



APRIL 2021 ADVOCACY UPDATE

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BIDEN SIGNS \$1.9T RELIEF PACKAGE INTO LAW—INFRASTRUCTURE NEXT?

President Biden signed the \$1.9 trillion COVID-19 relief package into law on March 11, one day after Congress passed the legislation. “This historic legislation is about rebuilding the backbone of this country,” Biden said as he signed the American Rescue Plan into law in the Oval Office.

The legislation includes additional funds for small businesses, rental assistance, school reopenings, nationwide coronavirus vaccine delivery, and aid to state and local governments — which are critical to get the economy back on track.

At the March meeting of the Wilmington Chamber Public Policy Committee, Clark Jackson with the US Chamber of Commerce discussed a number of important provisions in the American Rescue Plan including PPP, a new fund for restaurants, employee retention tax credits and unemployment. She also discussed allocation of funding to Counties for water/sewer/broadband-type projects. We anticipate many of our local counties allocating their dollars in the coming months.

Among other Key Provisions via NAHB

- **Additional recovery rebates up to \$1,400 per taxpayer.** Single taxpayers earning up to \$75,000 and married couples earning up to \$150,000 will be eligible for the full amount. However, the rebates will disappear for individuals earning more than \$80,000 annually and couples earning more than \$160,000.
- **Child Tax Credit expansion.** For 2021, the Child Tax Credit will be fully refundable, and the credit will be increased to \$3,000 per eligible child, or \$3,600 for children under the age of six. In addition, for 2021, 17-year-old children would be eligible. House Democrats also plan to create a mechanism to advance a portion of the credit to eligible taxpayers monthly.
- **Paid medical and sick leave credits.** Employers offering their employees COVID-related paid medical and sick leave would be eligible for an expanded tax credit through Sept. 30.
- **Employee Retention Tax Credit.** Eligible employers would be able to claim this credit through the end of 2021.
- **Additional aid for small businesses.** The legislation provides an additional \$7.25 billion for the Paycheck Protection Program (PPP). Existing eligibility rules remain in place for small businesses seeking to participate in the PPP, including 501(c)(6) organizations, which include state and local home builders associations. The measure also provides an additional \$15 billion for the targeted Economic Injury Disaster Loan (EIDL) advance program.
- **\$27.5 billion for emergency rental aid.**
- **Extension of unemployment benefits.** The existing \$300 weekly federal unemployment benefits that were due to expire on March 14 will be extended through Sept. 6. The first \$10,200 of unemployment benefits will be tax-free for households earning less than \$150,000.
- **\$350 billion in state and local pandemic relief.** Additional funding will enable state and local governments to avoid layoffs of police, teachers and firefighters, and discourage local jurisdictions from increasing impact fees and other construction fees that harm housing affordability.

Pending in DC is a proposed \$2.5 trillion infrastructure package announced by President Biden on March 31. You can read an NAHB [synopsis here](#) and see the US Chamber of Commerce [statement here](#). House Speaker Nancy Pelosi has indicated that she would like to pass the bill in the House before July 4. Stay tuned for MUCH more on this initiative.

BILL FILINGS IN RALEIGH

The North Carolina General Assembly has seen a number of recent bill filings, while at the same time working through various state budget proposals. Much more on the budget will be forthcoming. And, as always, just because a bill is introduced doesn't mean it is actually going to move and become law. That said, below are a few bills on our radar—with others being filed by the day:

- A bill that will keep the unemployment insurance tax at 1.9% was signed into law March 30. [SB 114 DES COVID Modifications and Technical Changes](#) addresses a number of unemployment/COVID issues. Most notably, it maintains the current employer rate of 1.9%. That number would have reset on April 1, 2021 to 2.4% without the action from business interests.
- Senator Michael Lee introduced [SB268](#), which will provide an additional \$34 million for the state's film grant program
- A major piece of legislation was introduced that would seek to make major changes to land-use policy in the state. [SB 349 Increase Housing Opportunities](#) would make it easier for builders to build duplexes, triplexes, and quadplexes in residentially zoned areas. The bill would also limit local government abilities to regulate the construction of accessory dwelling units.
- SB104, which would bring North Carolina into alignment with the federal CARES Act on the issue of Paycheck Protection Program (PPP) loan deductibility. It would allow North Carolina businesses, when calculating their state taxes, to deduct any expenses paid for with the proceeds of forgiven PPP loans.
- The first of this year's regulatory reform bills includes provisions that would clean up the fees and paperwork needed for sedimentation control on individual lots and raise the sprinkler requirement threshold on single entrance subdivisions that some jurisdictions have enforced.
- [HB 344 System Development Fees Update](#) would place tighter parameters around the formula that determines the fee charged to builders for future water and sewer capacity. The intent is to get a more accurate rate that could potentially lower the development fee.

