The City Council of the City of Charlotte, North Carolina convened for a Strategy Session on Monday, March 4, 2019 at 5:10 p.m. in Room 267 of the Charlotte Mecklenburg Government Center with Mayor Vi Lyles presiding. Councilmembers present were Dimple Ajmera, Tariq Bokhari, Larken Egleston, Julie Eiselt, Justin Harlow, LaWana Mayfield, James Mitchell, Matt Newton, Greg Phipps and Braxton Winston II.

ABSENT UNTIL NOTED: Councilmember Ed Driggs

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Mayor Lyles said there are several items that have been added to the agenda, so I hope you have a revised copy. We are going to add a Letter to Charlotte's Immigrant Community, our Federal Government Committee Meeting and our Federal Legislative Briefing, which starts next week.

For the Committee Chairs, we have the Committee Reports, and I thought as the Chair what you should do is report out anything that is going to be acted on in the month of March. If you see something that you think is of additional importance feel free to add it but make sure that we cover those things that will be coming to our March agenda for a vote so that everybody is aware and is able to address any questions. That includes the Federal Legislative Briefing, which we will be doing when we are at our National League of Cities Meeting next week.

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ITEM NO. 1: LETTER TO CHARLOTTE'S IMMIGRANT COMMUNITY

Mayor Lyles said the first thing I wanted to do is give you two briefings on actions that as Mayor I will be taking, and the first one is actually a letter to our community on the issues of immigration that were addressed so well by so many at our last Business Meeting. I do feel like it is appropriate that as Mayor with Council's acknowledgement that we do something that we will be using throughout our process with the Committee that we've appointed to follow up on the work. You will have a copy of it, but I thought I would just briefly read through it to let you know this is what I'm sending out and will be in the Letter to the Community.

A Letter to the Community

During a recent City Council Meeting, community members came and spoke with real examples of the fear and apprehension in the immigrant community we experienced several weeks ago. While difficult to hear, the impact of their voices left an indelible image for all our City. We share and give voice to these concerns. We know of the economic loss experienced by the business community and the trauma of children concerned about the welfare of their parents. We know the immigrant community contributes to the workforce that drives our success.

As Mayor, I have always said that problems are best solved when people come together in a collaborative way to find solutions that work. I do believe this is the time to call upon that principle. This is why I am so proud of the new City Council Committee, the *Immigrant Community Committee,* and our City Council as we are leading by example.

I believe words alone are not enough. We are committing to action by dedicating time and resources to help our immigrant community. Words must be coupled with intentional action as we build solutions together. We have said many times the statements below; and I emphasize these words today.

- The City of Charlotte is a safe and inclusive City where all residents, businesses and visitors are treated fairly, equitably with the opportunity to thrive; regardless of their race, religion, gender, age, national origin, or creed:
- The City of Charlotte, including Charlotte-Mecklenburg Police Department, is **NOT** involved with U. S. Immigration and Customs Enforcement (ICE) federal immigration enforcement operations.

Diversity and respect are important values; embracing our differences is a strength. We need to hear more. Therefore, I'm asking organizations and partners with ties to the community to help get the work out about the upcoming community collaboration sessions the *Immigrant Community* will hold. We welcome all to attend.

As Mayor, I look forward to actively finding solutions for the challenges faced by our immigrant community within the next 45 days. As we define a fair and equitable path forward, we invite other cities to learn from us and to join with us in our actions.

Mayor Lyles said I'm asking that the Committee use this letter as an introduction to the work that they are doing as they organize the various meetings and collaborations and opportunities to work with the community as we address the issues that we all know and feel so important that have to be addressed for us to be the kind of City that we all aspire to be. I wanted to share that information with you.

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ITEM NO. 2: FEDERAL GOVERNMENT COMMITTEE MEETING

Mayor Lyles said the second thing I would like to share with you is that we have a Budget Meeting on Wednesday and I will not be able to attend because Secretary of Commerce Wilbur Ross, an advisor to the President, Ivanka Trump has appointed me to the American Workforce Policy Advisory Board, and you will have a copy of the press release at the table. This Board's first meeting is on Wednesday, and I feel it is really important to be there when they start out. The City Manager will join the staff advisory on this, and they will meet monthly and our Board will meet quarterly to form recommendations to help prepare our City and our Country's workforce for the future. I'm looking forward to getting the information, coming back and talking with you more about that, but we know that we have to look at the outcomes that we need in education job training program to be able to identify the workforce talent necessary for us to continue to thrive. I apologize for not being there on Monday. I'm always sad to miss a Budget Workshop.

Those are the two items that I wanted to note to Council. When I got this appointment, I didn't know that I had but I was at another meeting with Kandi Deitemeyer, President of Central Piedmont, and she was telling me, you've been appointed to a great Committee; there are a lot of people on it, and I thought this is really good, because I can tell the partnership is already working with the Community College System, and we just need to bring in our Charlotte Mecklenburg Schools, and I think we will be on a good path.

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ITEM NO. 3: FEDERAL LEGISLATIVE BRIEFING

You know we will be at our League of Cities Meeting and ordinarily we have gone in, and we've had the Legislative Agenda, and we've all just kind of robotically said we need doppler radar; we need this. We need that, and I thought that with our relationship that we have with our delegation now, this is an opportunity for us to have a dialogue and more of a conversation with them. I've asked the Co-Chairs of the Legislative Committee to talk about how we could do this in a way that would give us the opportunity to have that dialogue, so I will recognize Mr. Egleston and Mr. Bokhari.

Councilmember Bokhari said Mr. Fenton will pass out what I will kind of give you an overview of Mayor Lyles' point. I think we understand the complexity of adding certain things that we decided through a long process that we would or would not add to the formal Legislative Agenda, but we also recognize the relationship we felt in our ability to have conversations, maybe not even actively saying this, this and this, but just expressing some of what we've heard and understanding what they are doing and where we can be helpful to what they are doing. With that, next week when we are in DC this agenda you will see after Mayor Lyles gives an opening, the Co-Chair Egleston, and I will give an overview of the Legislative Agenda that covers affordable housing, transportation and infrastructure, food security and security funding and then there are going to be two sections where we will use that new approach Mayor Lyles just lined out that other Councilmembers in attendance will take turns tag teaming to address. One is 2018 successes where we will be able to highlight some of the great work that has been done on affordable housing, Blue Line Extension and Airport improvements and then this other section 2019 Opportunities and Challenges gives us a great venue to be able to have that informal dialogue about the realities that we are experiencing on Opportunity Zones, on Workforce Development as Mayor Lyles just mentioned then we Committee she is on next to Tim Cook, CEO. It is a pretty serious Committee and then finally immigration, which is obviously something that we've had a lot of conversation about. When we talked to Senators Burr, Tillis, Representatives Adam, Hudson and potentially others, I think this will give us the opportunity to have that conversation outside of the rigidness of our Legislative Agenda but in that relationship building way where perhaps we can come to some conclusions or at least share information from each other's side of the bodies that we serve.

Did you want Larkin to give the rest of the Committee update or did you want to circle back to that?

Mayor Lyles said let's circle back to that when we get to Committees. I also want to say if you see your name, and you don't want to be in that spot be sure to see Mr. Bokhari and Mr. Egleston.

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ITEM NO. 4: LISC PROCESS UPDATE

Marcus Jones, City Manager said as you will recall from the Retreat we had LISC come this year to discuss a new way of moving forward with a collaboration between the Affordable Housing Trust Fund as well as the $50 million plus fund that is being raised by the private and philanthropic community. Tonight, we have that update of where LISC is right now as well as a pathway going forward in terms of looking at some of these deals. With that said, I will turn it over to LISC.

Denise Scott, LISC said I'm pleased to be back here again to give you an update on where we are and to have a dialogue with you about what the steps are going forward. I will give that overview back and forth or answer questions along the way if you prefer that.

Mayor Lyles said we'll let you walk through the presentation and then come back for questions.

Ms. Scott said our office is open; we opened today and Raphine is here. This is her first day officially on the job, and I don't know how many hours you've been at it but a full day so far, and we are certainly pleased that you are on board and hopefully in the next couple presentations you will be standing up here.

Just to step back a second, Raphine will be assisted with a number of people on her team. She is in the process of hiring now as we speak and over the next couple weeks we expect to bring on at least one more senior person and then other people are still being interviewed. The Advisory Committee, which you've heard so much about, many of you have offered up names; this is the Advisory Committee that will support the LISC team. That list is being finalized and our hope is that in the nest month or so we will announce that Committee, and its work will get underway. As we said before, our plan is to invest $25 million in the Charlotte Community over the next several years and starting in 2019, the year we are in right now, and our work to do this is underway. Our plan is to spend up to $1 million in Community Development resources. That cuts across a number of program areas and represents money that we are raising as we speak from parts of the country and national funders in support of community development and also including technical assistance and training. The next time we come to provide an update we will be able to talk to you a bit more about the programmatic activity as those discussions get underway.

Our work has been going on for more than a year now as we have been engaging with the Mayor and the City Council, City Manager, the County Manager, staff and others with funders and the Bank's Foundations and private investors, developers and the community at large, the advocate community, grassroots community. The goal that is represented in the work that we are doing is to make sure that we are fully engaged, that we have a sense of what the community is looking for, what the Council is looking for and that is represented in the program activity that we undertake.

