I. H.B. 372 Home-Based Business Fairness Act (Status: approved; S.L. 2026-51)

SUMMARY OF CHANGES: Restrictions on City's ability to regulate no-impact home-based businesses. Regulations must be narrowly tailored to protect public health and safety, compatibility with residential use, and prohibit illegal or high-impact businesses.

RECOMMENDED ORDINANCE AMENDMENTS: Likely none. Section 7-16-1 provides that home occupations are uses by right subject to several special requirements. The requirements regulate advertising, employees, on-premises sales, area used, vehicles and parking, noises and other nuisances, traffic, and visitors per day. These all are tailored to protect public health and safety and compatibility with residential use.

TEXT CHANGES:

§ 160A-205.8 (entire new section)

(a) A city shall not adopt an ordinance or other regulation prohibiting no-impact home-based businesses within its jurisdictional limits or require a person to apply, register, or obtain any permit, license, variance, or other type of approval to operate a no-impact home-based business within its jurisdictional limit. **A city may impose reasonable regulations on no-impact home-based businesses if the regulations are narrowly tailored for any of the following purposes:**

(1) Ensuring the protection of public health and safety, as allowed by law.

(2) Ensuring that the business activity meets all of the following: a. Is compatible with the residential use of the property and surrounding residential use. b. Is secondary to the use of the property as a residential dwelling. c. Complies with State and federal law, including the payment of applicable taxes.

(3) Prohibiting or limiting the use of no-impact home-based businesses for the purpose of selling illegal drugs, liquor, operating or maintaining a structured sober living home, pornography, obscenity, or nude or topless dancing or other adult-oriented businesses.

(b) A city shall not require as a condition of operating a no-impact home-based business that the owner or occupant of the property do the following:

(1) Submit a petition for rezoning the property for commercial use.

(2) Install or equip fire sprinklers in any building or structure subject to the North Carolina Residential Code.

[...]

(d) The following definitions apply in this section:

(1) Goods. – Any merchandise, equipment, products, supplies, or materials.

(2) Home-based business. – Any business owned and operated by the owner or occupant of the residential dwelling that manufactures, provides, or sells goods or services.

(3) No-impact home-based business. – A no-impact home-based business for which all of the following apply:

a. The total number of on-site employees and clients do not exceed the city's occupancy limit for the residential property.

b. The business activities are characterized by all of the following:

1. Are limited to the sale of lawful goods and services.

2. Do not generate on-street parking or a substantial increase in traffic through the residential area.
3. Occur inside or in the yard of the residential dwelling.
4. Are not visible from the street.
5. Do not store merchandise, equipment, products, supplies, or materials outside of the premises."

II. H.B. 162 Parking Lot Reform/Stormwater Control (**Status:** approved; S.L. 2026-39)

A. Parking minimums

SUMMARY OF CHANGES: No off-street parking minimums per development/structure

RECOMMENDED ORDINANCE AMENDMENTS: Zoning District code (Sec. 7-8-1); Parking code (Sec. 7-11-2)

TEXT CHANGES:

§ 160D-702. Grant of power.
(c) A zoning or other development regulation shall not do any of the following:
[...] Require an off-street parking lot to meet a minimum number of parking spaces per development or structure, regardless of occupancy or use.

B. Stormwater runoff rules and existing built-upon area

SUMMARY OF CHANGES: Instead of stormwater controls for existing built-upon areas, Cities may offer nonmandatory incentives for stormwater controls not required. Cities are required to include these changes in stormwater ordinances within twelve months.

RECOMMENDED ORDINANCE AMENDMENTS: Stormwater code (Sec. 7-12-2) is required to be updated by 7/6/2027.

TEXT CHANGES:

§ 143-214.7. Stormwater runoff rules and programs.
(a1) Definitions.
(1) Built-upon area. – As defined in G.S. 143-214.7D.
(2) Development. – Any land-disturbing activity that increases the amount of built-upon area or that otherwise decreases the infiltration of precipitation into the subsoil. ~~When additional development occurs at a site that has existing development, the built-upon area of the existing development shall not be included in the density calculations for additional stormwater control requirements, and stormwater control requirements cannot be applied retroactively to existing development, unless otherwise required by federal law.~~
(3) Redevelopment. – Any land-disturbing activity that does not result in a net increase in built-upon area and that provides greater or equal stormwater control to that of the previous development.

