



The Advocate

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Breaking Down Housing Barriers, Part 1: How Excessive Fees Drive up Costs

The NCR Legislative Committee has made housing legislation one of its top priorities for 2025. Advancing legislation to help increase more housing at all price points will be a long-term legislative effort, as multiple policy changes are needed to address North Carolina's housing crisis.

What happened this year at the General Assembly?

Numerous housing bills were introduced, but House Bill 765 emerged as the strongest legislation for advancing housing policy. As expected, it faced opposition from the League of Municipalities and the Association of County Commissioners; which represent local governments before the state legislature. After months of negotiation and compromise, key provisions from HB 765 were carried into Senate Bill 205.

Where do we stand with SB 205?

Our lobbying team has advocated for pro-housing legislation for several sessions. This year marked real progress as SB 205 advanced further than any previous housing legislation, proving the strength of the REALTOR® voice at the legislature. Work continues to move this bill forward in the 2026 legislative short session.

What does SB 205 do?

At its core SB 205 asks local governments to follow existing state law and avoid imposing unnecessary barriers that delay or prevent new housing.

What kind of barriers are preventing or delaying housing?

Development fees or impact fees are a tremendous barrier to housing. While some are reasonable and fund critical infrastructure, others are quite onerous and serve no true purpose other than to prevent or delay much needed housing projects.

What are development fees?

- Development fees are a one-time charge assessed by local governments on new housing projects. They are intended to help fund:
 - Public infrastructure such as roads, utilities, and schools
 - Services for new residents
 - Parks and recreational facilities

When these fees are excessive, they not only delay projects but also increase development costs that ultimately get passed on to consumers.

Real world examples of excessive fees?

Wilmington Adaptive Reuse Project: A developer converting an existing building into housing was charged \$1 million in payment in lieu fees for open space even though the project used existing space and eliminated some parking.

Tree Replanting Fees: The same developer was forced to cut a project from 16 to 12 units after tree replanting fees added \$90,000 in costs, increasing homes prices from the mid-\$200,000 to over \$300,000.

Burgaw Parks & Recreation: Developers are required to contribute land or make payments toward recreation facilities, adding costs that raise housing prices for families. In a recent example, the Town of Burgaw's parks and recreation space required developers to share in the expense of providing facilities to promote recreation and other leisure time activities.

Johnston County Doubles Development Fees: Johnston County recently voted to go with the highest legally available option in development fees for FY 25-26. Existing residential fees will increase from \$1,650 to \$2,375 and new construction will increase from \$4,750 to \$8,980.

These examples illustrate how the excessiveness of development fees; sometimes called impact fees, facility fees, system development charges, or payment in lieu of fees, directly hinder housing supply and affordability.

This is the initial launch of a series spotlighting the importance of policy changes needed to expand housing opportunities and help more North Carolinians achieve the dream of homeownership.

If you have any questions or comments about the Advocate, please contact [Pam Melton](#), Vice President of Advocacy.