

Many hail North Carolina annexation law

BY ROB CHRISTENSEN - Staff Writer

RALEIGH Driving along the Interstate 85-40 corridor from Raleigh to Charlotte, a motorist will find - in the judgment of Wall Street - the greatest concentration of fiscally healthy cities in America.

The cities are fast-growing economic engines filled with new shopping centers and residential subdivisions, not the depressed urban areas of so much of the rest of the country.

A major reason for the rapid rise of Tar Heel cities, in the view of some urban experts, is North Carolina's far-reaching annexation law.

"It's largely the difference between being Charlotte and being Newark," said David Rusk, an urban expert and the former mayor of Albuquerque, N.M.

But annexation - mainly involuntary - also has created a wave of anger from people living in unincorporated areas who were forced to become residents in cities and towns against their will and who afterward pay municipal taxes and often-expensive utility hook-up fees. And that has created a powerful political backlash.

That is why the state Senate earlier this month passed a one-year moratorium on forced annexations that city officials fear could lead to a permanent ban.

The moratorium bill is now pending in the state House, where it has considerable political support. Several local bills also are being considered that would either block ongoing annexations or roll back annexations that have already occurred in such municipalities as Lexington, Rocky Mount, Fayetteville and Goldsboro.

"Forced annexation is against every principle and idea of our Founding Fathers and our Constitution," said Keith Bost of Davidson County, who has been involved in a four-year battle over annexation with the town of Lexington. "We have to pay taxes to people we were never allowed to vote for or against."

North Carolina's law

Few if any states in America have such a far-reaching annexation law as North Carolina - one that since 1959 has allowed towns and cities to incorporate adjacent unincorporated areas without the approval of residents.

The idea behind the law as it has evolved is to prevent North Carolina's cities from making the mistakes of the North, where metropolitan areas are often marked by poverty-stricken cities surrounded by affluent suburbs. North Carolina's laws have allowed its cities to bring in new subdivisions, office parks and shopping centers to remain economically vital by expanding their tax bases.

City officials argue that cities are the economic engines of the regions, and residents living in unincorporated areas are getting the benefits of living in the areas but not paying the taxes that city residents pay.

Several national studies have shown that cities with strong annexation laws are much more likely to be economically healthy than cities with fixed boundaries.

There is a striking difference between North Carolina and its neighbors to the north and south. Virginia and South Carolina have much more restrictive annexation laws.

Between 1960 and 2010, Raleigh saw its population more than triple. Neighboring state capitals, however, did not see similar growth. Columbia, S.C., had a slight increase, while Richmond shrank. Those cities are significantly smaller than Raleigh, and their residents are poorer, based on personal income data.

A drive down the I-85-40 corridor takes one past Raleigh, Cary, Durham, Chapel Hill, Greensboro, High Point, Winston-Salem and Charlotte, all of which have earned the highest AAA bond ratings from Wall Street - a rarity in this age of financially troubled cities.

"There is no greater concentration of municipal fiscal health in the United States, and possibly in the world, than that string of cities down I-85," said Rusk, who has consulted in 120 metropolitan areas in the United States as well as in a number of foreign countries. (Rusk conducted a study in 2005 for the N.C. League of Municipalities, which supports annexation.) "That is overwhelmingly due to the ability to annex new growth under North Carolina's annexation law. I'm not suggesting that you would turn yourself into Newark, Trenton and Camden if you end annexation. But you are headed down that path."

Mostly voluntary

A vast majority of the annexations during the past 30 years were voluntary, in which property owners - usually real estate developers - petitioned a city to annex land they wanted to develop. Involuntary annexations, in which the city took in mainly contiguous land, made up only 9.6 percent of annexations during that time.

Involuntary annexations have not increased. There were 761 involuntary annexations in the 1990s in North Carolina, or 12.1 percent of all annexations, while there were 583 involuntary annexations during the first decade of this century or 7.4 percent, according to a survey by Russell Smith, a geography professor at Winston-Salem State University.

What has changed is that annexation opponents have become more organized, and the political climate has changed.

The flash points have been particularly acute in fast-growing areas around major cities, military bases and resort areas, where there has been an influx of newcomers from other states - many of them from the North and the Midwest, where involuntary annexation laws are unknown.

Cathy Heath of Cary was a political novice until the town of Cary wanted to annex her Medfield-Kingsbrooke Estate section northwest of the town. Originally from Ohio, she was surprised to learn that Cary could annex her without her consent.

Heath is a model for the power of citizen involvement. She successfully led the effort to oppose her area's annexation. In 2003 she created a website, [www .StopNC Annexation .com](http://www.StopNCAnnexation.com) , that linked groups fighting annexation across North Carolina.

The power of the Internet helped transform disparate groups into a political movement. The anti-annexation effort has been helped by conservative advocacy organizations, such as Americans for Prosperity, which have taken up the cause.

Heath, 58, a landscape designer and homemaker, argues that the original intent of annexation - cities providing urban services such as water and sewer to rural areas - has been replaced by an effort by cities to make money.

The annexation policy, Heath argues, is divisive.

"The process automatically creates contention," Heath said. "Most communities expect rational discussion where their voice matters. They drag them in kicking and screaming. They are never happy with it."

Republicans' positions

In the past, the annexation law has been praised by former Charlotte mayors such as Richard Vinroot and Pat McCrory, both Republicans, and has generally been liked by business leaders who see it as helping cities become major economic engines.

Most of the push for changing the annexation laws is coming from Republican lawmakers because it fits into their anti-tax, anti-government, pro-property-rights agenda.

The one-year moratorium bill that passed the Senate this month pleases neither side. The cities and towns are suspicious of it because a moratorium passed in Virginia in 1987 is still in effect.

The N.C. League of Municipalities, which represents cities and towns, has put forward a series of annexation reform proposals that include beefing up service requirements, increasing development standards, and allowing annexed residents to vote in municipal elections before the annexation becomes final. Ellis Hankins, the league's executive director, said it will make involuntary annexations more difficult and rarer.

But the league's proposals do not include the one change that opponents want: to give affected residents the right to vote on whether they wanted to be annexed.

"It would be allowing people to vote on whether they have to pay municipal property taxes," said Hankins. "They would almost certainly vote against it."

Comparing cities

Proponents say the state's annexation law has helped make its cities economically healthy, and point to population growth and household income compared to those of cities in neighboring states as proof. Critics say residents should have the right to vote on whether they want to be annexed and that cities only want the added tax revenue.

Here's a look at how the state's two largest cities have fared compared to neighbors north and south.

Raleigh

Population in 1960: 93,931

Population in 2010: 403,892

Median Household Income in 2000: \$46,612

Charlotte

Population in 1960: 201,564

Population in 2010: 731,424

Median Household Income in 2000: \$48,670

Richmond, Va.

Population in 1960: 219,958

Population in 2010: 204,214

Median Household Income in 2000: \$31,121

Columbia, S.C.

Population in 1960: 97,433

Population in 2010: 129,539

Median Household Income in 2000: \$31,141

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