



DECEMBER 2020 **ADVOCACY UPDATE**

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WRAPUP: 2020 ELECTIONS BRING STABILITY

With the exception of the Presidential race and transition in the executive branch of federal government, the main outcome of the 2020 elections is stability—with only a slight shift in the balance of power. This is especially true at the local level where many incumbent elected officials were re-elected to office and will continue to lead.

- At the federal level, Democrats will continue to control the US House. Control of the US Senate is pending a runoff in Georgia. For North Carolina, **Sen. Thom Tillis** was re-elected to his seat and will remain in the US Senate.
- At the state level in North Carolina, **Roy Cooper** defeated Dan Forest for Governor. **Mark Robinson** was elected Lt. Governor. Many of the highly contested state judicial races also went to Republican candidates, including the Supreme Court seats up for grabs. At press time, the Chief Justice race is still being recounted.
- In NC General Assembly races, the Republicans withstood a heavy challenge and maintain voting majorities in both the House and Senate. **Michael Lee** defeated Sen. Harper Peterson to reclaim his Senate seat. In the House, **Charlie Miller** defeated Marcia Morgan and **Ted Davis** beat Adam Ericson in their new districts. Other area winners include new **Sen. Michael Lazzara**, **Sen. Bill Rabon**, **Rep. Frank Iler**, **Rep. Carson Smith**, **Rep. Deb Butler**, **Rep. Phil Shepard** and **Rep. Jimmy Dixon**.
- Locally, New Hanover voters elected **Bill Rivenbark**, **Deb Hays** and **Jonathan Barfield** to the Board of Commissioners. In Brunswick County, **Frank Williams**, **Mike Forte** and **Pat Sykes** were re-elected. In Pender County, **Jackie Newton** and **Fred McCoy** were re-elected. In Onslow County, all five Republican candidates won seats on the County Commission, including **Royce Bennett**.

For full official results from North Carolina, you can [click here](#) and use the drop down menus to select counties, races, etc.

HOMEOWNERS INSURANCE RATE INCREASE FILED

In November, shortly following the election, the North Carolina Rate Bureau announced that they had filed a significant [homeowners rate case](#). We encourage you to flood the Commissioner's inbox with opposition and ask that he deny the request outright.

Like most of the state, in our region the increases are all proposed at 25%. For us, things get more complex because:

- 1) we already pay 3x of the inland counties for the same type of coverage
- 2) we also have separate wind policies
- 3) the reason stated for the need for an increase is wind losses--which in our case should have come from the wind pool first

Perhaps one way to achieve more statewide equity in rates is to deny this request and have the Commissioner go to the General Assembly and request that the NC Rate Bureau be abolished. The Rate Bureau structure is the reason we have to go through this fire drill every year. In the big picture, for as much time as we spend addressing affordability of housing, issues like this come in and undo any incremental gains we make.

As required by law, public comment will be received on December 10. Due to COVID19 protocols, this will include both an in-person and virtual public comment forum held simultaneously on Dec. 10 from 10 a.m. to 3 p.m. You can also email public comments by Dec. 10 to: 2020Homeowners@ncdoi.gov.

NC REALTORS CALL FOR ACTION ON HOMEOWNERS RATES

NC REALTORS and the NC Homeowners Alliance have issued a CALL FOR ACTION on the proposed insurance rate increases. If you are an NCR member, you can [click here to act now](#).

The big insurance companies have requested that North Carolina Insurance Commissioner Mike Causey increase homeowners' insurance rates by a staggering 25 percent.

While this is the third rate increase request within a few years, what makes this request even more alarming is the fact that we are in the midst of an unprecedented pandemic. North Carolinians have lost jobs and many are at risk of losing their homes, yet insurance companies have chosen to be insensitive and tone-deaf to the struggles of North Carolinians and request a statewide 25 percent insurance rate increase. The increase will result in an excessive \$4.6 billion for the insurance industry while nearly 90,000 North Carolinians are struggling to make mortgage payments...that's unacceptable!

This proposed increase impacts you, it impacts your clients and it will be significantly detrimental to an already struggling economy. You can help stop this rate increase but you must act now!

