

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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HOUSE BILL 401

Short Title: Increase Housing Opportunities. (Public)

Sponsors: Representatives D. Hall, Moffitt, Brody, and Richardson (Primary Sponsors).  
*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: State Government, if favorable, Local Government - Land Use, Planning and  
Development, if favorable, Rules, Calendar, and Operations of the House

March 25, 2021

A BILL TO BE ENTITLED

AN ACT TO PROVIDE REFORMS TO LOCAL GOVERNMENT ZONING AUTHORITY TO  
INCREASE HOUSING OPPORTUNITIES AND TO MAKE VARIOUS CHANGES AND  
CLARIFICATIONS TO THE ZONING STATUTES.

The General Assembly of North Carolina enacts:

**PART I. AFFORDABLE HOUSING OPTIONS**

**SECTION 1.1.(a)** Article 7 of Chapter 160D of the General Statutes is amended by  
adding a new section to read:

**"§ 160D-707. Middle housing use in residential zones.**

(a) Definitions. – As used in this section, the term "middle housing" means a residential  
dwelling that is one of the following, as defined by the North Carolina Building Code Council:

(1) A duplex.

(2) A triplex.

(3) A quadplex.

(4) A townhouse.

(b) Middle Housing in Residential Zones. – A local government shall allow all middle  
housing types in areas zoned for residential use, including those that allow for the development  
of detached single-family dwellings.

(c) Regulation and Scope. – A local government may regulate middle housing pursuant  
to the provisions of this Chapter, provided that the regulations do not act to discourage  
development of middle housing types through unreasonable costs or delay. In permitting middle  
housing types, nothing in this section shall be construed to prohibit a local government from  
permitting single-family dwellings in areas zoned to allow for single-family dwellings. Nothing  
in this section affects the validity or enforceability of private covenants or other contractual  
agreements among property owners relating to dwelling type restrictions. Any regulation adopted  
pursuant to this section shall not apply to an area designated as a local historic district (i) pursuant  
to Part 4 of Article 9 of this Chapter or (ii) on the National Register of Historic Places. This  
section shall only apply to areas that are served, or through extension may be served, by one or  
more of the following:

(1) A local government water system.

(2) A local government sewer system.

(3) A public water system.



1           (4) A wastewater collection or treatment works, the operation of which is  
2           primarily to collect or treat municipal or domestic wastewater and for which  
3           a permit is issued under Part 1 of Article 21 of Chapter 143 of the General  
4           Statutes."

5           **SECTION 1.1.(b)** G.S. 160D-102 is amended by adding a new subdivision to read:  
6           "(28a) Single-family dwelling. – The term shall include all of the types of middle  
7           housing as defined in G.S. 160D-707(a)."

8           **SECTION 1.1.(c)** This section becomes effective October 1, 2021.

9           **SECTION 1.2.** The North Carolina Building Code Council (Council) shall adopt  
10          amendments to the North Carolina Residential Code for One- and Two-Family Dwellings (Code)  
11          to define and include regulation of triplex dwelling units and quadplex dwelling units in order to  
12          facilitate regulation of those units in areas zoned for residential use, including those that allow  
13          for the development of detached single-family dwellings. Upon adoption of the amendments, the  
14          Council and local governments enforcing the Code shall regulate triplex dwelling units and  
15          quadplex dwelling units being sited pursuant to G.S. 160D-707, as enacted in this act, under the  
16          new amendments to the Code.

17          **SECTION 1.3.(a)** Part 1 of Article 9 of Chapter 160D of the General Statutes is  
18          amended by adding a new section to read:

19          "**§ 160D-917. Accessory dwelling units.**

20          (a) A local government shall allow the development of at least one accessory dwelling  
21          unit which conforms to the North Carolina Residential Code for One- and Two-Family  
22          Dwellings, including applicable provisions from State fire prevention code, for each detached  
23          single-family dwelling in areas zoned for residential use that allow for development of detached  
24          single-family dwellings. For the purposes of this section, the term "accessory dwelling unit"  
25          means an attached or detached residential structure that is used in connection with or that is  
26          accessory to a single-family dwelling.

27          (b) Development and permitting of an accessory dwelling unit shall not be subject to any  
28          of the following requirements:

29                 (1) Owner-occupancy of any dwelling unit, including an accessory unit.

30                 (2) Minimum parking requirements or other parking restrictions.

31                 (3) Conditional use zoning.

32          (c) In permitting accessory dwelling units under this section, a local government shall  
33          not do any of the following:

34                 (1) Prohibit the connection of the accessory dwelling unit to existing utilities  
35                 servicing the primary dwelling unit.

36                 (2) Charge any fee other than a building permit that does not exceed the amount  
37                 charged for any single-family dwelling unit similar in nature.

38                 (3) Establish development setbacks that differ from the development setbacks  
39                 applicable for a similarly situated lot in the same zoning classification."

40          **SECTION 1.3.(b)** This section becomes effective October 1, 2021.