(b3) Stormwater runoff rules and programs shall not require private property owners to install new or increased stormwater controls for ~~(i) preexisting development~~ existing built-upon area or (ii) redevelopment activities that do not remove or decrease existing stormwater controls. ~~When a preexisting development is redeveloped, either in whole or in part, increased stormwater controls shall only be required for the amount of impervious surface being created that exceeds the amount of impervious surface that existed before the redevelopment, irrespective of whether the impervious surface that existed before the redevelopment is to be demolished or relocated during the development activity.~~ When development or redevelopment occurs at a site that has existing built-upon area, (i) the existing built-upon area shall not be included in the density calculations for additional stormwater control requirements, irrespective of whether the existing built-upon area is to be demolished, relocated, replaced, or remains in place during development activity, (ii) the existing built-upon area at the site is not subject to additional stormwater control requirements under this section, regardless of whether the existing built-upon area is demolished, relocated, replaced, or remains in place during the development activity, (iii) for purposes of determining the size of the area for which stormwater control measures are required for a development or redevelopment, built-upon area that existed before the development or redevelopment shall be applied on a square-foot-for-square-foot basis to reduce the built-upon area for which stormwater control measures are required, and (iv) stormwater control requirements cannot be applied retroactively to existing built-upon area, unless otherwise required by federal law. A property owner may elect to treat the stormwater resulting from the net increase in built-upon area above the ~~preexisting~~ existing built-upon area at the development or redevelopment for the purpose of exceeding allowable density under the applicable water supply watershed rules as provided in G.S. 143-214.5(d3). This subsection applies to all local governments regardless of the source of their regulatory authority. Local governments shall include the requirements of this subsection in their stormwater ordinances.

(b8) A local government may offer nonmandatory incentives that waive building, zoning, connection, or other regulations or fees; provide additional tax and financial benefits; or institute other incentives for development or redevelopment that implements additional stormwater control measures beyond those required by this section and rules adopted thereunder.

SECTION 2.(b) Each local government that implements a stormwater management program shall amend its stormwater ordinance to conform to G.S. 143-214.7(b3), as amended by subsection (a) of this section, within 12 months of the effective date of this section. Any local stormwater ordinance that is inconsistent with G.S. 143-214.7(b3), as amended by subsection (a) of this section, is void and unenforceable on and after that date. A local government may adopt, amend, or repeal ordinance provisions implementing G.S. 143-214.7(b8) at any time after the effective date of this section.

SECTION 2.(c) This section is effective when it becomes law and applies to stormwater rules and stormwater program amendments adopted on or after that date.

PART III. EFFECTIVE DATE

SECTION 3. Except as otherwise provided, this act is effective when it becomes law. In the General Assembly read three times and ratified this the 1st day of July, 2026. Approved 3:04 p.m. this 6th day of July, 2026

III. **Budget (2026 Appropriations Act)** (**Status:** approved; S.L. 2026-41) - Local Land Development Regulatory Changes

A. Challenges to administrative decisions, standing, statutes of limitations

SUMMARY OF CHANGES: Parties with standing may challenge enforceability of local land development regulations and administrative decisions implementing them in superior court/federal court (the latter of which are subject to the same standard of review as petitions for writ of certiorari). No requirement to bring a Board of Adjustment appeal first. Clarifies associational standing. Statute of limitations: for both actions contesting validity of an ordinance and actions appealing administrative decisions, enlarged from one year to three years from when the party bringing the action "first has standing to do so."

RECOMMENDED ORDINANCE AMENDMENTS: Consider amending Section 7-6-2 to clarify appeals may be made to the board of adjustment *or* superior or federal court.

TEXT CHANGES:

§ 160D-1403.1. Civil action for declaratory relief, injunctive relief, other remedies; joinder of complaint and petition for writ of certiorari in certain cases.

(a) Civil Action. – ~~Except as otherwise provided in this section for claims involving questions of interpretation, in~~ In lieu of any remedies available under G.S. 160D-405 or G.S. 160D-108(h), a person with standing, as defined in subsection (b) of this section, may bring an original civil action seeking declaratory relief, injunctive relief, damages, or any other remedies provided by law or equity, in superior court or federal court to challenge the enforceability, validity, or effect of a local land development regulation for any of the following claims:

(1) The ~~ordinance,~~ local land development regulation, either on its face or as applied, is unconstitutional.
(2) The ~~ordinance,~~ local land development regulation, either on its face or as applied, is ultra vires, preempted, arbitrary or capricious, or is otherwise in excess of statutory authority.
(3) The ~~ordinance,~~ local land development regulation, either on its face or as applied, constitutes a taking of property.
(4) A decision implementing a local land development regulation by an administrative official or decision-making board is unconstitutional, on its face or as applied, is in excess of statutory authority, is ultra vires, preempted, arbitrary or capricious, made upon unlawful procedure, made in error of law, or is an abuse of discretion.