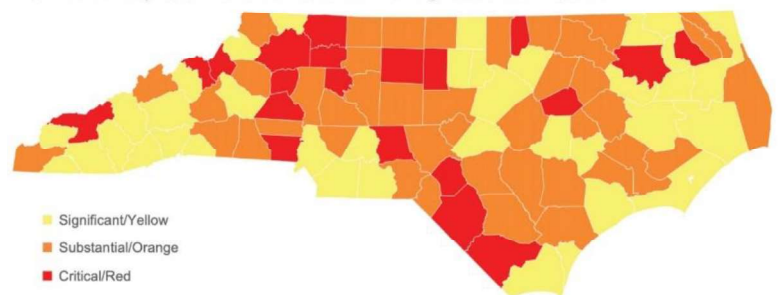
*Please tell Commissioner Causey to protect North Carolina homeowners and the real estate industry by **OPPOSING** the proposed rate increase!*

Many thanks to the over 2800 of you who have already responded to this Call for Action but with such a significant insurance rate increase at stake We Can Do Better! If you have not responded, please do so!

COOPER EXECUTIVE ORDER TO STRENGTHEN MASK REQUIREMENTS

Prior to the Thanksgiving holiday, Governor Roy Cooper issued additional COVID-19 safety measures to tighten mask requirements and enforcement as cases continue to rise rapidly in North Carolina and across the country. Executive Order No. 180 goes into effect on Wednesday, November 25 and runs through Friday, December 11. You can read a helpful FAQ about the new Executive Order [here](#).

NC Counties by Tier: Data from November 6 through November 19, 2020



"I have a stark warning for North Carolinians today:

We are in danger," Governor Cooper said. "This is a pivotal moment in our fight against the coronavirus. Our actions now will determine the fate of many."

In addition to extending Phase 3 capacity limits and safety requirements, the Order tightens the existing statewide mask requirement – making it clear that everyone needs to wear a mask whenever they are with someone who is not from the same household. The Order also adds the mask requirement to several additional settings including any public indoor space even when maintaining 6 feet of distance; gyms even when exercising; all schools public and private; and all public or private transportation when travelling with people outside of the household.

The Order also requires large retail businesses with more than 15,000 square feet to have an employee stationed near entrances ensuring mask wearing and implementing occupancy limits for patrons who enter.

Dr. Mandy Cohen, Secretary of North Carolina Department of Health and Human Services, updated North Carolina's COVID-19 [County Alert System map](#) due to the rapid rise in cases and hospitalization over the past week. Since introducing the system, ten more counties have moved into the red category indicating critical community spread. There are now 20 red counties and 42 orange counties. Read the [update](#) to see where each county stands and how the system was designed.

BASE, CHAMBER SUPPORT YEAR-ROUND MAINTENANCE DREDGING AT NC PORTS

In November, both BASE and the Wilmington Chamber of Commerce submitted comments to the NC Division of Coastal Management in support of the United States Army Corps of Engineers (Corps) proposal regarding year-round maintenance dredging in the outer portions of Wilmington and Morehead City Harbors.

The Port of Wilmington is an economic engine not just for the Wilmington region but also the entire state of North Carolina. In the past several years alone, the NC Ports \$200 million capital improvement campaign has led to immediate accommodation of the largest ships calling on east coast ports. Year-round hopper dredging and bed leveling will provide the flexibility and assurance needed to achieve successful contract awards and allow our Ports to remain competitive, thus sustaining the regional economy and the \$687 million annual state and local tax revenue provided by the Ports.

As clearly outlined in the Corps draft environmental assessment, the proposed federal action is consistent with a full range of federal and state environmental regulations, including the enforceable policies of the State's Coastal Management Program.

From a practical standpoint, the proposal has clear benefits in terms of safety, dredge availability and cost. As clearly stated in the Corps document, "the maintenance of safe navigation in federal channels is essential to ensure our Nation's maritime safety and security. The Corps has determined that year-round dredging and bed leveling will help accomplish our mission of providing safe access to our ports and harbors while meeting the Federal Standard of being the least cost, engineeringly sound, environmentally acceptable alternative."

With limited availability of hopper dredges, it is very challenging to adequately maintain the District's two deep draft navigation projects within the existing environmental window (1 December – 15 April). Eliminating the window will allow more flexibility and increase efficiency in maintaining the harbors while improving navigability and safety. A cost analysis of the alternatives shows that the proposal will save a minimum of \$13 million in tax payer dollars over the next 20 years.