41          **SECTION 1.4.(a)** G.S. 42A-3 reads as rewritten:

42          "**§ 42A-3. Application; exemptions.**

43          (a) The provisions of this Chapter shall apply to any person, partnership, corporation,  
44          limited liability company, association, or other business entity who acts as a landlord or real  
45          estate broker engaged in the rental or management of residential property for vacation rental as  
46          defined in this Chapter. The provisions of G.S. 160A-424 and G.S. 153A-364 shall apply to  
47          properties covered under this Chapter.

48          (b) The provisions of this Chapter shall not apply to:

49                 (1) Lodging provided by hotels, motels, tourist camps, and other places subject to  
50                 regulation under Chapter 72 of the General Statutes.

- 1 (2) Rentals to persons temporarily renting a dwelling unit when traveling away  
2 from their primary residence for business or employment purposes.  
3 (3) Rentals to persons having no other place of primary residence.  
4 (4) Rentals for which no more than nominal consideration is given.  
5 (5) Accessory dwelling units permitted pursuant to G.S. 160D-917."

6 **SECTION 1.4.(b)** This section becomes effective October 1, 2021.

7 **SECTION 1.5.** Local governments shall adopt land use ordinances and regulations  
8 or amend their comprehensive plans to implement the provisions in this Part no later than October  
9 1, 2021.

10 **SECTION 1.6.** Except as otherwise provided, this Part is effective when it becomes  
11 law.

12  
13 **PART II. VARIOUS CHANGES AND CLARIFICATIONS TO THE ZONING**  
14 **STATUTES FOR MORE HOUSING OPPORTUNITIES**

15 **SECTION 2.1.** G.S. 160D-108 reads as rewritten:

16 "**§ 160D-108. Permit choice and vested rights.**

17 (a) Findings. – The General Assembly recognizes that local government approval of  
18 development typically follows significant investment in site evaluation, planning, development  
19 costs, consultant fees, and related expenses. The General Assembly finds that it is necessary and  
20 desirable to provide for the establishment of certain vested rights in order to ensure reasonable  
21 certainty, stability, and fairness in the development regulation process, to secure the reasonable  
22 expectations of landowners, and to foster cooperation between the public and private sectors in  
23 land-use planning and development regulation. The provisions of this section and  
24 G.S. 160D-108.1 strike an appropriate balance between private expectations and the public  
25 interest.

26 (b) Permit Choice. – If a land development regulation is amended between the time a  
27 development permit application was submitted and a development permit decision is made or if  
28 a land development regulation is amended after a development permit decision has been  
29 challenged and found to be wrongfully denied or illegal, G.S. 143-755 applies.

30 (b1) Substantial Compliance. – A development permit application that substantially  
31 complies with the provision of information required by ordinance or regulation shall be sufficient  
32 to accept and process a request for a local or State development permit. Minor omissions in the  
33 application shall not be a sufficient basis to make an application ineligible for vesting. A local  
34 development regulation shall not condition the acceptance or processing of a development permit  
35 application upon the application for or issuance of a State permit, nor shall a State development  
36 regulation condition the acceptance or processing of a development permit application upon a  
37 local permit, unless specifically authorized by statute.

38 (c) Vested Rights. – Amendments in land development regulations are not applicable or  
39 enforceable without the written consent of the owner with regard to any of the following:

- 40 (1) Buildings or uses of buildings or land for which a development permit  
41 application has been submitted and subsequently issued in accordance with  
42 G.S. 143-755.  
43 (2) Subdivisions of land for which a development permit application authorizing  
44 the subdivision has been submitted and subsequently issued in accordance  
45 with G.S. 143-755.  
46 (3) A site-specific vesting plan pursuant to G.S. 160D-108.1.  
47 (4) A multi-phased development pursuant to subsection (f) of this section.  
48 (5) A vested right established by the terms of a development agreement  
49 authorized by Article 10 of this Chapter.

50 The establishment of a vested right under any subdivision of this subsection does not preclude  
51 vesting under one or more other subdivisions of this subsection or vesting by application of

1 common law principles. A vested right, once established as provided for in this section or by  
2 common law, precludes any action by a local government that would change, alter, impair,  
3 prevent, diminish, or otherwise delay the development or use of the property allowed by the  
4 applicable land development regulation or regulations, except where a change in State or federal  
5 law mandating local government enforcement occurs after the development application is  
6 submitted that has a fundamental and retroactive effect on the development or use.

7 (d) Duration of Vesting. – Upon issuance of a development permit, the statutory vesting  
8 granted by subsection (c) of this section for a development project is effective upon filing of the  
9 application in accordance with G.S. 143-755, for so long as the permit remains valid pursuant to  
10 law. Unless otherwise specified by this section or other statute, local development permits expire  
11 one year after issuance unless work authorized by the permit has substantially commenced. A  
12 local land development regulation may provide for a longer permit expiration period. For the  
13 purposes of this section, a permit is issued either in the ordinary course of business of the  
14 applicable governmental agency or by the applicable governmental agency as a court directive.