(a1) Appeals of Administrative Decisions. – If the decision being challenged under subsection (a) of this section is from an administrative official charged with enforcement or interpretation of a local land development regulation, the party with standing ~~must first~~ may, but is not required to, bring ~~any~~ that claim ~~that the ordinance was erroneously interpreted~~ to the applicable board of adjustment pursuant to G.S. 160D-405. An adverse ruling from the board of adjustment may then be challenged in an action brought pursuant to this subsection with the court hearing the matter de novo together with any of the claims listed in this subsection. ~~Failure to appeal to the board of adjustment shall not be deemed a failure to exhaust administrative remedies for purposes of an action brought under this section.~~

(b) Standing. – Any of the following criteria provide standing to bring an action under this section:

(1) The person has an ownership, leasehold, or easement interest in, or possesses an option or contract to purchase the property that is the subject matter of a final and binding decision made by an administrative official or decision-making board charged with applying or enforcing a land development regulation.
(2) The person was a development permit applicant or a person applying for a development approval before the decision-making board whose decision is being challenged.
(3) The person was a development permit applicant or a person applying for a development approval who is aggrieved by a final and binding decision of an administrative official charged with applying or enforcing a land development regulation.
(4) An association, organization, society, or entity whose membership is comprised of an individual or entity identified in subdivision (1), (2), or (3) of this subsection and whose purposes are germane to the matter in controversy; provided, however, that an action brought by an association, organization, society, or entity under this subdivision may not seek damages that require individualized proof of injury to one or more individual members. An association, organization, society, or entity under this subdivision may seek a declaration that a tax, fee, or monetary contribution imposed for a development or development approval is illegal and, upon a final determination that it is illegal, the tax, fee, or monetary contribution shall be returned, as provided by G.S. 160D-106.

(c) Time for Commencement of Action. – Any action brought pursuant to this section shall be commenced within ~~one year after the date on which written notice of the final decision is delivered to the aggrieved party by personal delivery, email, or by first-class mail.~~three years of the accrual of the cause of action. Such an action accrues when the party bringing the action first has standing to do so. A cause of action for the recovery of a tax, fee, or monetary contribution related to a land development regulation, as defined in G.S. 143-755, a development regulation, or a development or development approval, accrues upon the payment of the tax, fee, or monetary contribution.

(d) Joinder. – An original civil action authorized by this section may, for convenience and economy, be joined with a petition for writ of certiorari and decided in the same proceedings. The Rules of Civil Procedure govern the parties for the claims raised in the original civil action. The record of proceedings in the appeal pursuant to G.S. 160D-1402 shall not be supplemented by discovery from the civil action unless supplementation is otherwise allowed under G.S. 160D-1402(i). The standard of review in the original civil action for the cause or causes of action pled as authorized by ~~subsection (a)~~ subdivisions (1), (2), and (3) of subsection (a) of this section is de novo. The standard of review in the original civil action for any cause of action pled as authorized by subdivision (4) of subsection (a) of this section challenging a quasi-judicial decision is the standard set forth in G.S. 160D-1402(j), and the court shall review the record made before the decision-making board. The standard of review of the petition for writ of certiorari is the standard established in G.S. 160D-1402(j).

[no changes to (e) and (f)]

(g) Definitions. – ~~The definitions in G.S. 143-755 apply in this section.~~In addition to the definitions set forth in G.S. 143-755, the following definitions apply to this section:

(1) Decision implementing a local land development regulation. – Includes any of the following:
    a. The grant or denial of a development approval, as defined in G.S. 160D-102, including any conditions imposed on the development approval.
    b. An issuance or denial of a development permit, as defined in G.S. 143-755,

including any conditions imposed on the development permit.

c. A decision made in response to an application or a request relating to a development permit, including a conditional zoning or rezoning decision.
d. A determination under G.S. 160D-403(b1).
e. A notice of violation, order, or other enforcement action issued by an administrative official or decision-making board.

(2) Local land development regulation. – Includes the following legislative decisions made by a local government:

a. A development regulation, as defined in G.S. 160D-102.
b. A land development regulation, as defined in G.S. 143-755.

Ch. 1, Art. 5. Limitations, Other Than Real Property
§ 1-54(10) repealed
§ 1-52. Three years (new subsection:)
(21) Actions contesting the validity of any zoning or unified development ordinance or any provision adopted under Chapter 160D of the General Statutes or other applicable law, other than an ordinance adopting or amending a zoning map. Such an action accrues when the party bringing the action first has standing to challenge the ordinance."

§ 160D-1405. Statutes of limitation.
[no changes to (a) (zoning map adoption or amendments)]
(b) Text Adoption or Amendment. – Except as otherwise provided in subsection (a) of this section, an action challenging the validity of a development regulation adopted under this Chapter or other applicable law shall be brought within ~~one year~~ three years of the accrual of the action as provided in ~~G.S. 1-54(10).~~ G.S. 1-52(21). The action accrues when the party bringing the action first has standing to challenge the ordinance. A challenge to an ordinance on the basis of an alleged defect in the adoption process shall be brought within three years after the adoption of the ordinance as provided in ~~G.S. 1-54(10).~~ G.S. 1-52(21).
[no substantive changes to (c) (Enforcement Defense) or (d) (Quasi-Judicial Decisions.)]

