

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 1072

Short Title: Affordable Housing Infrastructure Development. (Public)

Sponsors: Representatives Bell, Reives, Humphrey, and Cunningham (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Housing and Development, if favorable, Appropriations, if favorable, Rules,
Calendar, and Operations of the House

April 29, 2026

A BILL TO BE ENTITLED

AN ACT TO CREATE THE AFFORDABLE HOUSING INFRASTRUCTURE
DEVELOPMENT LOAN PROGRAM TO PROVIDE BELOW-MARKET INTEREST
RATE LOANS FOR THE PURPOSE OF DEVELOPING AND IMPROVING SITES TO
BE USED FOR AFFORDABLE HOUSING.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 122A of the General Statutes is amended by adding a new
section to read:

"§ 122A-5.16. Affordable Housing Infrastructure Development Loan Program.

(a) The North Carolina Housing Finance Agency (the "Agency") shall establish and
administer the Affordable Housing Infrastructure Development Loan Program for the purpose of
making revolving below-market interest rate loans to eligible borrowers for the purpose of
developing and improving sites to be used for affordable housing for persons and families of low
and moderate income. The Agency shall do all of the following:

- (1) Develop and administer the Affordable Housing Infrastructure Development
Loan Fund (Fund). The Fund shall operate as a revolving fund.
- (2) Develop and administer a competitive application process by which eligible
borrowers may apply for assistance in the form of loans from the Fund.
- (3) Make loans from the Fund secured by liens on real property located in North
Carolina to eligible borrowers.

(b) The following definitions apply in this section:

- (1) Affordable housing. – Residential housing that is deemed by the Agency to be
affordable to persons and families of low and moderate income.
- (2) Area median income. – The annual median household income of an area
determined by the U.S. Department of Housing and Urban Development.
- (3) Below-market interest rate. – Interest rate that is below the market value at the
time of establishment and is established and published annually, fixed at
closing.
- (4) Eligible borrower. – A tax-exempt nonprofit 501(c)(3) organization that the
Agency determines to meet all of the following requirements:
 - a. Borrower develops affordable housing using sweat equity of the home
buyer(s), volunteer labor, and donated materials, services, and funds.
 - b. Borrower must have at least one year of experience providing homes
for sale to low- and moderate-income households in their service area.



- 1 c. Borrower must not have any unresolved audit or monitoring findings
2 or legal proceedings.
- 3 d. Borrower must provide first or second mortgage financing to eligible
4 home buyers at zero percent (0%).
- 5 e. If a borrower is using the requested funds to develop a mixed-income
6 development, the development must have at least forty percent (40%)
7 of the units reserved exclusively for persons of low and moderate
8 income.
- 9 (5) Infrastructure costs. – Costs for the development or improvement of sites,
10 including installation of water, sewer, utility, stormwater, or road
11 infrastructure, and site clearing and grading.
- 12 (6) Persons of low and moderate income. – Persons in households the annual
13 income of which, adjusted for family size, is not more than eighty percent
14 (80%) of the local area median family income as defined by the most recent
15 figures published by the U.S. Department of Housing and Urban
16 Development.
- 17 (7) Predevelopment costs. – Costs for development or improvement of sites that
18 include, but are not limited to, permit fees, land surveys, environmental due
19 diligence and soil testing, and engineering and site planning.
- 20 (c) Permitted Uses. – Funds loaned to eligible borrowers under this section shall be used
21 only for the following costs incurred for the provision of affordable housing:
- 22 (1) Acquisition of land.
- 23 (2) Predevelopment costs.
- 24 (3) Infrastructure costs.
- 25 (d) Prohibited Uses. – Funds loaned to eligible borrowers under this section shall not be
26 used for the vertical construction of housing units or for the rehabilitation of existing housing
27 units.
- 28 (e) Distribution of Funds. – Funds loaned to eligible borrowers must be directly
29 administered to the benefit of the persons of low and moderate income in a project and cannot be
30 placed in the general accounts of the borrower. If the eligible borrower sells or confers land
31 improved with a loan provided by the Fund to a market rate developer, the land must be sold for
32 no less than its fair market value or appraised value, whichever is less, as improved, and the
33 proceeds received from the sale must be applied directly to the project which will directly benefit
34 persons of low and moderate income.
- 35 (f) Rulemaking. – Solely with respect to the adoption of procedures for the program by
36 which eligible borrowers may apply for assistance, the Agency is exempt from the requirements
37 of Article 2A of Chapter 150B of the General Statutes. Prior to adoption or amendment of
38 procedures, the Agency shall:
- 39 (1) Publish the proposed procedures in the North Carolina Register at least 30
40 days prior to the adoption of the final procedures.
- 41 (2) Accept oral and written comments on the proposed procedures.
- 42 (3) Hold at least one public hearing on the proposed procedures.
- 43 (g) As part of the report required under G.S. 122A-16, the Agency shall report on the
44 number of loans made under this section, the amount of each loan, and whether the development
45 or improvement of real property for affordable housing under this section is located in a low-,
46 moderate-, or high-income county, as designated by the Agency."

47 **SECTION 2.** There is appropriated from the General Fund to the North Carolina
48 Housing Finance Agency the sum of fifty million dollars (\$50,000,000) in nonrecurring funds
49 for the 2026-2027 fiscal year to be used for the Affordable Housing Infrastructure Development
50 Loan Program and Fund as established in Section 1 of this act.

51 **SECTION 3.** This act becomes effective July 1, 2026.