

Bill Analysis: House Bill 765 (2025) “Local Gov. Development Regulations Omnibus”

Bill Summary: House Bill 765 is a bill that would change various laws related to local government development regulation and related issues, generally reducing, limiting, or removing local government authority to regulate land use and development activities.

Bill Status: 4/7/25 Introduced in the House

Currently Pending in Housing and Development Committee, if favorable, Judiciary 2, if favorable, Regulatory Reform, if favorable, Rules, Calendar, and Operations of the House.

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Detailed Bill Analysis: House Bill 765, version 1, current as of April 11, 2025

Section	G.S. Section	Effect
1(a)	120-36.7	Requires that the General Assembly’s Fiscal Research Division prepare fiscal notes for any legislation that impacts the cost of constructing, owning, or selling a single-family residence.
1(b)	159-42.2	Requires that the governing body of a city or county have a fiscal note prepared prior to adopting, amending, or repealing an ordinance that could impact the cost of constructing, owning, or selling a single-family residence.
2	160D-101	Repeals a provision of Ch. 160D “Development Regulation” that preserves local government authority under other chapters of the General Statutes. Enacts a new provision of Ch. 160D that restricts local government authority under 160D to that “expressly” stated and prohibits certain development regulations that are more restrictive than state law (other than floodplain management regulations).
3	160D-108.1	Amends statute related to site-specific vesting by extending the time for vesting from two (2) to five (5) years, or up to eight (8) years at the local government’s discretion, and broadens the scope of site-specific vesting rights to include “land development regulation” and overlay districts.
4(a)	160D-109	Amends the standard for local government elected and appointed officials to recuse themselves from legislative decisions regarding a development regulation adopted under Ch. 160D.

		The current two-part standard, (1) “reasonably likely to have a direct, substantial, and readily identifiable financial impact on the official,” and (2) involvement of a “close familial, business, or other associated relationship,” would in addition require recusal when the official has “a fixed opinion...not susceptible to change” or when the member has “undisclosed <i>ex parte</i> communication about the matter.”
4(b)	160D-605	Would provide that the governing board consistency statement required when adopting a zoning text or map amendment is subject to judicial review.
5	160D-203	Provides an alternative method to determine zoning and planning jurisdiction when a parcel lies in more than one jurisdiction, dependent upon whether one, all, or none of the local governments can provide water and/or sewer service to the parcel. Allows for development applicant to override interlocal agreements.
6	160D-402(d)	Revises local government authority to collect fees for planning and development regulation by providing that those fees shall not exceed the amount “reasonably required” to support, administer, and implement the programs.
7	160D-403	Provides that in cities with a population of 125,000 or more, determinations as to “by right” applications shall be made only by the city’s administrative staff.
8	160D-707 (new) 160D-403	Enacts new timelines for rezoning decisions and site plan reviews and new requirements for the local government to respond, as follows: <ul style="list-style-type: none"> • Within 14 days of Application: “Completeness Determination” or “Deficiency Notice” • Applicant may “cure” deficiencies • Within 14 days of Amended Application: “Completeness Review” • Day that Application is determined to be Complete: Issue notice of 90-day period • Within 90 days of completeness determination: approve or deny • Extension, up to six months, only by agreement with Applicant • Failure to comply “shall constitute approval”
9	160D-702	Restricts local government zoning authority as applied to residential development by removing authority to <ol style="list-style-type: none"> 1. Regulate by voluntary consent of property owner to certain regulations (“conditional zoning” see also section 10, <i>infra</i>.) 2. Regulate width and length of residential structures 3. Require parking spaces other than as required by the ADA 4. Set minimum driveway sizing unless connected to a city or NCDOT maintained road

		<p>5. Set minimum road design standards in excess of NCDOT’s requirements, unless the city takes ownership prior to site plan approval.</p> <p>6. Require sidewalks, except in certain circumstances</p> <p>7. For cities larger than 125K, establish setback or buffer yard requirements for multi-family developments in excess of 15 units per acre</p>
10	160D-102 160D-703	<p>Requires that residential zoning districts be based upon density, expressed in dwelling unit per acre. Establishes minimum density requirements in a graduated scale based on county and city population, either 4, 5, or 6 units per acre, as minimum density districts.</p> <p>Additional requirements for by right development in cities larger than 125,000.</p> <p>Further restricts conditional zoning by removing the consent of petitioner as a basis for zoning regulation (“conditional zoning”)</p>
11	160D-803	Requires that decisions on subdivision plats be administrative and removes authority for planning board and governing board decisions.
12	160D-974 (new) 160D-975 (new)	In cities with a population of 125,000 or more, requires that the zoning regulations allow for “tiny houses” and “accessory dwelling units,” and exempts accessory dwelling units from various regulations.
13	160D-944	<p>Requires that 75% of property owners consent to the creation of a historic district</p> <p>Requires that the governing board approve the historic district application “unanimously”</p>
14	160D-1110(d)	Prohibits local governments from requiring more than a “shell permit” (allowing for “structural construction of a building”) for the construction of a multifamily project, and requires the issuance of a certificate of occupancy for individual units as they meet the requirements, upon request of the permittee.
15	160D-1403.1	Expands the right to sue local government officials and staff for development regulation decisions.
16	160D-1403.3 (new)	Expands the private remedies available for civil suits against local government officials and staff, including for the enforcement of Ch. 160D and to recover money damages, plus attorneys’ fees and “costs of investigation”
17	160D-110 160D-1406	<p>Removes the applicability of the “broad construction” of local powers provision in G.S. 160A-4, restricting the scope of local government authority and reducing the deference that courts will give to local government decisions.</p> <p>Expands the circumstances when a local government decision-making board can be held personally liable for involvement in</p>

	160A-174	board decisions and allows for the award of attorneys’ fees and other costs. Provides that the city general ordinance-making authority does not apply to development regulations under Ch. 160D. See also Section 2, <i>supra</i> .
18	136-102.6	Requires that NCDOT’s highways division accept a performance guarantee under 160D-804.1 to ensure completion of streets required by a municipal subdivision ordinance and requires the division of highways to issue a certificate of approval upon receipt of the performance guarantee.
19	160A-307	Limits city authority to require transportation related improvements unless the need is established through “substantial evidence.”
20	162A-901 (new)	Establishes a new regulatory scheme related to the reservation of water and sewer capacity by, among other things, limiting the ability to reserve capacity to only those projects having a pending development application, and not “speculative or future development”; requiring the local government to reserve the capacity within 24 months of the application (if capacity to serve is present) or to initiate plans to expand capacity to serve (if not present).
21	130A-343.5 (new)	Establishes an exception to city authority to require connections to sewer systems, and allows property owners to install community sewer systems (package plants), subject to certain conditions.