15 Except where a longer vesting period is provided by statute or land development regulation,  
16 the statutory vesting granted by this ~~section~~, section or common law vesting, once established,  
17 expires for an uncompleted development project if development work is intentionally and  
18 voluntarily discontinued for a period of not less than 24 consecutive months, and the statutory  
19 vesting period granted by this section or common law vesting for a nonconforming use of  
20 property expires if the use is intentionally and voluntarily discontinued for a period of not less  
21 than 24 consecutive months. The 24-month discontinuance period is automatically tolled during  
22 the pendency of any board of adjustment proceeding or civil action in a State or federal trial or  
23 appellate court regarding the validity of a development permit, the use of the property, or the  
24 existence of the statutory vesting period granted by this section. The 24-month discontinuance  
25 period is also tolled during the pendency of any litigation involving the development project or  
26 property that is the subject of the vesting.

27 (e) Multiple Permits for Development Project. – Subject to subsection (d) of this section,  
28 where multiple ~~local~~-development permits are required to complete a development project, the  
29 development permit applicant may choose the version of each of the ~~local~~-land development  
30 regulations applicable to the project upon submittal of the application for the initial development  
31 permit. ~~This~~ Except as provided in subsection (f) of this section, this provision is not applicable  
32 only ~~for those subsequent development permit applications filed within~~ after 18 months of the  
33 latter of (i) the date following the approval of an initial ~~of cessation of work related to the~~  
34 uncompleted development project or (ii) the date of issuance of the immediately preceding local  
35 development permit. For purposes of the vesting protections of this subsection, an erosion and  
36 sedimentation control permit or a sign permit is not an initial development permit.

37 (f) Multi-Phased Development. – A multi-phased development is vested for the entire  
38 development with the land development regulations then in place at the time a site plan approval  
39 is granted for the initial phase of the multi-phased development. A right which has been vested  
40 as provided for in this subsection remains vested for a period of seven years from the time a site  
41 plan approval is granted for the initial phase of the multi-phased development.

42 (g) Continuing Review. – Following issuance of a development permit, a local  
43 government may make subsequent inspections and reviews to ensure compliance with the  
44 applicable land development regulations in effect at the time of the original application.

45 (h) Process to Claim Vested Right. – A person claiming a statutory or common law vested  
46 right may submit information to substantiate that claim to the zoning administrator or other  
47 officer designated by a land development regulation, who shall make an initial determination as  
48 to the existence of the vested right. The decision of the zoning administrator or officer may be  
49 appealed under G.S. 160D-405. On appeal, the existence of a vested right shall be reviewed de  
50 novo. In lieu of seeking such a determination or pursuing an appeal under G.S. 160D-405, a

1 person claiming a vested right may bring an original civil action as provided by  
2 G.S. 160D-1403.1.

3 (i) Miscellaneous Provisions. – The vested rights granted by this section run with the  
4 land except for the use of land for outdoor advertising governed by G.S. 136-131.1 and  
5 G.S. 136-131.2 in which case the rights granted by this section run with the owner of a permit  
6 issued by the North Carolina Department of Transportation. Nothing in this section precludes  
7 judicial determination, based on common law principles or other statutory provisions, that a  
8 vested right exists in a particular case or that a compensable taking has occurred. Except as  
9 expressly provided in this section, nothing in this section shall be construed to alter the existing  
10 common law.

11 (j) Definitions. – As used in this section, the following definitions apply:

12 (1) Development. – As defined in G.S. 143-755(e)(1).

13 (2) Development permit. – As defined in G.S. 143-755(e)(2).

14 (3) Land development regulation. – As defined in G.S. 143-755(e)(3).

15 (4) Multi-phased development. – A development containing 25 acres or more that  
16 is both of the following:

17 a. Submitted for development permit approval to occur in more than one  
18 phase.

19 b. Subject to a master development plan with committed elements  
20 showing the type and intensity of use of each phase."

21 **SECTION 2.2.** G.S. 160D-702 reads as rewritten:

22 **"§ 160D-702. Grant of power.**

23 (a) A local government may adopt zoning regulations. Except as provided in subsections  
24 (b) ~~and (c)~~ through (e) of this section, a zoning regulation may regulate and restrict the height,  
25 number of stories, and size of buildings and other structures; the percentage of lots that may be  
26 occupied; the size of yards, courts, and other open spaces; the density of population; the location  
27 and use of buildings, structures, and land. A local government may regulate development,  
28 including floating homes, over estuarine waters and over lands covered by navigable waters  
29 owned by the State pursuant to G.S. 146-12. A zoning regulation shall provide density credits or  
30 severable development rights for dedicated rights-of-way pursuant to G.S. 136-66.10 or  
31 G.S. 136-66.11. Where appropriate, a zoning regulation may include requirements that street and  
32 utility rights-of-way be dedicated to the public, that provision be made of recreational space and  
33 facilities, and that performance guarantees be provided, all to the same extent and with the same  
34 limitations as provided for in G.S. 160D-804 and G.S. 160D-804.1.

35 (b) Any regulation relating to building design elements adopted under this Chapter may  
36 not be applied to any structures subject to regulation under the North Carolina Residential Code  
37 for One- and Two-Family Dwellings except under one or more of the following circumstances:

38 (1) The structures are located in an area designated as a local historic district  
39 pursuant to Part 4 of Article 9 of this Chapter.