LISC has been at this work across the country for 40 years; we will celebrate our 40th year in April, and over that time some $18 billion that has helped to leverage nearly $60 billion is what we represent in communities across this country. Every community is different; we get it, which is why it is important for us to have a good understanding of what is happening on the ground, in the community, what people want to see happen and how. The work that we are doing on the historic West End is just one example of how work that LISC does in communities starts, how we work from the ground up. We are talking about a partnership with the community of the Historic West End, specifically starting with Historic West End Partners, but there are others who are part of that partnership, Center City Partners, The Knight Foundation and others. We've talked to the Councilmember and others who represent that area and the goal there is to organize a comprehensive community development agenda, what LISC is all about. A menu that includes housing and economic development that includes building the capacity of the local not for profit, so that they have a hand in the development activity that is getting underway and that LISC will specifically be involved in.

One example that is coming up shortly; we are looking at the Opportunity Zone which is as you know a significant tool that will enable us we believe to raise additional dollars for community development in this City and across the country, so we are working with the Federal Reserve, with the community, with JCSU, the Knight Foundation and others in an effort to bring a convening around Opportunity Zones to the historic West End as a way of talking to the community about the benefits. There are a lot of concerns about what could happen within Opportunity Zones, we want to talk about the positive benefits that can happen and how we capture the investments that are possible in order to turn out our community development goals.

Our hope with the historic West End as we get this work underway, we are dedicating a staff person just to work in this neighborhood so that we can really expand community development resources into this neighborhood. As that work gets underway, you should begin to see a focus on Opportunity Zones, on economic development focused on small businesses, especially trying to find a way to stabilize and capitalize small businesses, retail development and housing. A focus on single-family housing as well as multifamily. On the single-family side, we are particularly interested in preserving the integrity of affordability for the folks that live there, seniors and others and finding a way to renovate houses and generally to protect the integrity of affordability.

This is the community development agenda. Overtime, we will be able to talk about this type of menu across Charlotte, on the east side and other parts of the community but we are starting here in this partnership with the people here to go deep and to move quickly in an effort to demonstrate what we can do when we talk about Comprehensive Community Development.

What I want to spend a good part of tonight though talking to you about is the fund. A lot of conversation has been going on about this housing fund. Right now, we are sitting on inclusive of the land donations about $100 million of private dollars that is literally looking for a home. No pun intended. What we need to be able to talk about is what is the process, the collaborative effort, a process that is quick and transparent and efficient that will enable us to marry private sector resources with public resources? How can we put these things together, these sources of money, creating a process that melts together the effort that the City already has underway? A lot of success has already gone on so our job here is to build on that success, so together the LISC staff, the City staff, Pam and her team, will create a process that should look to the outside like one door where the private sector resources are able to merge together through a process that will enable City resources, specifically Housing Trust Fund dollars to work together.

A lot has gone on, we've talked about and I will get into more of the weeds, but I just wanted to set this context up that what we are really talking about and need to really hurry up and figure out is what the process of collaboration and partnership will be between the City and LISC and all of the funders. Again $100 million worth of resources that is waiting for a partnership with the City resources. That is an opportunity that doesn't almost exists anywhere, so how do we move on that process?

Mayor Lyles said I appreciate you saying that. I have to say the Council took a leap of faith and I think the community has responded, so I think we really do have something to be very proud of in this community. It is amazing what we've done in a year.

Ms. Scott said I don't say it lightly, because we are in 34 cities now. Yes, this is an exceptional circumstance and opportunity, so we are looking forward to how we can work together. This is an illustration of where we are in the private sector race. Just to remind you; you've seen this chart before, and in the column to my right it is how the money comes into the fund. Some of the dollars come in as grants, some of it comes as low return equity, some of it as debt, but in the end, it all hits the deal as equity. So, just to remember it is coming in in multiple ways but ultimately it goes into the deal as equity that has a return on it. Remember that point because it is relevant in the discussion about why nine percent deals do not work with this fund. Some of the resources that we have are land donations and at some other time I think we should talk a little bit more about the land donations and where they are and how they are going to be evaluated and applied as a part of the resource for this effort.

Councilmember Driggs arrived at 5:35 p.m.

You heard in the announcement, many of you were there, when Bank of America talked about the reduced lending rate. Those are resources that will be available to be added to deals to sweeten deals that the developers will have access through this process for lower debt even in addition to the equity that is already at a lower rate. So, in this scenario the cost of fund is no more than two percent on equity and no more than one percent on debt. That is an exceptional outcome, a best practice we can only hope that here will make a significant difference in our ability to build more affordable housing, and because I often wear a national hat, we would love to see the private sector step up and do something like this in other parts of the country. This is telling you a significant thing has already happened. At the far corner, the last column is the Housing Trust Fund balance.

Mayor Lyles said we heard the two percent on the equity; what was the number on debt?

Ms. Scott said one percent on debt.

Mayor Lyles said that is astounding; I'm going to go awesome, amazing, astounding.

Ms. Scott said the Housing Trust Fund balance that $38.3 million is what is left. Remember the Council has already approved I believe three deals, two four percent deals and one NOAH. So, when we subtract that total we end up with $38.3 million. This is what the universe of dollars that we are working with. You've seen this slide before; it was a little more complicated the last time. We tried to make it a little simpler. If you follow the yellow brick road you are looking at Housing Trust Fund. In the first scenario, two deals that you funded $9.7 million; if the fund were up and running, which it will be very shortly, the two deals that the Housing Trust Fund cost was about $9.7 million. It doesn't split our equally between the two deals but the point is the same. If the fund had been available and could have provided some resources in this same scenario you could have saved $4.7 million. That could be another deal.

<u>Councilmember Eiselt</u> said CHOIF, is that the money you all are bringing in?

Ms. Scott said yes, that is the private money; it is the Charlotte Housing Opportunity Investment Fund. We probably need a better acronym.

Ms. Eiselt said just to clarify; the Housing Trust Fund which is what we approved, the private community in Charlotte, which is what they have raised.

Ms. Scott said this is the Charlotte Housing Opportunity Investment Fund; it is the same thing.

Ms. Eiselt said does it include what LISC is bringing to the table?

Ms. Scott said no, the LISC dollars are for community development like programs workforce development, small business development, capacity building. So, $9.7 million versus $5 million; you would have come to the fund, would have contributed $4.7 million. Some have asked the question, why are we combining the review for four percent, nine percent, NOAH's? Why are we putting all of this together? The main reason why is because we are trying to figure out how to maximize the leverage of private to public dollars, and we can't work in silos if we are going to do that; we have to lay it all out, and we are assuming that we are going to – in that $38 million there is an assumption that four percent deals will be funded, NOAH's will be funded and nine percent deals will be funded. The only thing that is different here is that the four percent deals and the NOAH deals could qualify for these private dollars. The nine percent deals do not, and the reason why is because nine percent deals cannot carry debt, even though it is one percent, even though it is two percent on equity, these are usually deals that require straight up subsidy, no return of principle, no fee, no costs. That is the reason why the nine percent don't work, but we are assuming that out of the $38.3 million some nine percent deals will be funded. If we are looking at this in a vacuum or in silos where City staff looks at a deal and says let's do nine percent we are looking at a stack of deals that are four percent and NOAH's, and we say let's do those, and we are not putting our analysis together. The probability is that we are not going to maximize the best outcome for all of those resources together. Even though LISC money will not end up or this private money will not end up in a nine percent deal the conversations are necessary in order for us to fully understand how this is the pot and this pot is going to get bigger; $21 million, that is what we have right now. That $21 million will be $50 million probably by June. That is what we think. There is a good compelling reason to put it all on the table, to process it all together to have one door, one transparent process, one set of criteria, clarity about what we are doing, we are working closely together. That is the reason why we should do it that way.

You have in front of you and this time we tried to make it clearer; it is still Phase 1, but from a different angle. What you have in front of you are the four phases; this is showing you just Phase 1, which is where the rubber hits the road. This is where your approval comes in, your process comes in. What we have defined working with Pam and her staff and talking to many of you in this room. We have defined the process for intake, the pre-underwriting, the underwriting, etc. and inclusive in this is the City Council's review and approval. What we have defined in order to move the private money quickly and also by the way there is a May deadline that is pending, and we are trying to make sure that we can get funding approved for that. Even without the May deadline we have defined a 30 to 45-day period that is inclusive of the entire Phase 1. That is everybody's part; it is not just the Council, it is not just the LISC and the City staff. It is everybody and so, when this begins a developer should be able to walk in this store. Now, the intake process may not start; a developer may come to us, but they are not ready for us to call it that we are starting the clock because they haven't provided evidence of community engagement or there is something about the deal that doesn't quite meet the test of ready enough for us to begin the clock, but once that clock begins our plan is to try to move through a pretty efficient process. The intake phase of this is really dividing the deals into the buckets and notifying the Council that we have them. It doesn't mean we are going to bring it back for funding, because maybe it doesn't conform with the standards that have been defined. Maybe it doesn't meet the AMI test or the leverage ratio or something is not right, but we are going to let you know so that early on in the process that these deals have come in the door, and we are looking at them, so you will know that.