WILMINGTON RELEASES LAND DEVELOPMENT CODE REWRITE IN APRIL

The draft of the much-anticipated rewrite of Wilmington's Land Development Code will be made available in April 2021. It is anticipated that after a period of feedback, the Planning Commission will hold a public hearing on the item in the early summer.

In April, BASE will be hosting an online meeting with Wilmington Planning staff to discuss 10 of the most significant enhancements. Stay tuned for more information regarding this critical document which will guide future investment in the City.

NEW HANOVER COUNTY PLANNING BOARD TO REVIEW UDO UPDATES IN APRIL

The New Hanover County Planning Department has proposed a series of technical amendments for the Planning Board to review at their April meeting. Many of the proposed changes stem from changes that need to be made to amend the Unified Development Ordinance for compliance with new state law. There are also quite a few ongoing maintenance amendments as well. Some of these changes address self storage facilities, multifamily open space, landscaping refinements and use of fill in flood zone A. [Click Here for a Direct Link to Review the Amendments](#)

Should you have any feedback, please send all comments, feedback, or questions to the case planner Marty Little at mlittle@nhcgov.com.

A NOTE FROM VICE CHAIR DEB HAYS ABOUT NEW HANOVER REVALUATION

“State statute requires counties to conduct reappraisals every 8 years and they can be done every year; the NC Department of Revenue recommends counties reappraise every four years and that is what NHC committed to several years ago. The last one was done in 2017, so everyone has been paying taxes based on 2017 values for the past four years.

As you well know, our market has exponentially increased every year since 2017, and the new tax values are based upon 1/1/2021. The reappraisal process is quite long and involved, which is why NHC does it every four years. Different properties increase and/or decrease at varying rates, and some properties may have nuances that may not have been reviewed as part of the reappraisal process...hence the appeals process.

If you, or someone you know, feels their new tax valuation is incorrect and wishes to appeal their new property value, then please submit an online appeal form by May 11, 2021 at: <https://tax.nhcgov.com/forms/>



In addition, the County Commissioners will set a new tax rate in June when they finalize the budget. It is my goal to lower the tax rate to a revenue neutral position; which means that property owners will not be taxed at the current rate. Again, if anyone feels their new tax value is not in keeping with the current market value then they should appeal as the new tax rate will not be set until mid June, after the deadline to appeal.” -Deb Hays

H2GO-LELAND RAPIDLY ANNOUNCE AND APPROVE UTILITY MERGER

Since our last monthly advocacy update, the Town of Leland and H2GO have moved rapidly on actions which will combine their water and wastewater systems. In the span of a few weeks, the entities announced a draft Interlocal Agreement, held a public hearing and approved the Interlocal Agreement in a special joint meeting.

As we mentioned to Leland and H2GO before they approved the agreement, this action will have major repercussions regionally--not just from the utility perspective. Thanks to Port City Daily for reaching out to BASE in their [coverage of this issue](#). As we stated to both H2GO and Leland before the ink was dry on their deal:

We believe that an efficient and effective infrastructure investment is the key to the future of our region. Consolidation may be the best path forward in northeastern Brunswick, but we believe Brunswick County should be part of that discussion. With major projects in process and financial obligations set, haphazardly moving the pieces around will impact multiple parties, permits, allocations, landowners, businesses and citizens.

Unlike the months-long process that led to the creation of CFPUA in New Hanover County, this new joint venture was announced to the public within the last two weeks, with the [draft ILA going online last week](#) and public hearings this week. That's not good government.

We have significant concerns and unanswered questions. Unfortunately, to this point, the entire process has been very short on facts. However, two things appear to be true:

- 1) to get future water/sewer service from H2GO, a landowner will have to annex into Leland (which seems to be forced annexation)*
- 2) for some current Leland ratepayers in places like Brunswick Forest, a homeowner will now get a water/sewer bill from H2GO--but no ability to vote in the elections of H2GO Commissioners (which seems like taxation without representation).*

As a follow up, landowners in that area have been reaching out to say that **H2GO is already requiring people to annex into Leland**, even though the deal was just announced last week and hasn't closed yet. The whereas clauses on page 3 of and “application for annexation” included in their [online package](#) make that pretty clear.