40 (2) The structures are located in an area designated as a historic district on the  
41 National Register of Historic Places.

42 (3) The structures are individually designated as local, State, or national historic  
43 landmarks.

44 (4) The regulations are directly and substantially related to the requirements of  
45 applicable safety codes adopted under G.S. 143-138.

46 (5) Where the regulations are applied to manufactured housing in a manner  
47 consistent with G.S. 160D-908 and federal law.

48 (6) Where the regulations are adopted as a condition of participation in the  
49 National Flood Insurance Program.

50 Regulations prohibited by this subsection may not be applied, directly or indirectly, in any  
51 zoning district or conditional district unless voluntarily consented to by the owners of all the

1 property to which those regulations may be applied as part of and in the course of the process of  
2 seeking and obtaining a zoning amendment or a zoning, subdivision, or development approval,  
3 nor may any such regulations be applied indirectly as part of a review pursuant to G.S. 160D-604  
4 or G.S. 160D-605 of any proposed zoning amendment for consistency with an adopted  
5 comprehensive plan or other applicable officially adopted plan.

6 For the purposes of this subsection, the phrase "building design elements" means exterior  
7 building color; type or style of exterior cladding material; style or materials of roof structures or  
8 porches; exterior nonstructural architectural ornamentation; location or architectural styling of  
9 windows and doors, including garage doors; the number and types of rooms; and the interior  
10 layout of rooms. The phrase "building design elements" does not include any of the following:  
11 (i) the height, bulk, orientation, or location of a structure on a zoning lot, (ii) the use of buffering  
12 or screening to minimize visual impacts, to mitigate the impacts of light and noise, or to protect  
13 the privacy of neighbors, or (iii) regulations adopted pursuant to this Article governing the  
14 permitted uses of land or structures subject to the North Carolina Residential Code for One- and  
15 Two-Family Dwellings.

16 Nothing in this subsection affects the validity or enforceability of private covenants or other  
17 contractual agreements among property owners relating to building design elements.

18 (c) A zoning regulation shall not set a minimum square footage of any structures subject  
19 to regulation under the North Carolina Residential Code for One- and Two-Family Dwellings.

20 (d) A local government shall not adopt or enforce an ordinance downzoning property, as  
21 defined in G.S. 160D-601(d), that has access to public water or public sewer, unless the local  
22 government can show a change in circumstances that substantially affects the public health,  
23 safety, or welfare.

24 (e) A local government shall not adopt or enforce an ordinance that establishes a ban or  
25 has the effect of establishing a ban on a use of land that is not an industrial use, a nuisance per  
26 se, or that does not otherwise pose a serious threat to the public health, safety, or welfare.

27 (f) Nothing in this section shall be construed to limit the authority of a local government  
28 to regulate adult establishments or other facilities as defined in Article 26A of Chapter 14 of the  
29 General Statutes."

30 **SECTION 2.3.** G.S. 160D-703 reads as rewritten:

31 **"§ 160D-703. Zoning districts.**

32 (a) Types of Zoning Districts. – A local government may divide its territorial jurisdiction  
33 into zoning districts of any number, shape, and area deemed best suited to carry out the purposes  
34 of this Article. Within those districts, it may regulate and restrict the erection, construction,  
35 reconstruction, alteration, repair, or use of buildings, structures, or land. Zoning districts may  
36 include, but are not be limited to, the following:

37 (1) Conventional districts, in which a variety of uses are allowed as permitted uses  
38 or uses by right and that may also include uses permitted only with a special  
39 use permit.

40 (2) Conditional districts, in which site plans or individualized development  
41 conditions are imposed.

42 (3) Form-based districts, or development form controls, that address the physical  
43 form, mass, and density of structures, public spaces, and streetscapes.

44 (4) Overlay districts, in which different requirements are imposed on certain  
45 properties within one or more underlying conventional, conditional, or  
46 form-based districts.

47 (5) Districts allowed by charter.

48 (b) Conditional Districts. – Property may be placed in a conditional district only in  
49 response to a petition by all owners of the property to be included. Specific conditions may be  
50 proposed by the petitioner or the local government or its agencies, but only those conditions  
51 approved by the local government and consented to by the petitioner in writing may be

1 incorporated into the zoning regulations. Unless consented to by the petitioner in writing, in the  
2 exercise of the authority granted by this section, a local government may not require, enforce, or  
3 incorporate into the zoning regulations any condition or requirement not authorized by otherwise  
4 applicable law, including, without limitation, taxes, impact fees, building design elements within  
5 the scope of G.S. 160D-702(b), driveway-related improvements in excess of those allowed in  
6 G.S. 136-18(29) and G.S. 160A-307, or other unauthorized limitations on the development or  
7 use of land. Conditions and site-specific standards imposed in a conditional district shall be  
8 limited to those that address the conformance of the development and use of the site to local  
9 government ordinances, plans adopted pursuant to G.S. 160D-501, or the impacts reasonably  
10 expected to be generated by the development or use of the site. The zoning regulation may  
11 provide that defined minor modifications in conditional district standards that do not involve a  
12 change in uses permitted or the density of overall development permitted may be reviewed and  
13 approved administratively. Any other modification of the conditions and standards in a  
14 conditional district shall follow the same process for approval as are applicable to zoning map  
15 amendments. If multiple parcels of land are subject to a conditional zoning, the owners of  
16 individual parcels may apply for modification of the conditions so long as the modification would  
17 not result in other properties failing to meet the terms of the conditions. Any modifications  
18 approved apply only to those properties whose owners petition for the modification.