We get into the pre-underwriting phase; that is a combination of LISC and the City staff and we are looking at financial feasibility. We are looking at eligibility for the different buckets of money including the private dollars and the Housing Trust Fund dollars. We are looking for evidence of community engagement, as I said the leverage factor. We are looking at the AMI percentage and a host of other things. Your locational policy, all of that has to be verified so that we can say to you, and you will have a check lists. So, you will know that this deal confirms with these 10 things, or it only conforms with these five things. When we bring a deal to you we should be able to say that it is conforming. If we say it is non-conforming, but we think it should be funded anyway and maybe there is some compelling reason why. It is hard to say what that might be exactly, maybe it is geographic location. It could be any number of things. If we say it is non-conforming we have to tell you why and demonstrate to you that even though it doesn't meet the full test that this is still something that we think you should consider. We are not coming to you with two voices with one door. Once we start this process Pam and her staff, my staff, it is really Raphine and her team, one voice. We are presenting a package to you that says we have done the analysis, whatever debating we have to do we will duke it out, but by the time we get to you it is should just simply say we are conforming or we are not and here are the reasons why so you will have a sense of that.

We get into the underwriting; not every deal that conforms will pencil out necessarily. There could still be issues with how the math works out for any number of reasons. So, even a deal that confirms could end up not necessarily penciling out when you get to the underwriting stage, but by the time you see it, it will have met all of that criteria. We will have checked all of those boxes; we will have underwritten it. It will pencil out and we will be asking you for your recommendations. When we get to your recommendations what we are asking you to do is to move your process as quickly as you can. You know it is coming; you will know what is conforming and not conforming; you will know that the math works out; you will know that we have maximized leverage and AMI. All of the details that you would normally have to debate you will have an answer to and so we are hoping that what that means is that by the time you get it and you are reviewing it that you will be able to say – of course you will have questions and you will go through a process and not dictating what your process should be, I'm only asking you that your process allows us to work within this 45-day range. Part of that is because once the clock start ticking on that private money we've got to move it and there are other deadlines, tax credit deadline and things like that so the developers are waiting for it and in some cases, it may be a NOAH, if you are looking for an acquisition time is not on our side. So, this is a process based on our understanding of market and what is typical for this type of production activity that this is a timeframe that seems reasonable.

So, if you remember what you just saw there now you are just looking at it from a different angel. I've added on phases two, three and four and those are just the phases once you've given your approval we've got a lot of legal paperwork to do. There is a fund that has been created; it is set up as a limited equity fund and so we have a whole process that we have to go through with legal documents and there is an Investment Advisory Committee that has to look at it. At this stage they are not making decisions because you've already made the decision; we are notifying them of your decision, then we go through the final phase; it is a lot of more processes. Down at the bottom of phase four; that last column. We come back to you with regular updates and overtime we are jointly working with the City, probably will defer a lot to the City, but we will work closely with them on monitoring the use agreement. Remember the HTF dollars is what imposes the use agreement. It runs with the project and requires that the developer meet, for example, the AMI requirement, the percentage breakdown on whatever. If we said 30% of the units have to be X then we be monitoring that that is in fact what is happening. The Asset Management will also include looking at the performance of the units and making sure that everything that we put money into is being maintained up to standard.

That is our process and what we need from you – in here is where the rubber hits the road. This is where we would like you to discuss how you can, whatever process you have, how you can get it done. You don't have a total of 45-days; we all collectively have 45-days. So, what we are trying to do is to give you as much information along the way that by the time you get to the point where you have to decide, there is no mystery anymore. It is real clear what you have and what you are voting on and hope that can move your process a lot faster.

The next steps, which is the last slide, is for us to finalize the operating agreement between ourselves and the City on how we are going to manage the fund. How we are going to co-underwrite? How we are going to work together? All of the things that are required that we do together to get to this one door process. The last point I want to make is that we are currently vetting deals for the fund for a May approval.

Councilmember Harlow said Ms. Scott, I appreciate you starting off with the other thing that I think don't get spoken about so much about what LISC will and can do. We have all the conversation around housing and building of units and deploying funds but the workforce side of it, the mobility side of it, the capacity building component of it should not be understated, and I'm appreciative of the work that is going to be getting done in the West End. My question has to do with the timeline. We hear you loud and clear; we've got to do something about our process. We have heard that from the private sector; we are hearing that from you. My question might be more for Ms. Root; we did this NOAH deal last week. It came through HAND Committee; traditionally we would be briefed on that at an Action Review and then bring it to a Business Meeting which clearly does not fit this timeline that Ms. Scott is asking for. So, we changed it up; we went through HAND on the third Wednesday and then we brought it right in on the following Monday. My concern or question is what responsibility do we have legally to the public to speak to that business agenda item about allocations of the Trust Fund from a notice standpoint because that NOAH deal went in five days.

Hope Root, Interim City Attorney said if I understand your question correct you are asking how much of a public notice do we need to give.

Mr. Harlow said right.

Ms. Hope said when you put out the agenda and you put out that you are having this public hearing it is best to give the notice. I am unsure with this particular one if there is statutory public notice but I will figure that out. I don't know if it is a 30-day or however much there is. I can figure that out and get back to you but if there is no statutory requirement it just needs to be very clear when you put out your agenda that there would be an opportunity for the public speak. If there is more than that required notice I will let you know that.

Mr. Harlow said I would want the answer to that, because we did that NOAH deal so quickly, we knew it made sense, we knew it was this golden opportunity, it was the first NOAH we did but did we give the public enough time to comment as we traditionally would have. Secondly, Ms. Wideman; how do you see this timeline going in working with LISC and your staff; how do you see that working to where we can fit it within these boxes, so we don't lose deals and we can maximize? The last question, we saw on the slide about the nine percent deals; what is our traditional kind of set aside for those nine percent knowing that we are going to definitely fund those?

Pam Wideman, Director of Housing and Neighborhood Services said I think to answer your first question I would agree with Ms. Scott that we do need to be more expeditious in terms of bringing the deals forward. We've traditionally discussed them at the Committee; we've briefed you at subsequent meetings and then you have voted to approve. We've also traditionally had a community engagement session so, I think we need to think to look at how we can expedite our processes and see what steps we can blend or go faster. In short, I agree with Ms. Scott, we need to expedite the process to go faster.

Mr. Harlow said my concern would be are we going to start having because of timelines, asking to be approving deals at Strategy Sessions and stuff like that because the timing might fit. What does that look like; we normally don't do that type of business here in a Strategy Session. I just think we have to think about that from a process standpoint since this is so new for us and we are saying these deals are make or break sometimes on timing.

Ms. Wideman said I would just reiterate to you is NOAH's; NOAH's are new to us and so we have to be more expeditious so that we do take the ability to maintain to capture to allow developers to acquire so that they are not lost to the private market and redeveloped into higher end properties. The nine percent guidelines are set by the State and so, traditionally what we would do again is we would go to the Committee; we would brief you at a subsequent meeting and then you would approve. We should also expedite that so bringing those to you they've also met –

Mayor Lyles said I think the question was how much money do you want to spend on the nine percent deal out of the $38 million.

Ms. Wideman said thank you Mayor; we have traditionally set aside about $8 million each round. We believe that will be less this year, so about $8 million each round.

Mayor Lyles said how many more rounds are left in this year?

Ms. Wideman said there is only one round for nine percent; that is coming up in May. There is another round for four percent that we've not tackled so, one nine percent one time, four percent two times per year.

Councilmember Winston said next year we will have another round that we will have to pay out of this bond as well.

Councilmember Mayfield said actually it is somewhat of a follow-up on my colleague's question. What I don't see in what is presented to us is what I see on here is City staff, City Council review and what I don't see is the review of Housing and Neighborhood Development, so I have a concern when we have any language regarding expediting when we have a process. So, I just need clarification when does it actually go to the Housing and Neighborhood Development Committee prior to going to full Council?

Ms. Scott said when we say City/City Council, that is inclusive of everything. We did not presume to decide what the Committee's role was versus what the Council's process should be. We simple meant it is for you to decide what your process is going to be. All we are asking for is that you can move your process, whatever it is, within this timeline. If it includes HAND that is your decision; we are not opining on that we are simply saying the Council meaning inclusive of your entire process.

Ms. Mayfield said with the HAND Committee we have not at the Committee had full conversations yet regarding how this is going to look nor have we had full conversation regarding this timeline of 30 to 45-days and whether or not that is a realistic timeline so that we don't have a number of instances like two weeks ago where you have less than a few days to review and discuss. So, that will be part of the update when we get there as far as things we are going to be looking at. Can we go back a few slides to the Strategy to Maximize Impact examples? So basically your breakdown of what it could have been. Help me understand; historically government dollars are gap dollars so help me understand even with this proposal or the idea of it, is there an expectation for you all that government dollars are supposed to come in on the front end versus those two numbers being flipped regarding $4.7 million from HTF and $5 million coming the partnership. I'm trying to get an understanding of when you think government dollars are supposed to come into this conversation.

Ms. Scott said this is not a statement about how money flows into the deal; this is just the statement about the cost to the City and the difference between the cost without private money and the cost with private money. How the money flows into the deal is the way it typically does, the tax credit deals or for pretty much any deal. We are not changing the way in which dollars flow; for the most part I would guess it is going to flow together with the City's money in a subordinate stack probably is how it would work.

Ms. Mayfield said again we need more clarification on that because I was mentioned during the Retreat and I asked the same question there. The idea that government dollars should be on the front end or the idea that we need to know what the commitment is from government dollars first is a challenge, when historically we come in after the developers have identified their multiple funding sources and we are gap funding. It would be very helpful to make sure there is clarity, not only for us, but for the development community and for the community at large if what we are telling them is this partnership is created to help us maximize. The way that maximization helps for some of us is by that partnership identifying their funding sources and the gap funding that HTF can provide coming in after the other dollars have been spent.