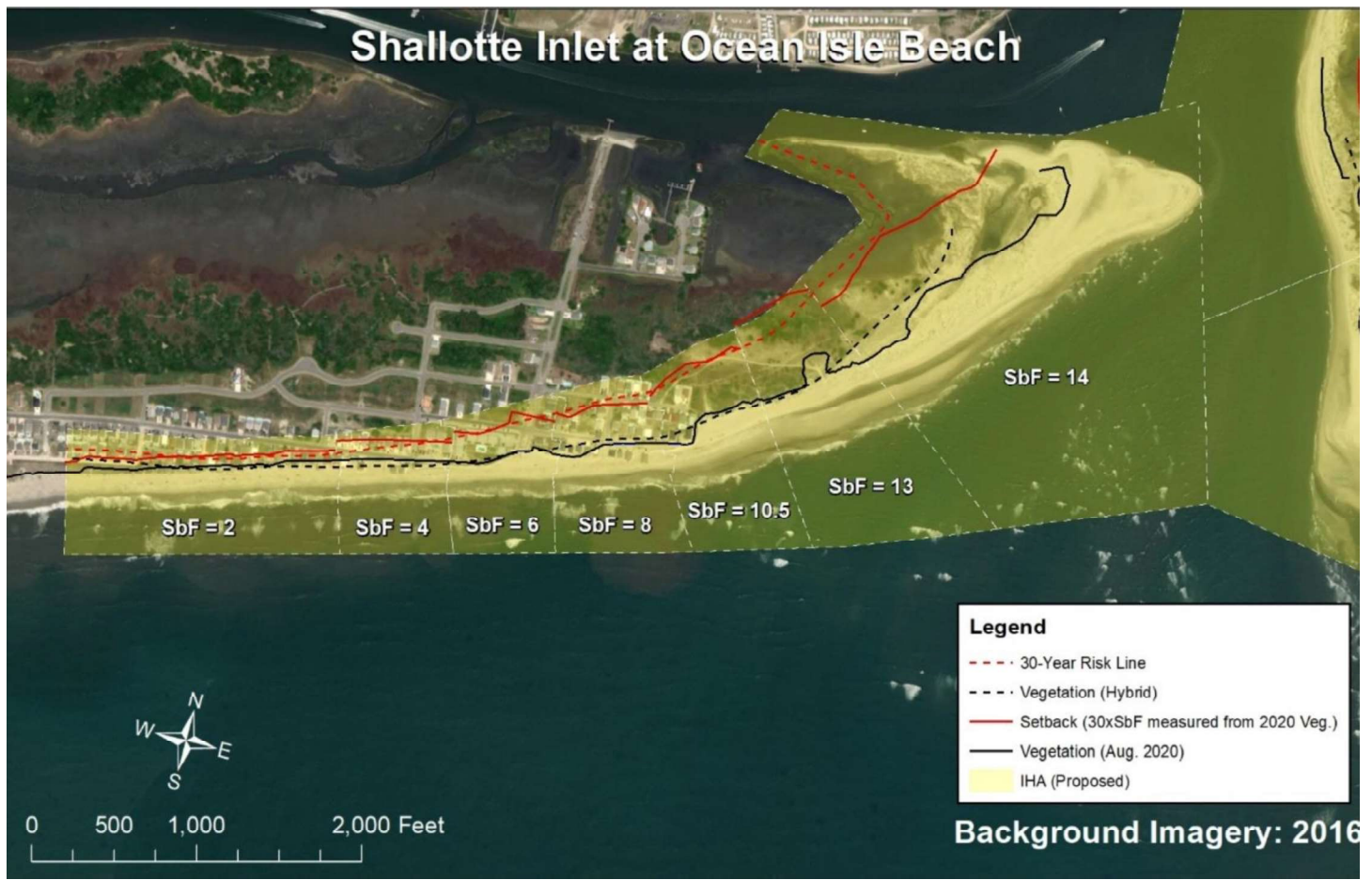
WILMINGTON APPEALS SHORT TERM RENTAL RULING, PROPOSES NEW PROVISIONS

The City of Wilmington is proposing amendments to their short term rental ordinance which will go before the Planning Commission at their December 2 meeting. From the [staff report](#):

"...The city...seeks to address some of the issues brought forward by the judge presiding over the appeal. One of those issues is the use of a registration program, which is prohibited by NCGS §160D-1207(c). The entirety of that statutory reference is included as an attachment, but generally that section limits local government authority on the registration and permitting of residential rental properties. The statute specifies applicability to NCGS Chapter 11 (Building Code Enforcement) and Chapter 12 (Minimum Housing Codes). It does not specify applicability to Chapter 7 (Zoning). Annual permits are a necessary tool for zoning enforcement to effectively and efficiently administer the short-term lodging regulations; however, use of the term "permit" instead of "registration" better aligns with statutory language, other land use approvals, and current operating procedures."