19 (c) **Uniformity Within Districts.** – Except as authorized by the foregoing, all regulations  
20 shall be uniform for each class or kind of building throughout each district but the regulations in  
21 one district may differ from those in other districts.

22 (d) **Standards Applicable Regardless of District.** – A zoning regulation or unified  
23 development ordinance may also include development standards that apply uniformly  
24 jurisdiction-wide rather than being applicable only in particular zoning districts.

25 (e) **Limitations.** – A local government shall not engage in any of the following practices:

26 (1) The adoption or enforcement of an ordinance that downzones property in  
27 order to evade voluntary consent of landowners or petitioners or any other  
28 requirements contained in subsection (b) of this section.

29 (2) Allow a particular land use only through conditional zoning.

30 (3) Establishing a threshold on square footage or the number of dwelling units,  
31 where to exceed the threshold would require conditional zoning."

32 **SECTION 2.4.** Article 7 of Chapter 160D of the General Statutes is amended by  
33 adding a new section to read:

34 **"§ 160D-703.1. Remedies for violations.**

35 (a) If a court finds that a local government has acted in violation of G.S. 160D-702 or  
36 G.S. 160D-703(e), the court shall award reasonable attorneys' fees and costs to the party who  
37 successfully challenged the actions of the local government.

38 (b) In the event that a court invalidates a regulation pursuant to this section, a permit  
39 applicant may choose which zoning designation will apply to the permit and use of the building,  
40 structure, or land indicated on the permit application from the following options:

41 (1) The zoning development regulation that existed most recently prior to the  
42 invalidated regulation.

43 (2) The least restrictive development standards contained within the zoning  
44 designation for the jurisdiction that is the most similar zoning designation to  
45 the class of property use identified in the permit application.

46 (c) For the purposes of this section, the term "class of property use" means one of the  
47 following major land-use groups:

48 (1) Commercial.

49 (2) Governmental.

50 (3) Industrial.

51 (4) Institutional.

1           (5) Residential."

2           **SECTION 2.5.** G.S. 160D-706 reads as rewritten:

3   "**§ 160D-706. Zoning conflicts with other development standards.**

4       (a) When regulations made under authority of this Article require a greater width or size  
5 of yards or courts, or require a lower height of a building or fewer number of stories, or require  
6 a greater percentage of a lot to be left ~~unoccupied, or impose other higher standards~~ unoccupied  
7 than are required in any other statute or local ordinance or regulation, the regulations made under  
8 authority of this Article govern. When the provisions of any other statute or local ordinance or  
9 regulation require a greater width or size of yards or courts, or require a lower height of a building  
10 or a fewer number of stories, or require a greater percentage of a lot to be left ~~unoccupied, or~~  
11 ~~impose other higher standards~~ unoccupied than are required by the regulations made under  
12 authority of this Article, the provisions of that statute or local ordinance or regulation govern.

13       (b) When adopting regulations under this Article, a local government may not use a  
14 definition of building, dwelling, dwelling unit, bedroom, or sleeping unit that is inconsistent with  
15 any definition of those terms in another statute or in a rule adopted by a State agency, including  
16 the State Building Code Council.

17       (c) Except as provided in subsection (a) of this section, a local government shall not adopt  
18 or enforce development regulations that alter the principle that ambiguities in land development  
19 regulations are to be construed in favor of the free use of land, including any development  
20 regulations that assert that a more restrictive rule or regulation is controlling.

21       (d) Subject to the provisions of Article 33 of Chapter 143 of the General Statutes, a local  
22 government, through its governing board, is authorized to settle any litigation related to the  
23 enforcement of or compliance with development regulations for a development or a development  
24 permit applicant, including any quasi-judicial development permit."

25           **SECTION 2.6.** G.S. 160D-1402 reads as rewritten:

26   "**§ 160D-1402. Appeals in the nature of certiorari.**

27       (a) Applicability. – This section applies to appeals of quasi-judicial decisions of  
28 decision-making boards when that appeal is in the nature of certiorari as required by this Chapter.

29       (b) Filing the Petition. – An appeal in the nature of certiorari shall be initiated by filing a  
30 petition for writ of certiorari with the superior court. The petition shall do all of the following:

- 31           (1) State the facts that demonstrate that the petitioner has standing to seek review.
- 32           (2) Set forth allegations sufficient to give the court and parties notice of the  
33 grounds upon which the petitioner contends that an error was made.
- 34           (3) Set forth with particularity the allegations and facts, if any, in support of  
35 allegations that, as the result of an impermissible conflict as described in  
36 G.S. 160D-109, or locally adopted conflict rules, the decision-making body  
37 was not sufficiently impartial to comply with due process principles.
- 38           (4) Set forth the relief the petitioner seeks.