Ms. Scott said are you referring to when the money actually hits the deal or are you referring to –

Ms. Mayfield said I'm referring to the commitment. If there is a clear expectation of government dollars, HTF dollars, on the front end, or does HTF dollars come in after the dollars have already been [inaudible]?

Ms. Scott said remember we are now with collapsing up the underwriting process into one; we will identify how much private money can be available, and we will at the same time identify what the gap is. So, we are going it in a more streamline fashion, so you are not approving one set of money and then you have to go back. We will as we underwrite be able to say this deal can take $4.7 million of private money and will need X number of tax credit dollars. We can make that statement simultaneously.

Ms. Mayfield said I don't think you are still hearing what I'm saying, but I'm going to let that go. The final question I have is just clarification; we said four percent/nine percent; I've heard from you as well as heard from developers in the community regarding these monies that you are in partnership and may be running is really to focus on the four percent because nine percent deals don't really work in your model. What I would like to understand is why not just focus on the four percent opposed to, it was noted in our dollars what we have now is about $38.3 million. We say out of that $38.3 million and maybe some NOAH's and maybe some nine percent and maybe some four percent, why not remove all the four percent deal from that conversation in order for it to tap into these dollars opposed to it still being available and that way we can focus on the nine percent since we only are able to have X number of nine percent deal through the state funding anyway?

Ms. Scott said it sound like you have maybe one nine percent deal; is that your $8 million? What were you referring to?

Ms. Mayfield said we don't know until the State tells us.

Ms. Wideman said last year we got up to four.

Ms. Scott said the main reason why I think you should want to have all of us looking at all of the deals is to determine in our underwriting which is quite rigorous; remember we are underwriting about a billion and change worth of deals a year across this country. That is the underwriting team that we have, so we are providing extra bandwidth to your team and looking at the deals and at the same time the $38 million matters a lot in terms of how much is going to be available to leverage with the private dollars. All of what we are saying here is why not have one process where we look at all types of deals, whether it is nine percent, four percent, NOAH's. We haven't started talking about single family housing, but we should be looking at that also and have a single conversation, same underwriting criteria; we are trying to meld together the capacity that we bring to add capacity to the City to maximize the return on dollars. So, even though there may not be a private dollar in here we can still provide input on whether or not that nine percent deal pencils out to standard that makes good sense, that the City is spending its money; that the ask is not more than it should be; that it is as much as it should be so we are really lending our capacity, but it didn't seem like it made sense to leave a small portion of your housing activity outside of the broader process that is being put together for just about everything else.

Councilmember Driggs said what I hear is that you are saying to us the reality of the private money is that there is a certain timeframe. It is basically up to us to figure out how we fit into that, and I don't think we can put that burden on you, but we do have questions about public engagement and about the committee process. So, look forward to hearing more about how that might be scheduled so that it fits within the framework of our usual meeting schedule, and we don't have ad hoc hasty events.

Mayor Lyles said be you go there the Manager and his staff need to make a recommendation on the days and then we can fit those days in. I think this is very much around; we haven't resolved that issue on how many days it takes for the staff to do this to get it to the Council. I think the Manager needs to sketch out the workforce studies to get that timing correct and then he will bring that back as a recommendation.

Mr. Driggs said I think what we are hearing here is that none of us want to be in a situation where we are sitting in a meeting and we get told here it is.

Mayor Lyles said you are exactly right so we need the Manager to recommend to us a process that is realistic. That is the expectation, not that we design it or have them design it, but that we design our own.

Mr. Driggs said exactly. So, my question is we already have a pipeline of deals and we've got $50 million that has already shrunk to $38 million which is two-year bond funding cycle, so what is the process for prioritizing the applications and kind of rationing our funds in such a way that we are not out of money by the end of the year or that we don't miss what should be higher priority deals because we went ahead and did a lower priority deal. In that context, I would like that process, the prioritization to be ours and not something that somebody does and says okay here are the ones because none of these deals are going to check the box quite as neatly as was suggested. You have area considerations, and you have local reactions and probably you have unusual circumstances financially. So, how do we pace ourselves in such a way as to not miss really good opportunities because of what we did?

Mayor Lyles said again, that is a conversation that we will have to have, and I agree with you; we've got $38 million, if we take out another $9 million or $8 million for a nine percent deal we actually had two nine percent deals, one for this year and another nine percent deal for next year.

Mr. Driggs said we've got the $9 million taken out for this year to get down to $38 million.

Mayor Lyles said that is not to the $38 million; the $38 million –

Mr. Driggs said that is right it is two four percent deals and the NOAH.

Mayor Lyles said that is right; the two four percent deals cost us as much as one nine percent deal, but we did what we did and we are reacting to commitments we made and that is fair but yes, we do have an issue of do we set up for each period this is how much we are going to do or are we going to be flexible and wait and see where the deals come in, how they meet our locational criteria. I think there is a question there.
Mr. Driggs said we have the City owned land deals as well.

Mayor Lyles said the City owned land deals are in the May submission right now and if I recall the value of the City owned land – Mr. Jones I really don't recall so tell me where we are on the City owned land.

Mr. Jones said Mr. Driggs you have hit on why the Council, and for lack of a better word, use the pause because when Pam came in I believe in January, she showed that with everything in the pipeline the $50 million was already oversubscribed. So, a little bit of math at $38 million if you had the nine percent deals from this cycle and nine percent deals from next cycle you are already down to about $22 million and again, that is not with the fiveish City owned so four percent deals that you paused on that would come back I guess in the May timeframe. So, the desire is by looking at it this way we can stretch those Housing Trust Fund dollars a bit more.

Mr. Driggs said we really have arguably $17 million that is kind of wide open available for this process.

Mr. Jones said maybe a little bit more.

Mr. Driggs said if you take another $5 million off of the City owned land deals you are down to $17 million.

Mr. Jones said before the City owned land deals which could be significantly more than $5 million, yes sir absolutely.

Mayor Lyles said Mr. Jones, I really have a question about the City owned land deals because I know they came out, but they came out at the time without including a value for the City land, and I'm not so sure that is equal treatment to developers bringing in projects with land. I think there has got to be some calculation for value if we are doing that so those deals need to be in the May submission with an idea of how do we treat the value of that land. It is kind of like you don't get to put a zero for land and the other guy has had to acquire the land at $2 million just because it is City owned. We ought to use the land, but it has to have some equalizer in the assessment process. I just hope that we are open and understand that our land has value and the deals need to come across as being competitively assessed.

Ms. Mayfield said so, Mayor, here is the question for you on this direct topic. The specific reason why I asked the question that I asked is because we are limited in our Housing Trust Fund. If we have partners where and if this organization is saying for their funding model the four percent deals were better, the specific reason I asked the question, why not have their focus, especially in the beginning, be on those four percent deals to give us the flexibility that we need in order to truly have an impact on community the way we have committed to? Because the $38.3 million that we are sitting at today, we've already eaten up just with what is out there. That is really probably between $17 million and $19 million, but if we know that their focus is four percent then logic just basic numbers logic will say for right now, especially until we get a little further down the road, let them have a focus on those four percent deals to give us the flexibility because we have a different structure with our bond cycle. We know that this funding needs to last two cycles. If they are coming to the table, of which that is not the answer, and I don't know if when I asked the question why not focus on four percent deals that wasn't understood, but if we are listening to the conversation, looking at the dollars that we have available, logic would say ask the question is there room for us to have conversations at the very beginning for them and those dollars to be focused on the four percent deals to give us the flexibility we need for all the other expectations and/or [inaudible] commitments that we have out there.

Mr. Harlow said I think what I hear Ms. Mayfield saying is can the four percent deals get done without us? Is that what you are asking?

Mr. Mayfield said they should be able to [inaudible]
Ms. Scott said the answer is no.

Mr. Harlow said I think that is the answer we are trying to get to.

Mayor Lyles said I think there are too many conversations – so, the question was can a four percent deals completely financed in another way without City funding and Ms. Scott; what were you saying?

Ms. Scott said I would say the probability is no because those deals will need some form of subsidy as well but the difference is that they should not need the level of funding that you have to put into nine percent deals. That said, right now what the private sector is raising money under the assumption that there is a $50 million Housing Trust Fund; we now know it is $38 million so, I think it is important that the more we can meld the process even though each deal will come out with a different set of resources based on the needs of the deal, the private sector as they continue to raise money will be able to say to prospective investors that they are still leveraging in the broad process the maximum amount of Housing Trust Fund. If you start to compare the $100 million private number to $17 million in Housing Trust Fund, that isn't the deal. A way of dealing with the fact that there were competing expectations and competing just needs that the City has nine percent deals, pipeline that was already in the hopper, we are attempting to take all of that into consideration to wrap a process around it and to be able to say to the private sector that even though a private dollar may not go in this deal because we've created a single process that the delivery system is working together. I don't think you want to bifurcate it. We understand that you have two-year cycle; we are not going to deploy $100 million work of funding in one year. We get that, so it is going to be tied to a broader process, but I think the message out there; we are about half way down the road in raising private monies under the assumption that we were leveraging $50 million. I'll call it leverage even if it is not every dollar is in every deal because we have a delivery system that is working jointly together. I think it is going to be important if you want to make a decision given the fact that you don't know what deal is coming tomorrow, how do you decide today is in part the question that is being asked. I think that this requires more of a discussion, more of creating a process where it is clear about what the criteria is, what we are looking for, that we are going to get ourselves to a place where everything that is in that pipeline, including what we are vetting right now, we are going to say no to some of those deals because they don't meet the criteria for funding. We may be sending developers back to the drawing board to come back with deals that are better, so we are not making any assumptions that just, because we are looking at the deal that it is going to be funded in this cycle. I do think it is important that there isn't a bifurcated process, that there is a single process where any type of deal that could be funded; because even if a deal doesn't need private dollars for the actual deal, but maybe there is some predevelopment activity that needs private dollars and the developer needs to have lower [inaudible] how would we know. We will know, because we are working together. We are looking at the deals together; we are underwriting them together. That is the argument that I make for why this should be a single process.