MAJOR FLOOD INSURANCE CHANGES LOOMING WITH RISK RATING 2.0

While many of our communities continue to grapple with the effects of recent flooding events, new flood maps and new flood damage prevention ordinances, FEMA is preparing to unveil a new rating system, [Risk Rating 2.0](#), scheduled to go into effect in October 2021. Unfortunately, many specifics regarding Risk Rating 2.0 are unknown aside from “policy rates will be individualized based on a specific home rather than a general blanket rate based on flood zones.” More from the Florida REALTORS can be [found here](#).

From a recent [FORBES article](#):

The Federal Emergency Management Agency (FEMA) has been preparing to drop a seismic climate-change bomb. Flood insurance premiums for millions of at-risk homes and businesses could surge as much as four times what they currently pay over the next few years when FEMA announces its “Risk Rating 2.0.”

The breakdown in dollars:

- Homeowners now paying \$900 a year for the average flood insurance policy could see it rise to \$3,500, according to First Street Foundation, a non-profit research group that assesses flood risk.
- For the 1.5 million properties in what FEMA refers to as its “Special Flood Hazard Area,” the change in the annual price of protection could be confiscatory—almost \$8,000 a year. And that’s in addition to taxes and mortgage payments.

“These are potentially devastating financial impacts that aren’t being priced into the market,” says Matthew Eby, First Street’s founder and executive director.

The burden of higher rates for [flood insurance](#) will hit the coastal states of California, Delaware, Florida, South Carolina and Washington the hardest, according to First Street. California alone has had about \$1.7 billion in economic damage associated with flooding.

The new rating system is already facing a challenge from New York Senator and Democratic majority leader Charles Schumer. Schumer, who represents Long Island, which was ravaged by Hurricane Sandy in 2012, has asked FEMA to “reconsider” and consult Congress before moving forward.

The new Risk Rating 2.0 rates are scheduled to take effect Oct. 1, 2021, for new policies and April 1, 2022, for existing policies. It’s not clear yet if Sen. Schumer’s objection will affect the rollout.

JACKSONVILLE ECONOMIC DEVELOPMENT ON TRACK THANKS TO RAIL EASEMENT

Jacksonville Onslow Economic Development Board of Directors was recently informed by Camp Lejeune officials that the easement requested as a component of Project Stoney had been approved by their “higher headquarters.” Project Stoney has been in the works at JOED since 2011. It involves the recruitment of a new industry to Onslow County, and freight rail service via the USMC Railroad, which runs between Camp Lejeune and Cherry Point. The last hurdle left to make the ten-year project a reality has been this easement (granted by the Base) which will allow the company access to an industrial parcel via the USMC Railroad’s right of way.

JOED Executive Director Mark Sutherland noted, “Commercial freight rail service has not been available in Onslow County for decades. When it comes to recruiting firms that require rail service, Onslow County is just not in the game with surrounding counties. This announcement represents a major addition to our economic development tool kit. It is certain to be one of the most important economic development news stories of the year for our community.”

BEACH TOWNS CONTINUING CONVERSATIONS ON SAND FUNDING

Beach towns are continuing conversations about sand funding, with Oak Island holding a special called meeting on April 6 to discuss the Beach Nourishment Master Plan and proposed service districts. Full details on the *Beach Nourishment Master Plan* can be found on the Town Website at www.OakIslandNC.com/BeachPlan.

REALTORS HEAR FROM CONGRESSMAN MURPHY

As the annual REALTORS legislative visits to DC are on hold for another year because of the pandemic, NC REALTORS members met with Congressman Greg Murphy and his staff on March 30 in Greenville to discuss federal issues.

Congressman Murphy discussed beach nourishment and inlet funding, infrastructure, COVID relief, immigration, infrastructure and voting issues, among others. Jacksonville Board of REALTORS member Royce Bennett thanked Congressman Murphy for his support and assistance on the rail issue which will enhance economic development opportunities in the region.



TREASURY, IRS EXTENDE FEDERAL TAX FILING DEADLINE

The Treasury Department and Internal Revenue Service announced today that the federal income tax filing due date for individuals for the 2020 tax year will be automatically extended from April 15, 2021, to May 17, 2021. The IRS will be providing formal guidance in the coming days.

Individual taxpayers can postpone federal income tax payments for the 2020 tax year due on April 15, 2021, to May 17, 2021, without penalties and interest, regardless of the amount owed. This postponement applies to individual taxpayers, including individuals who pay self-employment tax. Penalties, interest and additions to tax will begin to accrue on any remaining unpaid balances as of May 17, 2021. Individual taxpayers will automatically avoid interest and penalties on the taxes paid by May 17.