39       (c) Standing. – A petition may be filed under this section only by a petitioner who has  
40 standing to challenge the decision being appealed. The following persons have standing to file a  
41 petition under this section:

- 42           (1) Any person possessing any of the following criteria:
  - 43               a. An ownership interest in the property that is the subject of the decision  
44 being appealed, a leasehold interest in the property that is the subject  
45 of the decision being appealed, or an interest created by easement,  
46 restriction, or covenant in the property that is the subject of the  
47 decision being appealed.
  - 48               b. An option or contract to purchase the property that is the subject of the  
49 decision being appealed.
  - 50               c. An applicant before the decision-making board whose decision is  
51 being appealed.



- 1 (2) Any other person who will suffer special damages as the result of the decision  
2 being appealed.
- 3 (3) An incorporated or unincorporated association to which owners or lessees of  
4 property in a designated area belong by virtue of their owning or leasing  
5 property in that area, or an association otherwise organized to protect and  
6 foster the interest of the particular neighborhood or local area, so long as at  
7 least one of the members of the association would have standing as an  
8 individual to challenge the decision being appealed, and the association was  
9 not created in response to the particular development or issue that is the  
10 subject of the appeal.
- 11 (4) A local government whose decision-making board has made a decision that  
12 the governing board believes improperly grants a variance from or is  
13 otherwise inconsistent with the proper interpretation of a development  
14 regulation adopted by the governing board.

15 (d) Respondent. – The respondent named in the petition shall be the local government  
16 whose decision-making board made the decision that is being appealed, except that if the  
17 petitioner is a local government that has filed a petition pursuant to subdivision (4) of subsection  
18 (c) of this section, then the respondent shall be the decision-making board. If the petitioner is not  
19 the applicant before the decision-making board whose decision is being appealed, the petitioner  
20 shall also name that applicant as a respondent. Any petitioner may name as a respondent any  
21 person with an ownership or leasehold interest in the property that is the subject of the decision  
22 being appealed who participated in the hearing, or was an applicant, before the decision-making  
23 board.

24 (e) Writ of Certiorari. – Upon filing the petition, the petitioner shall present the petition  
25 and a proposed writ of certiorari to the clerk of superior court of the county in which the matter  
26 arose. The writ shall direct the respondent local government or the respondent decision-making  
27 board, if the petitioner is a local government that has filed a petition pursuant to subdivision (4)  
28 of subsection (c) of this section, to prepare and certify to the court the record of proceedings  
29 below within a specified date. The writ shall also direct the petitioner to serve the petition and  
30 the writ upon each respondent named therein in the manner provided for service of a complaint  
31 under Rule 4(j) of the Rules of Civil Procedure, except that, if the respondent is a  
32 decision-making board, the petition and the writ shall be served upon the chair of that  
33 decision-making board. Rule 4(j)(5)d. of the Rules of Civil Procedure applies in the event the  
34 chair of a decision-making board cannot be found. No summons shall be issued. The clerk shall  
35 issue the writ without notice to the respondent or respondents if the petition has been properly  
36 filed and the writ is in proper form. A copy of the executed writ shall be filed with the court.

37 Upon the filing of a petition for writ of certiorari, a party may request a stay of the execution  
38 or enforcement of the decision of the quasi-judicial board pending superior court review. The  
39 court may grant a stay in its discretion and on conditions that properly provide for the security of  
40 the adverse party. A stay granted in favor of a city or county shall not require a bond or other  
41 security.

42 (f) Response to the Petition. – The respondent may, but need not, file a response to the  
43 petition, except that, if the respondent contends for the first time that any petitioner lacks standing  
44 to bring the appeal, that contention must be set forth in a response served on all petitioners at  
45 least 30 days prior to the hearing on the petition. If it is not served within that time period, the  
46 matter may be continued to allow the petitioners time to respond.

47 (g) Intervention. – Rule 24 of the Rules of Civil Procedure governs motions to intervene  
48 as a petitioner or respondent in an action initiated under this section with the following  
49 exceptions:

- 50 (1) Any person described in subdivision (1) of subsection (c) of this section has  
51 standing to intervene and shall be allowed to intervene as a matter of right.

1 (2) Any person, other than one described in subdivision (1) of subsection (c) of  
2 this section, who seeks to intervene as a petitioner must demonstrate that the  
3 person would have had standing to challenge the decision being appealed in  
4 accordance with subdivisions (2) through (4) of subsection (c) of this section.

5 (3) Any person, other than one described in subdivision (1) of subsection (c) of  
6 this section, who seeks to intervene as a respondent must demonstrate that the  
7 person would have had standing to file a petition in accordance with  
8 subdivisions (2) through (4) of subsection (c) of this section if the  
9 decision-making board had made a decision that is consistent with the relief  
10 sought by the petitioner.

11 For intervention under subdivisions (2) and (3) of this subsection, a motion to intervene is  
12 untimely and shall not be allowed if filed after the court has rendered a final judgment on the  
13 underlying appeal.