The proposed amendment, in summary, would:

- Replace the word "registration" with "permit" to align with standard operating procedure for approving short-term lodging uses and to better differentiate zoning approval of the use from a general landlord tracking program;
- Remove the two percent (2%) cap on whole-house lodging uses relative to the total number of dwelling units for all districts except multi-family;
- Remove the minimum 400-foot separation between whole-house uses in multi-family districts but retain the two percent (2%) cap for multi-family developments;
- Eliminate reference to penalties for violations of laws or regulations that are not part of the Land Development Code.



COASTAL RESOURCES COMMISSION HEARS UPDATES ON INLET HAZARDS, DEVELOPMENT LINE

At the virtual November Coastal Resources Commission meeting, the board heard updates on two issues with significant impact on our island communities.

- [Proposed Rules Changes for Communities with Approved Beach Management Plans](#): Over the past several meetings, the Commission has been reviewing Static Vegetation Line (SVL), Static Line Exception (SLE), and Development Line (DL) rules, as well as continued discussions on matters of oceanfront rule implementation. At both the September and November meetings, the Commission spent considerable time discussing the recommendations of the Subcommittee on Development Line Implementation and the Division regarding potential strategies and alternatives for consideration.
- [Inlet Hazard Area Boundary Update and Rule Amendments](#): Response to Public Comment: After a nearly 16-year effort, the Science Panel on Coastal Hazards completed work on updating the Inlet Hazard Area (IHA) boundaries for the 10 developed inlets. After the report was published February 12, 2019, the Division of Coastal Management (DCM) held seven public hearings and five workshops along the coast and public comments were invited. DCM consolidated and summarized the public comments and requested that the panel develop a response. The Panel reviewed both the individual public comments as well as the DCM summary. This document is the Panel's response to the summarized comments.

While both of these issues are interrelated, it is anticipated that the CRC will continue to handle them separately. You'll recall that previously BASE submitted comments expressing concerns about the impact of greatly expanding the Inlet Hazard Zones. These impacts are especially acute in Brunswick County as large areas of Ocean Isle, Holden Beach and Oak Island would be pulled into the expanded zones. As you can see in the graphic above, the yellow proposed IHA shows the areas in question.

PRIVATE FLOOD INSURANCE RULE PUBLISHED IN FEDERAL REGISTER

In November, the Federal Housing Administration (FHA) published a proposed rule in the *Federal Register* (FR), Acceptance of Private Flood Insurance for Federal Housing Administration (FHA)-Insured Mortgages ([Docket No. FR-6084-P-01](#)). Initially announced in [FHA INFO 20-83](#), the proposed rule will provide the option for private flood insurance on FHA-insured single family mortgaged properties located in Special Flood Hazard Areas.

The proposed rule amends FHA regulations to allow borrowers the option to purchase private flood insurance to satisfy the mandatory flood insurance requirement of the Flood Disaster Protection Act of 1973 (FDPA). Additionally, it promotes consistency with industry standards and reduces the regulatory restrictions on flood insurance for FHA-insured single family loans.

Interested stakeholders are encouraged to review and provide comments on the private flood insurance proposed rule no later than January 22, 2021. View Federal Register Notice (Docket No. FR-6084-P-01) at: <https://www.federalregister.gov>

NEW HANOVER AND WILMINGTON DEVELOPMENT ORDINANCE UPDATES

In November, the New Hanover Commissioners approved the UDO enhancements which were crafted by Wayne Clark before he left for Florida. On the City side, staff is continuing to release sections of new code. We will be hosting City staff for a Zoom meeting on December 9 to discuss the change of use provisions and street frontage standards. You can review that item [here](#).

BLUEPRINT BRUNSWICK MEETING LEADS TO DISCUSSION ABOUT COMMERCIAL FEES

BASE Staff participated in one of the steering committee meetings for the new Blueprint Brunswick 2040 plan. In our steering committee meeting, a number of significant concerns were expressed regarding the impact of the County's commercial impact fees. If you have a project which has been negatively impacted by the fees, please let us know so we can provide concrete examples to County leadership. Other participants on the call mentioned specific businesses that have elected not to invest in Brunswick County because of the up front cost of the fees.

BRUNSWICK MODEL HOMES TEXT AMENDMENT PASSED BY COMMISSIONERS

At the November Board of Commissioners meeting, the Board approved the "model homes" text amendment. This includes proposed text amendments related to standards for model homes, neighborhood sales homes, and real estate sales centers. Over the past few months, BASE and WCFHBA staff have worked with Brunswick County Planning staff to address some of the potential issues with prior versions of this language. Thank you to all five Brunswick Commissioners for their unanimous support.

