

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

H.B. 1072  
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30517-NSa-5

Short Title: Affordable Housing Infrastructure Development.

(Public)

Sponsors: Representative Bell.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO CREATE THE AFFORDABLE HOUSING INFRASTRUCTURE  
3 DEVELOPMENT LOAN PROGRAM TO PROVIDE BELOW-MARKET INTEREST  
4 RATE LOANS FOR THE PURPOSE OF DEVELOPING AND IMPROVING SITES TO  
5 BE USED FOR AFFORDABLE HOUSING.

6 The General Assembly of North Carolina enacts:

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

9 **"§ 122A-5.16. Affordable Housing Infrastructure Development Loan Program.**

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

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

21 (b) The following definitions apply in this section:

- 22 (1) Affordable housing. – Residential housing that is deemed by the Agency to be  
23 affordable to persons and families of low and moderate income.  
24 (2) Area median income. – The annual median household income of an area  
25 determined by the U.S. Department of Housing and Urban Development.  
26 (3) Below-market interest rate. – Interest rate that is below the market value at the  
27 time of establishment and is established and published annually, fixed at  
28 closing.  
29 (4) Eligible borrower. – A tax-exempt nonprofit 501(c)(3) organization that the  
30 Agency determines to meet all of the following requirements:  
31 a. Borrower develops affordable housing using sweat equity of the home  
32 buyer(s), volunteer labor, and donated materials, services, and funds.  
33 b. Borrower must have at least one year of experience providing homes  
34 for sale to low- and moderate-income households in their service area.  
35 c. Borrower must not have any unresolved audit or monitoring findings  
36 or legal proceedings.



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

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

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