This relief does not apply to estimated tax payments that are due on April 15, 2021. These payments are still due on April 15. Taxes must be paid as taxpayers earn or receive income during the year, either through withholding or estimated tax payments.

Moreover, the federal tax filing deadline postponement to May 17, 2021, only applies to individual federal income returns and tax (including tax on self-employment income) payments otherwise due April 15, 2021, not state tax payments or deposits or payments of any other type of federal tax. [View the IRS press release.](#)

BRUNSWICK ELECTIONS BOARD CONSIDERING PRECINCTS, POLLING PLACE CHANGES

The Brunswick County Board of Elections is seeking public comments on proposed changes to voting precincts and polling places. A thorough evaluation of precinct boundaries and polling places has not been conducted in more than a decade. With the county's exponential growth and the changing demand in requirements of polling place facilities, including recent COVID-19 precautions, it is necessary to evaluate precinct boundaries and viable polling places to ensure all voters have access to the most convenient and conducive polling locations.

Recommended changes in the proposed plan include adjusting some of the Leland area precincts to distribute voters to the closest location and adjusting the size of the largest precincts, reconfiguring a centralized precinct in the Shallotte area, and creating an additional precinct in the quickly growing southwest portion of the county. Additionally, we will consider shifting to alphanumeric names for precincts in lieu of traditional names.

Also included in the proposal is the use of additional schools on election day. The new proposal would add the use of Lincoln Elementary School, West Brunswick High School and Union Elementary School on a permanent basis.

Members of the public are encouraged to review details about the proposed changes in the [Precinct Evaluation Summary](#). The [public comment survey](#) will be open until 5 pm on April 15.

LUMBER PRICES STALLING MUCH-NEEDED HOUSING SUPPLY

Via NAHB -- Housing demand has remained high throughout the COVID-19 pandemic, as people across the United States have rethought the concept of home and where and how they want to live. Single-family builders especially have had an increasingly hard time meeting this demand, as material prices — especially lumber — have continued to rise at unprecedented rates. Multifamily demand is growing at a slower rate, but demand is increasingly shifting to more affordable suburbs where low-rise wood-frame construction is also being affected by high lumber prices.

The uncertainty in the market has left multifamily developers and builders less than optimistic, as [NAHB's recent Multifamily Market Survey](#) shows. Although the multifamily sector is [expected to rebound later in 2021 and in 2022](#), the current environment is placing significant pressures on the industry, which is experiencing shortages and delays in obtaining building materials, rising prices and labor shortages.

“As multifamily builders and developers, it is difficult to absorb the cost of building materials — and lumber is no exception — and still remain profitable,” explained Charles Aggouras, a builder/developer in Massachusetts. “The construction industry works on very small margins, and with COVID, it is impossible to raise the rental pricing or sales prices to make the financials work. We are therefore faced with delaying our projects and waiting for rental price stability and sales prices to increase.”

“There are opportunities that now don't make sense to proceed with, even though they would normally be great projects in underserved areas with both market-rate and affordable product,” Stephens added. The financial impact is significant, given the scale of many multifamily projects.

“One 434-unit, 12-building project experienced over \$1 million of additional costs for the current six buildings under construction,” noted Howard Irwin, a developer who runs/manages a general contractor and property management company that operates in New Jersey, Pennsylvania and New York. “Framing on the remainder of the project was stopped with the anticipated additional costs of \$1.5 million based on current lumber prices.”

“We closed and broke ground on a 270-unit Class A project in November 2020,” explained Lance Swank, a developer in Ohio. “Our budget was sent and submitted to our lender in September 2020. We are now dealing with a \$2.5M lumber bust. We are prepared to handle this challenge, but we will be building the project at zero profit or a loss.”

Builders and developers are trying to get creative with scheduling and purchasing to keep current projects afloat, but alternatives are limited.

“To try and hedge the impact of the lumber cost escalation, we have modified our delivery schedule, purchased our trusses and purchased lumber for the first 25% of the project,” added Swank. “All this has bought us four months in which we hope lumber will moderate, reducing our exposure for the rest of the lumber buy.” Relief on lumber prices can't come quickly enough to help get these projects back on track and provide much needed housing in markets across the country.