Mayor Lyles said I think we have two things on our list now, the timeline to be responsive to the May submissions as well as how do we determine in that two-year cycle that we have the $38 million remaining; that the private sector also anticipated it being a two-year cycle; that how do we work through the process for deciding how to do this allocation in May and then the one in the fall.

Mr. Driggs said I think there are a couple of questions we are dealing with so if you look at this piece of paper, we need to decide whether this process is okay with us and again, my understanding of the process is the thing comes in, we have a frontend review and our own people, Pam is involved in that and we test for feasibility, etc. and then if follows these steps. So, if anybody thinks that we should not do this then you should speak, because we need to move on this. We need to get together around how this cooperation works. We've raised a couple of questions that still need to be answered, but I just wanted to say personally I think we should follow something like this and we should work from it in terms of addressing the things that we've talked about.

Ms. Eiselt said Ms. Scott; I have a question and you can give us the information later, but on phase one in fourth box, the City staff and City Council reviews and approves the HTF. That to me sounds kind of a preliminary step, correct? Because that is the very first step whereas the investment advisory group doesn't take a look at it until phase two.

Ms. Scott said so, the City Council's approval is your approval; that is the deal. That is you saying yes, your Housing Trust Fund dollars are available. The Advisory Committee is getting – we are telling them at that stage they are not reviewing deals. What they are being told is that we have approval from the City Council for HTF dollars and that the fund Manager, that is LISC, is going to put X amount of private dollars into this deal so it is more of a statement that we go on record with them before we issue the commitment letter. They are not underwriting; they are not re-underwriting. They are not approving; it is advisory. The initial meetings tend to be more detail on process and understanding the criteria and that sort of thing, but once we get going they are simply looking at the memo from the fund Manager that says we are going to fund this deal on South Tryon.

Ms. Eiselt said in Phase two they get the investment memorandum; Council has said go with it. What would lead them for example to say no at that point?

Ms. Scott said there is no "no" out of this Committee. The funders do not want to be part of the funding decision process for a lot of reasons, not the least is fund a liability. They will blame us if something goes wrong; we are taking that burden off of them.

Mr. Driggs said it is quality control process.

Ms. Eiselt said it is a little misleading because it says investment decision made so, I'm just trying to understand what they get to do and in simple terms, what that step really is.

Ms. Scott said we can clarify; it is really the Fund Manager that is; we now have the approval of the City Council; we have married the private money and the City Council money in a funding memorandum and then we are moving it on to advise the Committee that here is what we are doing with your money and then they accept it. Again, because they don't want to be in the lead on the funding decision.

Ms. Eiselt said okay, that gets to my other question; initially we had said that there would be two committees that would have community participation; one of them is in phase one.

Ms. Scott said it is not in this page at all; this is just the fund so there are two other committees that you don't see here. Right here this Committee is just connected to the fund, and it is just funders. The City staff; two people from the City will be on that committee, because they have to opine in their own words that yes, the City Council has provided approval. That is probably Pam and her staff, and that is it. That is this Committee. The other two committees there is a LISC Advisory Committee; that is essentially Raphine's Board for lack of a better way to describe it here. It is a committee of people who will be working hand in glove with her, advising her and her staff on day to day activity, not just fund activity but everything that LISC does. What we on the historic West End, what we are doing in the neighborhoods, whether we are working on small businesses or education or health; that is what that committee is doing. There is a third committee called the Grassroots Committee; that is a Committee, and we might change the name, because I don't think it captures everybody, but it is a Committee of community people of advocates. So, let me give you a sense of scale; the LISC Advisory Committee will have about 15 people on it, and they cross sector of people, some of them are funders and some of them are sector experts. The Investment Advisory Committee, what you see here is every funder who puts a dollar in the fund has the right to a seat if they want one. So, how big it will be I'm not sure, but technically it could be as big as they – and then the Grassroots Committee could have 50 people, or it could have 100 people. It is our way of being in touch with the entire community of Charlotte.

Ms. Eiselt said when do they get to express their views; is that in box number two of phase one?

Ms. Scott said if you go back to phase one, at that intake process, and in the pre-underwriting process we have to evaluate whether the developer and whatever other process is established here, whether that engagement has taken place. So, part of the pre-underwriting is to determine that there has been community engagement. What we talked about today with the staff, Pam and Sabrina, is coming up with a check list of sorts that we can say we are going to establish what the standard has to be for a community engagement.

Ms. Eiselt said I think that is a promise we made early on. I guess I need to understand better how they communicate that to us in the Committee process. I don't understand if we are looking at a different committee process which is what it sounds like. We've got to wrap our heads around changing the culture of what happens in Committee. How the community expresses their views on the deal to ultimately how the Council takes the information that the community is giving based on what they've seen so that we can work that into whether or not we give an approval for Housing Trust Fund dollars to be used for a deal.

Ms. Scott said that is right so, what we should do is share with you the template that we are going to come up with that will say here is how we have evidence of community engagement and then you can certainly take a look at it if you would like, but what we should be able to tell you before you have to say yes so no to a deal is provide you with evidence of community engagement.

Ms. Eiselt said but not just evidence.

Mayor Lyles said it is an assessment; it was getting an assessment by the community was written and followed through as well as other City - We've got a lot of policies around this. Locational policies, we've got policies around our big vision, but we've always had a community engagement that was an assessment that the community was able to weigh in, and I think we've got to figure out – I wouldn't say community engagement; I would actually make it neighborhood assessment because that should be a two-way conversation between people that are supporting you and your Advisory Committee, the community impacted as well as the developer. I think that needs some work, because we did commit to that assessment.

Ms. Scott said we heard that from staff earlier and the goal was to come up with a – I use the word evidence, because it is something that tells us that this has happened and that it is a standard that is applied equally across all of the sites. So, maybe we should have a bit more off-line conversation about exactly what the components of that might be to make sure that we are hitting it the way you want. What will eventually happen, this is now a one-dimensional thing; this screen here and what you have in front of you what is being written as we speak is a standard operating procedure document, which is a pretty thick document that puts paragraphs and pages to each box here and that might be a place where we would have a pretty elaborate explanation of what engagement has to be in order for it to count or what neighborhood assessment has to be in order for it to count. We will come back to you with some language and steps and give you an opportunity, probably just working through it with staff so that you will be able to see. The real thing for us is whatever the neighborhood assessment is that we can convey it to the developers so that they know and that we will participate in it to the extent that it is our obligation so we will have satisfied that when we say conform. We will be able to evidence that.

Mayor Lyles said actually at this point I'm going to say I think Raphine knows us as a City and knows what community engagement is and that is going to be more I think something that we need to formalize but also meet those objectives that we set that said people will have the opportunity just like they would at any point to comment on this. So, I would hope that today we had the briefing on the 2040 Plan and there were six different ways to comment on a policy, and we need to figure out how many different ways do we need to have and what questions have to be addressed and answered in addition to our locational policy and those others. This can't be a slap dash.

Ms. Eiselt said the way I look at this is unlike the other processes that we could get involved in at various points. Phase one, five sixth of the way through that is when we are done. Council is done at that point; we've had our input; it moves on, Investment Committees look at it, everybody else looks at it but we are done. We need to know that we've had our opportunity to have the input based on what we've committed to the community to do if we really want this thing to work as a well-oiled machine.

Ms. Scott said understood.

Councilmember Mitchell said just a couple thoughts, one the projects that are already in the backlog that we had in January. I think you made a comment Ms. Scott that you are going to revisit those projects, and we are going to have to make maybe some decision on those or are you saying you are going to review the new projects. I think we've got to make sure how we communicate this to the community, so we don't cause; we just need to level the playing field out there, and maybe this is a question for Pam. How do we deal with those that were ready to go in January; they paused and some of them do involve City land deals. So Marcus, I don't know if that is your call.

Mr. Jones said I would like to jump in; Mr. Mitchell; the way that I see this is that they had been in our process and we should allow that process to continue at some level, because they were in the pipeline, but, I thought I heard Ms. Scott say earlier that whatever is in the pipeline there will be this collaborating vetting of it so it is not as if those projects that are in the pipeline go away. Everything needs to be vetted.

Mr. Mitchell said can you remind Council, because I remember the great presentation that Pam gave us at a Dinner Briefing that showed that we are already using Housing Trust Funds, but I think some of those deals had City land in those. I think it would be nice to share with us again what those deals were, I can't remember if it was two or three.

Mr. Jones said Pam you may have to help me because some of these may have collapsed overtime but when Pam talked about the RFP for the City owned land there was North Tryon Street, there was Tyvola Veterans, there was LaSalle, there was Toomey and Freedom Drive, and there was Little Rock.

Mr. Mitchell said and all of them had City owned land?

Mr. Jones said all but one was a part of the RFP; Little Rock had actually started the year before at the 2018 Council Retreat.