B. Interpretive determinations

SUMMARY OF CHANGES: Local governments required to issue "interpretive determinations" upon request from a party with standing. Admittedly, not clear how this differs from administrative determinations under subsection (b) of § 403.

RECOMMENDED ORDINANCE AMENDMENTS: None necessary, but option to incorporate this anywhere where "administrative decision" is used.

TEXT CHANGES:

§ 160D-403. Administrative development approvals and determinations. (new subsection:)
"(b1) Interpretive Determinations. – Upon written request by a person listed under G.S. 160D-1403.1(b), a local government, acting through an administrative official or staff designated pursuant to subsection (b) of this section, shall issue a written determination regarding the applicability or interpretation of a development regulation enacted under the authority of this Chapter to a given state of facts. Upon issuance, the determination shall be binding on the local government and the person requesting the determination, unless the determination is altered or set aside by a decision-making board or a court of competent jurisdiction. The notice and

posting requirements of subsection (b) of this section shall apply to any determination requested under this subsection."

C. Standing to appeal administrative decisions

SUMMARY OF CHANGES: Broadens standing to appeal administrative decisions to the BOA. No longer must meet the standing test under § 1402(c) (appeals in the nature of certioari) - can alternatively meet standing test under 1403.1(b) (civil actions).

RECOMMENDED ORDINANCE AMENDMENTS:

- Sec. 7-6-2. Appeals of administrative decisions. (c) Persons who may file and appeal. Any person who has standing under N.C.G.S. §160D-1402(c) or the city may appeal a decision to the board of adjustment.
    - 160D-405 now says that alternatively, appellant may meet standing test under 1403.1(b) as well as 1402(c).
    - Change to: "N.C.G.S. §§ 160D-1402(c) or 1403.1(b)"

TEXT CHANGES:

§ 160D-405. Appeals of administrative decisions. (subsection (b) amended:)
"(b) Standing. – Any person who has standing under G.S. 160D-1402(c) or G.S. 160D-1403.1(b), or the local ~~government~~ government, may appeal an administrative decision to the board. An appeal is taken by filing a notice of appeal with the local government clerk or a local government official designated by ordinance. The notice of appeal shall state the grounds for the appeal."

D. Permit choice

SUMMARY OF CHANGES: New provision on permit choice clarifies applicability to applicants who submit rezoning applications, including CZ applications.

RECOMMENDED ORDINANCE AMENDMENTS: N/A

TEXT CHANGES:

§ 143-755. Permit choice.
New subsection (a1):
(a1) If an applicant submits a rezoning application, including an application for conditional rezoning, and the land development regulations are amended between the time the rezoning application is submitted and a decision on the rezoning application is made, the rezoning applicant may choose which adopted version of the land development regulations will apply to the property requested to be rezoned. If the rezoning applicant chooses the version of the land development regulations applicable at the time of the rezoning application, the rezoning applicant shall not be required to await the outcome of the amendment to the land development regulations prior to having the rezoning application determined.

E. Mandatory attorneys' fees if City found liable

SUMMARY OF CHANGES: Attorneys' fees **must** be awarded in **any action** brought under

160D-1403.1 in which **city is found liable**. Meaning of “unambiguous limits” clarified.

RECOMMENDED ORDINANCE AMENDMENTS: N/A

TEXT CHANGES:

§ 6-21.7. Attorneys' fees; cities or counties acting outside the scope of their authority.

(a) In any action in which a city or county is a party, upon a finding by the court that the city or county violated a statute or case law setting forth unambiguous limits on its authority, the court shall award reasonable attorneys' fees and costs to the party who successfully challenged the city's or county's action. For purposes of this subsection, "unambiguous" means that the limits of authority are not reasonably susceptible to multiple constructions.

(b) In any action brought under G.S. 160D-1403.1 in which a city or county is found to be liable, the court shall award reasonable attorneys' fees and costs to the party who successfully challenged the city's or county's action.

(c) In any action in which a city or county is a party, upon finding by the court that the city or county took action inconsistent with, or in violation of, G.S. 160D-108(b) or G.S. 143-755, the court shall award reasonable attorneys' fees and costs to the party who successfully challenged the local government's failure to comply with any of those provisions.

(d) ~~In all other matters,~~ Except as otherwise provided in this section, the court may award reasonable attorneys' fees and costs to the prevailing private litigant. ~~For purposes of this section, "unambiguous" means that the limits of authority are not reasonably susceptible to multiple constructions.~~