

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: 4/16/25 Referral to Judiciary 2 stricken, re-referred to Rules, Calendar, and Operations of the House.

Received favorable report in the Housing and Development Committee, currently pending Rules, Calendar, and Operations of the House.

NCLM Staff: Patrick Buffkin, Director of Legislative Affairs, pbuffkin@nclm.org

Derrick Applewhite, Senior Government Affairs Associate, dapplewhite@nclm.org

Detailed Bill Analysis: House Bill 765, version 2, current as of April 17, 2025

Section	G.S. Section	Effect
1(a)	160D-601	Reinstates that local governments may initiate a down-zoning amendment without the consent of all property owners. Clarifies the definition of down-zoning to no longer include nonconformities.
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-102	Amends statute to include definitions for the terms acre, buffer yard, dwelling unit, and nonconformities
4	160D-108	Clarifies that the statutory vesting period is automatically tolled for the duration of any emergency disaster declaration.
5	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.
6	160D-108.2 (new)	Further clarifies the establishment of vested rights with regard to nonconformities, mandating that nonconformities may continue until intentionally and voluntarily discontinued. Establishes the right to repair and reconstruct nonconformities if not enlarged or intensified.

7	160D-109	<p>Amends the standard for local government elected and appointed officials to recuse themselves from legislative decisions regarding a development regulation adopted under Ch. 160D. Adds the same standards for local government staff.</p> <p>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.”</p>
8	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.
9	160D-402(a) 160D-402(d)	<p>Requires local governments to designate one staff member charged with making determinations regarding zoning districts as described in 160D-703.</p> <p>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.</p>
10	160D-403	<p>Enacts new timelines for site plan reviews and new requirements for the local government to respond, as follows:</p> <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”
11	160D-605	Would provide that the governing board consistency statement required when adopting a zoning text or map amendment is subject to judicial review.
12	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 5. Set minimum road design standards in excess of NCDOT’s requirements, unless the city takes ownership prior to site plan approval. 6. Require sidewalks, except in certain circumstances <p>For cities larger than 125K, establish setback or buffer yard requirements for multi-family developments in excess of 15 units per acre</p>
13	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>
14	160D-707 (new)	<p>Enacts new timelines for rezoning decisions and new requirements for the local government to respond, as follows:</p> <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 <p>Failure to comply “shall constitute approval”</p>
15	160D-803	<p>Requires that decisions on subdivision plats be administrative and removes authority for planning board and governing board decisions. Within 10 days of approving preliminary plat, the local government representative must affix approval of the final plat.</p>
16	160D-912	<p>Establishes conforming changes to off-premises outdoor advertisement regarding nonconformities. See section 1.</p>

17	160D-912.1	Establishes conforming changes to on-premises advertisement regarding nonconformities. See section 1.
18	160D-944	Requires that 75% of property owners consent to the creation of a historic district Requires that the governing board approve the historic district application “unanimously”
19	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.
20	160D-1102(c)	Extends the requirement of local governments to publish an annual financial report on how it used fees from prior fiscal year for its building code enforcement program. The report would be required annually.
21	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.
22	160D-1403	Requires that the administrative decision implementing a subdivision regulation decision must be appealed as provided in 160D-405 (Board of Adjustment).
23	160D-1403.1	Expands the right to sue local government officials and staff for development regulation decisions. Establishes that an association whose membership is comprised of an individual with standing, may also have standing and can bring action under this section.
24	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”
25	160D-1406 (new in part)	Expands the circumstances when a local government decision-making board can be held personally liable for involvement in 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
26	63-31(e)	Establishes conforming changes to airport zoning regulations regarding nonconformities. See section 1.
27	63-36	Establishes conforming changes to air rights regulations regarding nonconformities. See section 1.
28(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.

28(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.
29	130A-343.5	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.
30	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.
31	136-131.5(c)	Establishes conforming changes to nonconforming signs. See section 1.
33	136-133.1(d)	Clarifies sign statutes to specify the definition of outdoor advertising signs.
34 35	160A-31(h) 160A-58.1(d)	Clarifies vested rights under the new changes proposed by sections 4,5, and 6.
36	160A-307	Limits city authority to require transportation related improvements unless the need is established through "substantial evidence."
37(a)	162A-1000	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).
37(b)	162A-900	Repeals S.L. 2024-45 and S.L. 2024-49
37(c)		Requires water and sewer providers shall provide water and sewer to applicants if the provider committed to doing so on or after July 1, 2020.
37(d)	162A-1003	The annual report required by section 37 is due by October 1, 2026.