Mr. Mitchell said we have observed over the years that affordable housing is not a lucrative business for a lot of our corporations, but I do think that once we agree on a process, our local stakeholders, if would be good if we could get their input because I think of Laurel Street, Mosaic CHA Crosland and CMHP, they have been committed to do this work, so I don't want to get too far down the road and our stakeholders have not had some way to have some dialogue. They don't have to check the box, but I think as a good partner they need to be a part of the discussion.

Ms. Scott said we have had extensive conversations with every single developer, well maybe not every single but the majority of developers here in the City. In fact, their input is what led us to how we model the fund. What you see in how we've directed the private sector to raise money is reflective of what we heard from the developers here in town.

Councilmember Ajmera said what is the timing between phase three and phase four?

Ms. Scott said what is the timing between phase three and phase four?

Ms. Ajmera said yes, I understand that timing is very important and we had a lot of folks that are waiting to have an opportunity to have affordable housing, so I just wanted to understand. I guess we are doing everything to ensure that we meet market timeline, so I would like to understand from the time the project is funded, what is the construction timeline and monitoring of that?

Ms. Scott said it will probably vary depending upon any number of things, but we will write in that commitment letter, we will know what the commitment of all the other resources. Remember, for many of the deals this is not all the money that is going into the deal, and so we have to align other sources as well. We will have a construction start; our commitment letter will be reflective of the timing of other resources that will tell us when the construction can start or when the purchase can take place. We didn't put a number in there, because it is a variable that changes, but it gets locked in the commitment letter a timeline by which the developer should begin to utilize funding or it could trigger a pullback of the commitment. I don't know what is your typical is it six months of four months from commitment to construction start? How much time before you revoke the commitment?

Ms. Wideman said it depends; if it is a nine percent deal we know that they have place in service date by, that is dictated by the state so that is generally 12 to 18 months after the deal has closed. If it is a four percent that could vary, but to your point Ms. Ajmera, we put how long our commitment is viable for in the commitment letter date.

Ms. Ajmera said would there be some sort of alignment with what would private bank would actually ask for? Let's say if I go to the bank and ask for money to construct a building, the bank would say, well you have to construct it within this timeframe if we are going to let you borrow the money. How would our timeframe align with the market? Would that be similar? Would there be some sort of measurement criteria to ensure that we are really delivering what we have promised?

Ms. Scott said yes, it does align and remember many of the same funders who are in this fund are also the investors who invest in tax credits. So, there is an alignment; we will know what the other part of the funding source requirements are before we lock our commitment so we will have that detail. There should not be any conflict between HTF, the private money and this fund and the other sources of money that are going to come through tax credits. There should not be a problem with that. The bigger issue sometimes is when the construction starts and different things like that but everything else should align and the commitment letter should be from all sources. They won't be exactly the same but there won't be any conflicts.

Ms. Ajmera said you had mentioned earlier that if the timeline has not met based on what was a border line criterion that we would pull back the funding.

Ms. Scott said every City does it differently but my assumption is that there is an expectation; you have the threat of loss of credit that is actually a bigger problem than just us that if you don't meet the timeline for placing service that you lose your credit reservation. For credit deals that is an issue; for NOAH's, we will put a deadline by which we expect a project to close; that is something that is more of a work in progress to see what the timeline needs to be since this is new to the City, but there are very date sensitivities that gets built into the commitment letters that takes into account the multiple sources. Yes, you could theoretically have a situation where something goes wrong. Let's just say we are not looking forward to any of that and you've never had that so far Pam says.

Ms. Ajmera said I like this process map because it shows step by step as to the process that any developer would need to follow to completion. In this process map, what I really like, because you also have not just up to the funding but then you also got [inaudible] steps where it shows the resident occupies home and then you've got update report on our commitment and performance review. Does that include our monitoring of repayment of any loans that were provided from Housing Trust Fund and also any developer's fees?

Ms. Scott said the only thing I will say about repayment right now this is going in as a loan. That is how all of the deals will be, but presumably at the point of repayment the City would want to roll this over to continue the affordability. So yes, we are monitoring for the composition of AMI; we are monitoring for quality of maintenance and things of that sort. Do you take money on your loan; you service the loan along the way or do you balloon it at the end? How do you put your Trust Fund dollars in deals?

Ms. Wideman said our payment is cash flow contingent. If the deal is performing it is cash flow contingent.

Ms. Ajmera said are we tracking that; do we have a tracker? Would LISC be doing that, and would we get a follow-up report so that we know if we are getting cash flow? When the time comes to do more affordable housing, we are reinvesting some of this money back into some more affordable housing.

Ms. Wideman said we are tracking that. I think a couple things to remember here is your Trust Fund is relatively new, so you have very few projects who have reached the end of that 15-year period or that 30-year period that are old that would either be paid off or a decision would come whether we want to continue to roll for more affordability. So, that is really important to remember when you are talking about how your Trust Fund dollars work.

Ms. Ajmera said I understand some deals are sort of contingent on cash flow with Housing Trust Fund being 22-years old.

Ms. Wideman said you started in 2001.

Mayor Lyles said we were just using bonds; we just wrote a check before?

Ms. Ajmera said I'm just interested in what is this repayment schedule, and who keeps track of it? I would be interested in seeing how well are we doing on some of these deals that we have funded through our Housing Trust Fund?

Ms. Wideman said we have received some program income; it is very little program income, so we could bring you an accounting of that if you want to see how much program income we've received since the inception of the Housing Trust Fund.

Ms. Ajmera said yes, just so we are reinvesting some of those dollars into our Housing Trust. From what it looks like, LISC will not be managing the tracker. Am I correct? That would be in house Mr. Manager.

Ms. Wideman said we would continue to monitor your Housing Trust Fund investments.

Ms. Ajmera said some of the other source of funding which is not Housing Trust Fund, resources that comes from the third party, would that be something LISC is tracking?

Ms. Wideman said yes.

Ms. Scott said once we start jointly funding you should still have a single report. We are tracking into a single report.

Ms. Ajmera said got it; so, I guess if we have this one single report or repayment schedule it is easier for us to have one central source for moving forward, for all deals once we implement this process.

Ms. Scott said the City has a legal obligation to track its own resources, so they will do that, and we will rely on their tracking. We will track the private dollars and they will rely on our tracking then we put our reports together.

Ms. Ajmera said that makes sense, I appreciate that and I like how the process is laid out in terms of vetting some of this AMI allocation up front especially knowing what our preference is and other criteria and obviously timing is very important for any deal, so it is great that we are sort of aligning our process with what market is doing right now. Overall, I'm looking forward to seeing this thing implemented and doing more of this.

Councilmember Phipps said with respect to the public engagement piece I sort of liken it to what we are doing now with rezonings when we have community meetings that we ask for community engagement. My question for my fellow Councilmembers would be is the intention to institute a more rigorous process or evaluating that feedback more so than we do now with community meetings or is an expectation that if the community says no to a project that would be their recommendation that we be in the final orbiter, would be we guided by that of if they say no we don't want it, yes do we want it, the decision will be ours, right? So, what is the expectation that we are telling the community with all this engagement that we want from them; is there an expectation from them that their desires will be just heard from us and considered, but at the end of the day we will make that final analysis?

Mayor Lyles said I think that is a great question, and I think it is one that I've been keeping a list of things that we need to go back and work on and that community assessment is really one about what are our expectations and what is the process. I think that is a good question to ask, because I think you have the locational policy, which is actually a scoring exercise that the Council has approved, and we've got a number of other housing policies so if people said no and every policy box was checked as being yes, that would be something that I think Ms. Scott is really saying that is why you have to be so upfront with this before they go into all of this financing and memorandums because if we are not certain where we are there is no point in going forward. I'm going to put that under the community assessment piece and say we need to work on that. I don't know the answer to that right now, and I don't know that we can answer that. I think it is something for all of us to ponder Mr. Phipps.

Ms. Wideman said Mayor, if it helps you at all I would just remind you all that your locational policy was built on community input. We had seven sessions; I would also remind you that there is a community engagement process in place that we could build off of, for example before anybody gets Housing Trust Fund dollars they already have to have one community meeting. Also, if there is a rezoning involved there is a community meeting in that and those comments, as you know Mr. Phipps, they have to be sent back to the Commission, so we have community engagement in place that we can build off so it is not reinventing the Wheel.

Mr. Phipps said I understand that; I just wanted to know if we were do an exportation.

Mayor Lyles said I really love it when you inquire about our intent.

Mr. Phipps said you made it under the pre-underwriting section of the comprehensive review; you make mention that projects can be both conforming and non-conforming. The non-conforming piece brings to mind to me something else we also do in our rezoning process when we say something could be non-conforming but be reasonable and in the public interest. You also said that even if it is non-conforming, even if you to the next step and the numbers don't pencil out, is that the step where we would say that the deal is through that we won't no longer consider it or is there another step there that you still might consider it if they do certain things or whatever?

Ms. Scott said conforming, that is obvious that it meets the test of all of the standards and we are comfortable. A conforming deal could theoretically not pencil out. If it is conforming and doesn't pencil out we might be interested in having the developer go back to the drawing board if it is possible. Depending upon the issue that makes it not pencil out it might not be fixable. Maybe it just cost too much money and it is just not in the public interest to pay that much money to do that particular deal. It varies what might be the reason why it doesn't pencil out. So, you could have conforming and it pencils out; you could have conforming and it doesn't pencil out. On the non-conforming side, you might have a project if there are 10 checks it only seven or them or five of them but you could make a compelling argument that even though it doesn't meet this particular – it doesn't have the best conforming profile, but it still might make sense for any number of reasons and maybe it does pencil out even though it doesn't. If it is non-conforming and it doesn't pencil out what is the point. I think we have to have some flexibility in that regard.