14 (h) The Record. – The record shall consist of the decision and all documents and exhibits  
15 submitted to the decision-making board whose decision is being appealed, together with the  
16 minutes of the meeting or meetings at which the decision being appealed was considered. Upon  
17 request of any party, the record shall also contain an audio or videotape of the meeting or  
18 meetings at which the decision being appealed was considered if such a recording was made.  
19 Any party may also include in the record a transcript of the proceedings, which shall be prepared  
20 at the cost of the party choosing to include it. The parties may agree that matters unnecessary to  
21 the court's decision be deleted from the record or that matters other than those specified herein  
22 be included. The record shall be bound and paginated or otherwise organized for the convenience  
23 of the parties and the court. A copy of the record shall be served by the local government  
24 respondent, or the respondent decision-making board, upon all petitioners within three days after  
25 it is filed with the court.

26 (i) Hearing on the Record. – The court shall hear and decide all issues raised by the  
27 petition by reviewing the record submitted in accordance with subsection (h) of this section. The  
28 court shall allow the record to be supplemented with affidavits, testimony of witnesses, or  
29 documentary or other evidence if, and to the extent that, the petition raises any of the following  
30 issues, in which case the rules of discovery set forth in the North Carolina Rules of Civil  
31 Procedure apply to the supplementation of the record of these issues:

32 (1) Whether ~~a petitioner or an~~ intervenor has standing.

33 (2) Whether, as a result of impermissible conflict as described in G.S. 160D-109  
34 or locally adopted conflict rules, the decision-making body was not  
35 sufficiently impartial to comply with due process principles. A failure to  
36 object at a hearing by a person with standing under subsection (c) of this  
37 section shall not constitute a waiver of a right to assert impermissible conflict  
38 involving any member of the quasi-judicial decision-making body.

39 (3) Whether the decision-making body erred for the reasons set forth in  
40 sub-subdivisions a. and b. of subdivision (1) of subsection (j) of this section.

41 (j) Scope of Review. –

42 (1) When reviewing the decision under the provisions of this section, the court  
43 shall ensure that the rights of petitioners have not been prejudiced because the  
44 decision-making body's findings, inferences, conclusions, or decisions were:

45 a. In violation of constitutional provisions, including those protecting  
46 procedural due process rights.

47 b. In excess of the statutory authority conferred upon the local  
48 government, including preemption, or the authority conferred upon the  
49 decision-making board by ordinance.

50 c. Inconsistent with applicable procedures specified by statute or  
51 ordinance.

- 1 d. Affected by other error of law.  
2 e. Unsupported by competent, material, and substantial evidence in view  
3 of the entire record.  
4 f. Arbitrary or capricious.
- 5 (2) When the issue before the court is one set forth in sub-subdivisions a. through  
6 d. of subdivision (1) of this subsection, including whether the decision-making  
7 board erred in interpreting an ordinance, the court shall review that issue de  
8 novo. The court shall consider the interpretation of the decision-making board,  
9 but is not bound by that interpretation, and may freely substitute its judgment  
10 as appropriate. Whether the record contains competent, material, and  
11 substantial evidence is a conclusion of law, reviewable de novo.
- 12 (3) The term "competent evidence," as used in this subsection, does not preclude  
13 reliance by the decision-making board on evidence that would not be  
14 admissible under the rules of evidence as applied in the trial division of the  
15 General Court of Justice if (i) except for the items noted in sub-subdivisions  
16 a., b., and c. of this subdivision that are conclusively incompetent, the  
17 evidence was admitted without objection or (ii) the evidence appears to be  
18 sufficiently trustworthy and was admitted under such circumstances that it  
19 was reasonable for the decision-making board to rely upon it. The term  
20 "competent evidence," as used in this subsection, shall, regardless of the lack  
21 of a timely objection, not be deemed to include the opinion testimony of lay  
22 witnesses as to any of the following:
- 23 a. The use of property in a particular way affects the value of other  
24 property.  
25 b. The increase in vehicular traffic resulting from a proposed  
26 development poses a danger to the public safety. An approval by the  
27 North Carolina Department of Transportation of a traffic impact  
28 analysis for a development project shall be conclusive evidence that  
29 the traffic related to the project will not pose a danger to the public  
30 safety and will otherwise preclude using traffic as a basis for denying  
31 a development permit.  
32 c. Matters about which only expert testimony would generally be  
33 admissible under the rules of evidence.
- 34 (j1) Action Not Rendered Moot by Loss of Property. – Subject to the limitations in the  
35 State and federal constitutions and State and federal case law, an action filed under this section  
36 is not rendered moot, if during the pendency of the action, the aggrieved person loses the  
37 applicable property interest as a result of the local government action being challenged and  
38 exhaustion of an appeal described herein is required for purposes of preserving a claim for  
39 damages under G.S. 160D-1403.1.
- 40 (k) Decision of the Court. – Following its review of the decision-making board in  
41 accordance with subsection (j) of this section, the court may affirm the decision, reverse the  
42 decision and remand the case with appropriate instructions, or remand the case for further  
43 proceedings. If the court does not affirm the decision below in its entirety, then the court shall  
44 determine what relief should be granted to the petitioners:
- 45 (1) If the court concludes that the error committed by the decision-making board  
46 is procedural only, the court may remand the case for further proceedings to  
47 correct the procedural error.  
48 (2) If the court concludes that the decision-making board has erred by failing to  
49 make findings of fact such that the court cannot properly perform its function,  
50 then the court may remand the case with appropriate instructions so long as  
51 the record contains substantial competent evidence that could support the

1 decision below with appropriate findings of fact. However, findings of fact  
 2 are not necessary when the record sufficiently reveals the basis for the  
 3 decision below or when the material facts are undisputed and the case presents  
 4 only an issue of law.