NORTH TOPSAIL BEACH PROJECT UPDATE

From the Town Manager:

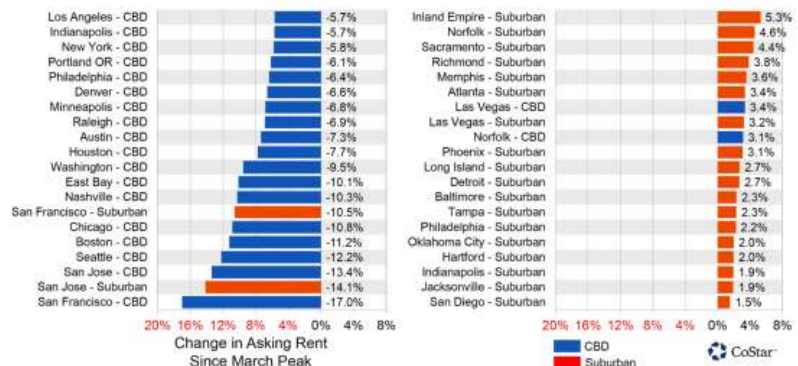
Having approved North Topsail Beach's participation in the Federal Project, the Board of Aldermen continues to explore how precisely to pay the substantial costs involved. Working closely with our financial advisors at DEC Associates, the Board continues to explore the use of Municipal Service Districts, cost sharing town-wide, and revenue generation through parking fees and occupancy taxes. At a special meeting held November 23rd, the Board viewed a presentation by DEC where they provided multiple property tax scenarios in both numerical and graphic formats. Though no property tax increase can be implemented until the next budget cycle (July 2021), the Board will consider additional scenarios and come to a decision shortly so that a plan can be presented to the Local Government Commission.

SUBURBAN HOUSING: INCREASED TREND OR PERMANENT SHIFT?

In the wake of the COVID-19 pandemic, certain patterns and trends have begun to emerge in the housing industry — in particular, [higher demand for housing](#) in lower-density areas. How much of these trends, though, are actually a change in demand or behavior, or just a continuation of existing trends that may have been accelerated through COVID? “When we think about the conversation around suburban and urban development, it’s really thinking about the extent the trends are on the curve, or if this is really a shift,” moderator Richard Gollis observed during NAHB’s recent [The Future of Urban and Suburban Housing in the Wake of COVID-19](#) webinar.

According to NAHB Chief Economist Dr. Robert Dietz, increased construction activity in lower-density markets was already occurring as part of the housing affordability crisis, with the COVID-related shift to telecommuting accelerating the trend as people have more flexibility to live outside of large metro areas. Supply can respond better in lower-density areas as well because of the lower cost to build, and may affect the size and design of single-family homes and types of multifamily projects being built in these areas as well.

Change in Rent, March Peak to November 2



The same can be said for demand for multifamily rentals, according to John Affleck, vice president of market analytics at CoStar. Supply and demand have geared toward the suburban markets — a trend already in progress pre-COVID — with suburban multifamily products comprising all the rental demand in the second quarter of 2020.

This has impacted rents, as historically expensive markets such as San Francisco, San Jose, Seattle and Boston have seen double-digit decreases in asking rents since their March peak. Meanwhile, smaller suburbs and cities such as Inland Empire, Calif. (a bedroom community of Los Angeles), Norfolk and Richmond, Va., and Memphis, Tenn., have seen rents increase between 3.6% to 5.3%.

Not every suburb is the same, though, noted Charles Elliott, president of Toll Brothers Apartment Living — both in terms of performance as well as mindset. “The meaning of suburbs is very relative to people,” he stated, providing Toll Brothers’ success in the urban core of New Jersey — which can be considered a suburb of New York City — as an example.

Elliott predicts the urban and walkable suburban markets will come back strong because of rising interest among Gen Z, and also noted increased interest in second homes as a result of the increased flexibility of working from home.

Gen Z and millennials are key drivers in the real estate market, observed Svenja Gudell, chief economist for Zillow Group, as many millennials are reaching or have reached 34 — the median age of first-time home buyers. Those with the means to buy are facing an increasingly competitive market, however; although interested home buyers have been active, sellers have been apprehensive to put their properties on the market, leading to tight inventory and quick sales. Low interest rates are helping buyers, she added, but they aren’t going to make up for the extremely high prices.

Other trends to watch include the size of single-family homes, which [had been on a decline](#) but is likely to increase as people look to expand their available space. Flexible design will play a key role in that as well. Higher unemployment rates among younger age groups is also likely to have a lasting impact on the rental market, with an increased number of young adults moving back in with their parents as a result. (via NAHB)

THANKS TO OUR MEMBERS FOR THE CONTINUED SUPPORT