Mr. Winston said for this definite fund and process will we have to take an action to approve this Mr. Manager?

Mr. Jones said that is what happened at the Retreat where we were going to come back to make sure the Council is fine with this process, yes.

Mr. Winston said I've heard a couple things like a well-oiled machine, but I feel like a well-oiled machine works best when the machine is simple. It doesn't have to be too complicated and obviously this seem as simple as a process of a complicated process as I have ever seen on a piece of paper, but I feel like we can't get paralyzed in process. I feel like the HAND Committee has done yeomen's work as Ms. Wideman has said of getting in the past 15-months that we've served on this Council, to get good policies to us at full Council to make sure that we are making the right decisions as it relates to this crisis that we are dealing with called the affordable housing crisis.

We have to I think at some point in time have some faith in the policies and the work that we've done with the kind of nimbleness of this process where we are in. I question what the Committee's role should be moving forward. Like we've said, we can't do things the same way that we've been doing them and we have to think a little differently, and that includes our own processes. I agree that this is something we are going to have to figure out, and we are going to have to figure out quickly. I don't know if this is an issue of policy. I know when you put these committees together you were really focused on making sure policy decisions came out of them in 30, 60, or 90-days. I don't see how this decision of allocating the funds is policy work. I feel like that policy work has been done over the 15-months, so I think we need to look at on top of that we are saying this needs to happen in 30 to 45-days. There is possibility that if HAND is the buy that is looking at this, if they for instance want something to go back that can inherently kill the deal before the whole Council even gets to consider it. My first inclination is that we need to set up a full Council decision making process and structure around this and if my colleagues are determined to make sure that the Committee role stays in place for some reason I think you've got to get to a place where understanding that we don't know a deal is going to come tomorrow that you have to have a bi-monthly or twice a month at least schedule that everybody is committed to make a quorum so that if there is some reason that it has to get sent back to staff that you actually have a chance to come back and deal with it. Again, my first inclination is that these should be full Council decisions, and we need to deal with them on any Monday or maybe even more nimble than that.

Mayor Lyles said I also think that these things are going to come, and we will know the deadline, the submissions are this date, and so we know when the timeframe starts and those are pretty definitive. I think the Committee as a whole, as a Council really does but we will have to see how that works out. That is one suggestion as we go forward.

Councilmember Bokhari said I'm still a little confused on the one door necessity and all hands-on deck for every deal. Maybe I can clear-up my confusion with a simple question which is, what happens when the City and LISC disagree on something or the fund; what happens when a nine percent deal comes through and the external fund says I'm not for that and the City staff and City Council says I am for it or vice versa? What happens when a four percent deal comes through and the outside fund says I'm for that and the City is not?

Ms. Scott said obviously, we work in cities across the country. There is not always agreement, but it is our responsibility as LISC and your staff to reach an agreement, and at the end of the day one of the reasons why we are trained to put as much objectivity in all of these processes to be clear to be about the policy that is guiding us to be clear about the criteria that we are using that we leave little room for something that should be informing a decision that is not a part of that process.

Mr. Bokhari said over the next two years we are going to do six to eight nine percent deals and timeliness and different things like that we've already expressed how important that is. What happens when you guys say no we are not for that one nine percent deal and we say we are. Is there some box here that says that we are just going to move on without you, because there is no private money in there? I think that is where the devil is in the detail, because I wouldn't think you would have any ability to sway how we go about a nine percent deal if you didn't like it any more than we could sway how you might go after a four percent deal that didn't have any of our money in it.

Ms. Scott said I think the way this should work is that at the staff level we should try to reach agreement. If you are saying once the staff has reached agreement and it comes to the Council and the Council says no they don't want to fund it, then it doesn't get funded.

Mr. Bokhari said I mean the other way where we do want to fund something. We want to fund the nine percent deal, staff says yes and you guys for some reason, because you want the one door, and it helps you leverage with your other investors externally, what happens? Because I have to read between the lines to assume that your investors believe you have a voice in the decision of those nine percent deals.

Ms. Scott said right and we are hoping that we will have a voice, but it is a voice. It is a voice; at the end of the day Housing Trust Fund money gets determined by the City. We are a voice in the process.

Mr. Bokhari said I just wanted to make sure that was completely clear because it didn't come across in any of the conversations we've had thus far.

Mr. Driggs said I wanted to clarify for one, the Trust Fund deals are typically loans and their interest at one percent and are repayable at the end of the period of the deed restriction period, right. So, we are clear about that. The cash flow from the deals was part of and Pam, I have a question for you about this; remember we cobbled together from home funds from Weddington Road, from income and various sources funding for a couple of transactions, so how does that affect the conversation we are having now? Weddington Road for example, how does that get paid for; is it going to get paid for?

Ms. Wideman said I think the bigger question is – that deal tied up in court. It will look totally different if it comes back to you. If will need some money from your Housing Trust Fund when it comes back to you. We don't know the timing of that; we don't know what the ask will be at this point.

Mr. Driggs said the point is that we have a prior commitment, it got held up in court; I would think there is an expectation that it is going to get funded, so that maybe should be an earmark too in terms of the total.

Ms. Wideman said correct.

Mr. Driggs said the home funds that we used; what were they used for; did they pay for those four percent deals?
Ms. Wideman said the home funds allowed us last year to meet the money that we needed to send up for our nine percent deals. The four percent deals came off of your $50 million.

Mr. Driggs said that is right and then we did the two four percent deals against future bonds, right?

Ms. Wideman said that was your $50 million; they came off of your $50 million.

Mr. Driggs said we do have then the money that we borrowed from the Trust Fund for Weddington Road to pay for the nine percent deals that is going to have to get repaid.

Ms. Wideman said correct.

Mr. Driggs said that is another earmark there. I also want to mention, just so we are clear, the City is not delegating any authority to LISC; the private investors are, they have given them underwriting authority; we can do or not do. They can't proceed on any deal involving our money if we don't agree that they should, so I think it is a fair statement; this is collaborative. It is voluntary; it is not something were we are going to find out that something was done on our behalf over which we had no control. The other question I had was can these be processed sort of in cycles in such a way that we can coordinate those cycles with our meeting agenda, our schedules and not have this haphazard process where we are getting kind of urgent demands for a decision at all points in time?

Ms. Scott said the answer is yes over time. Right now, we have a pent-up demand and we've got to reconcile the pipeline and meet a May deadline, but going forward what we are talking about is that we will know; you've got two cycles, two rounds of four percent opportunities, one round of nine percent. NOAH's are the only thing that we can't predict when they are going to come in the door, but the rest of it we should be able to do in cycles. Right now, today, we have to work with what we have. We have a whole bunch of deals that have come from different sources and we have to figure out what is reasonable for funding opportunity in this next [inaudible] of –

Mr. Driggs said do those deals have honest money clocks ticking?

Ms. Scott said they do if they want tax credits, the four percent and the nine percent, the answer is yes.

Mr. Phipps said I just want to know have you ever had occasion in your work nationwide where the decisions and the timing just didn't work in your favor in terms of being able to meet the flexible demands of some of these deals that might come in?

Ms. Scott said Oh, never.

Mayor Lyles said I believe she is saying that with a bit of sarcasm in her voice.

Ms. Scott said we try to work it out, and right now, the biggest pressure here is really more the pressure of tax credit deadlines and I do think the NOAH's present a challenge for us, because we will lose out on a deal if we don't move. So, yeah, we try to work it out.

Mayor Lyles said we've had a great conversation. I'm going to tell you what I think I heard that needs to come back. It is this Council decision tree needs to be flushed out to meet the recycles and I heard Ms. Scott say the cycles can be set but we've got a pipeline to figure out how to do that and making sure that works and the Manager should come with that. Then the allocation details; if we've got $38 million and we knew that was over two years how does that work because the private sector money is over two-years or longer period. Then on the community neighborhood assessment we need to talk about our expectation beyond the locational policy and the process that would be used; is it comparable to the zoning process or how do we want to do it. I don't know how does our process work, so I want to say that I hear in this is it changes heart. For once we are giving up something that always came to us; we took the time that we felt and sometimes when we didn't agree and we've gotten better at it, but I also think this is the thing that has forced us to actually to say we have a policy, do we mean it. Because we've adopted policies that would guide this process very clearly, and if we are not comfortable with those policies then we can't ever get comfortable with the process. So, I would actually ask in that decision tree, not just the timeline, but to actually say what policy are we trying to meet under that timeline, especially in the section that goes in on the eligibility and community engagement. We've said 20% of 30% and below, those are statements that we have made and approved. Our locational policy, we've talked about that. I think that what is most important will rise to the top, and I think we all ought to ask ourselves, what is most important? There is a sense of urgency in this community around development, and we all know that land is not getting any less expensive and the development is not slowing down for us to wait for affordable housing. This reminds me of the TOD; we were talking about that, and we've got TOD coming up in April, but there are things in the pipeline right now that we are going to be approving that we can't put in what to have happen. This is now that we know what we want to have happen, are we willing to put the pipeline together to make it happen?

