program.

Municipal Housing Approval Acceleration Program

Section 3.1 creates the Municipal Housing Approval Acceleration Program within NCHFA. Through the program, eligible local governments could be reimbursed for costs associated with accelerating residential development approvals. NCHFA would establish the eligibility requirements and reimbursement limits, with reimbursements of up to 125% of eligible costs.

NCHFA has indicated that it does not currently have sufficient capacity to administer the Municipal Housing Approval Acceleration Program within its existing staffing structure. Because the program would require expertise in local zoning and legal review that the agency does not currently maintain in-house, NCHFA anticipates needing additional staff or contractual support to implement and administer the program. The agency has not estimated the number of additional staff or contractors that would be required.

Because NCHFA is self-supporting, any additional administrative costs would have to be paid from the agency's existing operating revenues. Unless the agency generates sufficient additional revenue to offset those costs, NCHFA would need to redirect resources from its existing programs and activities.

To fund the program, Section 6.1 provides $120 million in nonrecurring General Fund support in FY 2026-27. Before the program becomes effective on July 1, 2027, NCHFA would need to develop the eligibility requirements, reimbursement limits, and application process necessary to begin administering the program. Once the program is operational, the amount received by each participating local government would depend on the guidelines established by NCHFA and the amount of eligible costs submitted for reimbursement.

Workforce Housing Preconstruction Revolving Loan Program

Section 5 creates the Workforce Housing Preconstruction Revolving Loan Program to help finance preconstruction costs for workforce housing projects before developers obtain permanent private financing. Loans could be used for expenses such as land surveys, environmental and soil testing, utility connections, planning and permit fees, and site clearing and grading. Individual loans are capped at $1 million, with 80% of program funds reserved for projects in Tier 1 and Tier 2 counties and 20% reserved for projects in Tier 3 counties, as defined in G.S. 143B-437.08.

Section 6.2 funds the program by transferring $40 million in nonrecurring funds in FY 2026-27 from the Economic Development Project Reserve to the North Carolina Housing Trust Fund. The Housing Trust Fund currently receives $7.66 million in recurring General Fund support, which can be used flexibly to support a broad range of affordable housing activities.

The number of projects that could be supported with the $40 million would depend on the size of individual loans and the terms established by NCHFA. Based on the $1 million per-loan cap, the initial funding could support at least 40 loans if the full amount is awarded, with additional loans possible if individual awards are less than the maximum. The program becomes effective when the act becomes law, and NCHFA would need to establish program guidelines, including project equity requirements, before issuing loans.

TECHNICAL CONSIDERATIONS

Section 6.1 appropriates $120 million in nonrecurring General Fund support for the Municipal Housing Approval Acceleration Program in FY 2026-27, while the program itself does not become effective until July 1, 2027. Because the appropriation and program effective date fall in different fiscal years, it is unclear whether NCHFA would be able to use the funds before the program takes effect. Clarification may be needed regarding when the funds are intended to become available to NCHFA.

The two programs established by the bill also have different effective dates. While the Municipal Housing Approval Acceleration Program does not become effective until July 1, 2027, the Workforce Housing Preconstruction Revolving Loan Program becomes effective when the act becomes law. NCHFA would need to develop program guidelines, establish project equity requirements, and put the necessary administrative processes in place before loans could be issued. The earlier effective date for the revolving loan program may not provide sufficient time for NCHFA to complete this work before implementation begins.

DATA SOURCES

NORTH CAROLINA HOUSING FINANCE AGENCY

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

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