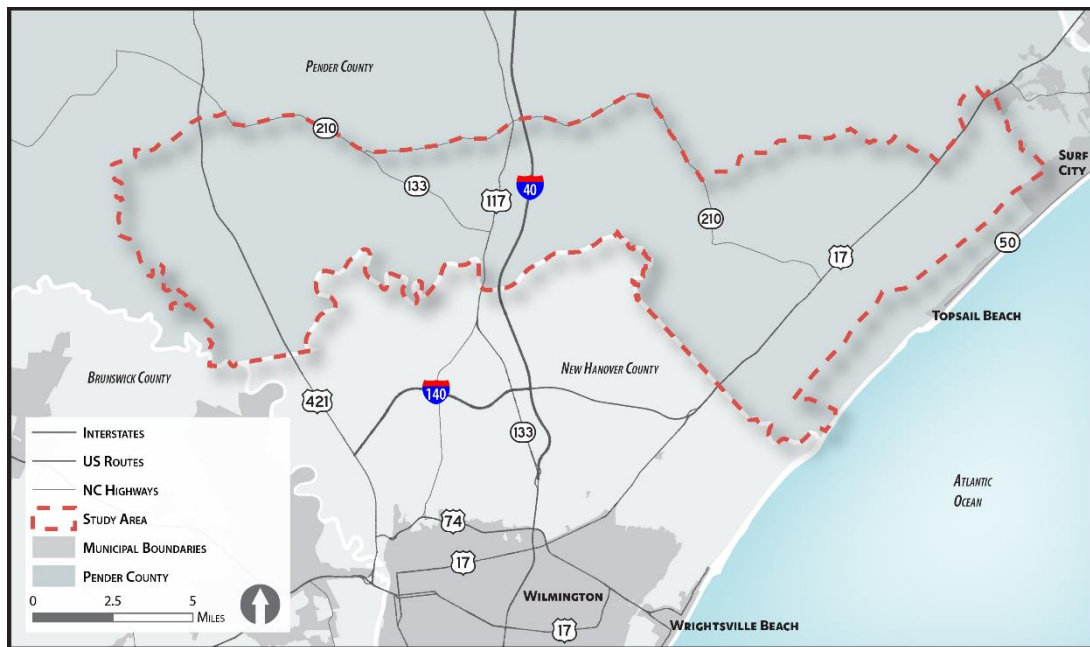
“We are moving forward in the hopes that we don't wipe out all contingency funds if the lumber market doesn't soften,” noted Tom Tomaszewski, a developer based in Illinois.

His company currently has three affordable housing projects in Michigan, Iowa and Kansas that have seen increases in wood framing packages of at least \$1.5 million each since initial quotes were given. Another developer of low-income housing tax credit (LIHTC) projects saw an increase of \$4 million, or roughly \$15,000/per unit, on a 289-unit senior affordable development in Florida.

INVESTMENT, LANDOWNER & TAXPAYER CHALLENGES CONTINUE IN SUNSET BEACH

As you have read about in the past several Advocacy Updates, the situation in Sunset Beach continues to deteriorate as it relates to property rights, landowners, investment and responsiveness from the Town. In the past several months, the Town has advanced a series of text amendments which remove public hearing opportunities and require more stringent processes for development over 2 units. Additional text amendments are in process which impact 20% of the existing lots in the MR3 district, cap building height on the mainland and further frustrate development and investment.

BASE has sent in numerous comments to the Planning Board and Town Council throughout this process. Our requests to work collaboratively have gone unanswered. Recently, Rep. Frank Iler filed a bill which would deannex one parcel from the Town of Sunset Beach. He has indicated that this bill can be expanded to include other parcels. Only after the bill filing was in process did the Town reach out to BASE and other entities to offer sitting down to discuss the issues at hand. Stay tuned.



PENDER COUNTY UPDATING COLLECTOR STREET PLAN

Pender County is updating the 2016 Collector Street Plan to account for feedback received over the plan's lifetime and respond to changing infrastructure needs as the county grows. The updated plan will include requirements for new development to construct roadways meeting specific design criteria at key intervals in the southern and eastern portions of the county in addition to providing policy recommendations for future County action. The study area can be seen above.

BASE appreciates the opportunity to participate in the ongoing stakeholder group working on changes to the Plan.

“This plan will help ensure transportation infrastructure keeps pace with Pender County’s growing population through clear standards for new development,” explained Travis Henley, Pender County’s Planning and Community Development Director. “State and federal data have consistently ranked Pender County as one of the fastest-growing counties in North Carolina.”

Public input is a key part of the update process, with an online survey available here: <https://www.surveymonkey.com/r/PenderCountyStreetsPlan> Members of the public who are concerned about transportation infrastructure in southern and eastern Pender County are strongly encouraged to respond.

THANKS TO OUR MEMBERS & PARTNERS FOR THE CONTINUED SUPPORT