- 5 (3) If the court concludes that the decision by the decision-making board is not  
 6 supported by competent, material, and substantial evidence in the record or is  
 7 based upon an error of law, then the court may remand the case with an order  
 8 that directs the decision-making board to take whatever action should have  
 9 been taken had the error not been committed or to take such other action as is  
 10 necessary to correct the error. Specifically:

- 11 a. If the court concludes that a permit was wrongfully denied because the  
 12 denial was not based on competent, material, and substantial evidence  
 13 or was otherwise based on an error of law, the court shall remand with  
 14 instructions that the permit be issued, subject to any conditions  
 15 expressly consented to by the permit applicant as part of the  
 16 application or during the board of adjustment appeal or writ of  
 17 certiorari appeal.  
 18 b. If the court concludes that a permit was wrongfully issued because the  
 19 issuance was not based on competent, material, and substantial  
 20 evidence or was otherwise based on an error of law, the court may  
 21 remand with instructions that the permit be revoked.  
 22 c. If the court concludes that a zoning board decision upholding a zoning  
 23 enforcement action was not supported by substantial competent  
 24 evidence or was otherwise based on an error of law, the court shall  
 25 reverse the decision.

26 (l) Effect of Appeal and Ancillary Injunctive Relief. — of Administrative Decision on a  
 27 Permitted Use. —

- 28 (4) If a development approval is ~~appealed~~, appealed on the basis of a use not being  
 29 permitted by a development regulation, the applicant shall have the right to  
 30 commence work while the appeal is pending. However, if ~~the development~~  
 31 approval is reversed by a final decision of any court of competent jurisdiction,  
 32 jurisdiction determines that the use is not allowed, the applicant shall not be  
 33 deemed to have gained any vested rights on the basis of actions taken prior to  
 34 or during the pendency of the appeal and must proceed as if no development  
 35 approval had been granted.  
 36 (2) Upon motion of a party to a proceeding under this section, and under  
 37 appropriate circumstances, the court may issue an injunctive order requiring  
 38 any other party to that proceeding to take certain action or refrain from taking  
 39 action that is consistent with the court's decision on the merits of the appeal.

40 (ll) Effect of Appeal of Quasi-Judicial Relief. —

- 41 (1) An appeal by a party with standing under subsection (c) of this section from  
 42 the granting of a special use permit by a local board or other development  
 43 permit issued pursuant to quasi-judicial proceedings shall be rendered moot if  
 44 development authorized by the approved permit substantially commences  
 45 prior to the issuance of an injunction by a court under subsection (o) of this  
 46 section or under Rule 65 of the Rules of Civil Procedure with appropriate  
 47 security.  
 48 (2) If a special use permit is issued by the applicable local board after remand  
 49 from a decision of a court of competent jurisdiction and no injunction is  
 50 otherwise in place to prevent the issuance of a permit, any appeal related to  
 51 the subject matter of the permit is rendered moot.

1 (m) Joinder. – A declaratory judgment brought under G.S. 160D-1401 or other civil action  
2 relating to the decision at issue may be joined with the petition for writ of certiorari and decided  
3 in the same proceeding.

4 (n) Stays. – An appeal under this section is stayed as provided in G.S. 160D-405.

5 (o) Upon motion of a party to a proceeding under this section, and under appropriate  
6 circumstances, the court may issue an injunctive order requiring any other party to that  
7 proceeding to take certain action or refrain from taking action that is consistent with the court's  
8 decision on the merits of the appeal. The court shall require the moving party to post an  
9 appropriate bond set by the judge or clerk issuing the stay. A local government shall not be  
10 required to post a bond under this subsection."

### 11 12 **PART III. LOCAL GOVERNMENT REPORTING ON GROWTH HAMPERING** 13 **DENIALS**

14 **SECTION 3.1.** Beginning October 1, 2021, every local government engaged in  
15 development permitting review shall submit a semiannual report to the Joint Legislative  
16 Committee on Local Government and the Fiscal Research Division. The report shall contain at  
17 least all of the following:

- 18 (1) The number of development permit applications received.
- 19 (2) The number of development permit applications denied and the reason for  
20 denial.
- 21 (3) The number of down-zoning ordinances enacted.

### 22 23 **PART IV. EFFECTIVE DATE**

24 **SECTION 4.1.** Except as otherwise provided, this act is effective when it becomes  
25 law. Sections 2.1, 2.5, and 2.6 of this act clarify and restate the intent of existing law and apply  
26 to permit applications filed and appeals taken before, on, and after the effective date.