So, I think this is a challenge for us and all of us as colleagues to deliver on a promise that we said that we will build this City with affordability so that people could have a place to work and live, and I think this is absolutely fundamental to our purpose and our vision and I look forward to the Manager coming back. This process works and I think what we look for are those; if I've left anything out I'm sure the staff will capture that, but I think the next time it comes forward we need to have beyond those big blocks, what the actual policies are and the timeframe to get the review of them, because we can't wait much longer. All of us campaigned, but I don't believe it was just a campaign; I think it was really about having the ability for people to have jobs in this community where you could work a middleclass job and still afford to rent or buy a house and that is what we've got to do. If we don't do it, will not get done. We will be pricing people out of our City, and none of us want to see a City that looks just one economic straddle. I want to say thanks to you for getting back since January. January was kind of our first look, we've gotten the second one and the third one ought to be this is the process we are going to be doing and using.

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ITEM NO. 6: VISION ZERO UPDATE

This item was presented under Committee Reports – Transportation and Planning Committee.

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ITEM NO. 7: ECONOMIC IMPACT OF TOD ORDINANCE

Marcus Jones, City Manager said Economic Impact of the TOD is the next issue that is going to be before this Council so, in other words while we have Aging in Place and Vision Zero, they are not as time sensitive as the Economic Impact of TOD.

Mayor Lyles said let's go to TOD and do that and then the Council can make a decision on whether or not or however they want to go beyond that.

Taiwo Jaiyeoba, Planning Director said Monica Holmes has been a Project Manager on the TOD Ordinance, so she is going to get into the details of this, but before we get to that point I just wanted to kind of connect some dots for you again. The last time we stood in front of you was to share the details of the ordinance public hearing draft that was released, which is going to on March 18, 2019. What we are presenting to you today is specifically a response to two questions that you had related to fee in lieu calculations, and you had those previous meetings. There was one question related to making sure that as we develop some of these numbers, we continue to make Charlotte attractive to businesses especially around our transit stations that the Ordinance itself does not pose an impediment to attracting businesses.

Secondly, is to ensure that the ordinance is an effective tool, at least one of the tools that we will have to deliver affordable housing to Charlotteans. So, what you are going to see in the presentation tonight is a lot of numbers related to square footage, height, fee in lieu calculations and all of that, but you are also going to see how we are addressing open space with regards to transit station areas. In response to your questions, what we did was to retain the [inaudible] of two national experts who advise us. One, to perform cost analysis for us and to vet some numbers that we came up with when it comes to fee in lieu. This advice is met to representations from the commercial development industry to test some numbers, and we were able to get some agreement with them in terms of the adequacy or deficiency of our numbers.

The second study, the advisor that we had compared our numbers with all the cities that Charlotte typically would compete with such as Austin, Denver, Seattle, Chapel Hill and Davidson, even though we may be bigger than them, but they are in the state. What we found out is that even though our numbers may seem to be a little less than some of those peer cities, but it is not apples to apples comparison, because in some of those cities you do have mandatory inclusionary housing requirements or some other things that factor into the equation.

We feel that where we are at today the numbers that we share with you is a good starting point for our City. It is comfort level with our development industry, but it is also a way to put [inaudible] in our affordable housing program as well. We feel comfortable that we are starting in the right place, but she is going to share some stories with you in terms of giving you examples that were tested and also how we got to the numbers that we got to. Hopefully, within the next 10 minutes we can do that and then we will open it up to questions.

Monica Holmes, Planning said before I get started I will just let you know that this presentation is really broken into two major topic areas, and it is details of the TOD Ordinance and the analysis work we have been doing. To set the stage, the ordinance is a little over 85 pages; what you are seeing tonight is in response to about three pages of that entire ordinance. We are not going to be talking about the whole ordinance; we are going to be focused on these two components, the first of which is the Bonus Structure and then the Economic Analysis work that Taiwo was mentioning in response to that structure.

When we talk about the Bonus Structure we are really talking about two things; first of all is the additional height. Most cities in the nation really just set the height at what the height should be so, a lot of cities just say this is the height limit of a district so that could be what they set during the comprehensive planning process, during the area plan process and it creates predictability for the neighborhood and the development community. So, in this district you can build buildings this tall. That is kind of the Option 1. Option 2 is the negotiated optional process, which is what we as a community do. We have a set height, but in some of our zoning district we open the door with what we call an option where you can come in through a City Council vote and change the height, so it is an optional. It is a negotiated process. If you want to change the height; well, what are you doing for us or are you doing anything for us? There is kind of a big question mark to that. The third is where there is a height, base and policy and then there is extra height you can get with certain benefits, so you will see this is what we are proposing through the TOD Ordinance. It is also what several of our peer cities do so, more cities, especially ones that are redoing their ordinance currently are using this third option, one of which we talked about at

Transportation and Planning Committee (TAP) last week is Pittsburg which is where some of you will be going to visit soon.

There is also an addition to the height with our bonus structure are some new tools that we are talking about which is a horizonal bonus so the ability to provide less open space in exchange for five percent affordable housing or build longer buildings for affordable housing. Not only does our bonus structure have height but it also has some horizonal bonuses as well. That top thing you will see is sustainability so, we went through several rounds of edits with our Ordinance Advisory Committee, with our Planning Commission and we really have been trying to get the list of bonus options to a very tight compact list. During that discussion we talked about do we leave the sustainability environmental options on the table. They are a development commodity; a lot of the development industry is already doing these things so, we said is it worth it if we really want people to do affordable housing and infrastructure do we end up compromising those if everyone chooses sustainability and environmental. What I'm here to say is that right now we have three still environmental options in the bonus structure so that leed, on-site energy and the additional open space. In the hearing draft that you received last week, you see all of these options on the table to be able to get a bonus.

I'm going to spend a couple minutes just focusing on the affordable housing component of that bonus structure. The affordable housing component really has to options for height; one is the on-site option where 10% of every extra floor you want to build has to be dedicated to affordable housing units. So, that would calculate out if one floor or your building is about 40,000 square, that is approximately four affordable housing units that you would have to have throughout your building in order to build that one more story. So, that is kind of the on-site option to do one story. The off-site option, which is what we are going to continue to focus on, is a fee-in-lieu. So, for every square foot you go over the height limit you pay $4.75 per square foot of additional height. If you are in office building per se and you are not going to build residential units in your building, that would likely be the option if you wanted to contribute to affordable housing to go the extra story, you would do the $4.75 per square foot. You could also donate land suitable for affordable housing within a half-mile of a transit station, or you could acquire and develop off-site affordable units within a half-mile of the transit station.

Let's talk a little bit about what the office option looks like and this site is the dimensional fund advisor site which is at the corner of Camden Road and South Tryon Street. The top floor of that building is at 129-feet at the floor plate and so that top floor would trigger the need to have a height bonus, so the new base height is 130-feet; they would have occupiable space above that 130-feet so the top floor would trigger the need for a bonus. It is about a 40,000-square foot building floor plate so one story, that is 40,000 square feet over the height limit, multiply that by that $4.75 and you would get about $190,000 in fee to the Housing Trust Fund. What you can see here is kind of a more graphic way to look at what that actually looks like. So, high rise office by ordinance about 10 stories, that one extra floor $190,000 to the Housing Trust Fund.

There are other options that this developer could have chosen to get that extra floor aside from just paying the Housing Trust Fund. In the bonus structure as proposed they could also participate in the Business INClusion Program and get 15 points. One point is equal to one foot, so they would need about 15 feet to get that extra story. They would meet with the City, set target, achieve those targets with small, minority women owned businesses and get their 15 points. They could also do LEED-Silver; that would be about 15 points. They could do five percent additional public open space, or they could participate in a capital project based on the tax value of their land. So, it would be a percentage of that tax value and the project would have to be on an adopted plan and within a quarter mile of their project. It also cannot be a project that they would be required to build as part of the impacts of their development. So, if it was a transportation project, and it was already required as one of the impacts of their development then they could not choose that option as part of that. These are just some of the other ways aside from the $190,000 that they could receive points.

It is important to remember here that this choice really takes place when you are going to build and to pull a permit, so this isn't something that once we agree to the menu that we are agreeing that all of these are of value to us and that we are okay with what choice the developer makes. Once they decide which they want to do we can't say no, no we don't want you to do that one, do this other one, it doesn't work that way. They choose that one, they do it, they get their points.

Now, let's talk about the economic analysis which is the work we've done since December when we first talked to you about this. The economic analysis was really for us to build on prior work so we used the market study which we wrapped up in December and we hired an outside third party with expertise in this specific topic to look at the ordinance so they had not actually worked on the ordinance, they are not part of our ordinance team and we gave them ordinance and we said we want to test a couple things in this ordnance to see how it impacts development right now. It is important to note too that the work that they looked at is a snapshot in time as to how development is being built today, and what is feasible today in the current market cycle that we are in.
We also said they had the work that they could use from that prior to study, so we could synthesize and look out to say if this number of housing units is projected, they might be built in this type of construction, so we can take one small project, see how it would pencil, how it would work and then extrapolate that for what our overall demand is over a longer period of time. An example of that would be to say, we look at everything that demand our market study projects, so 4,700 housing units on the Blue Line south of Scaleybark. If those were all to be built of a specific construction type, like surface apartments, then what they would they be feasible? How would they be feasible? Could they be built this way? You will see what I'm talking about a little bit more in just a second.

The economic analysis report; again, we tested two project types and how these were selected is we wanted to see; these were the two we really thought were opportunities to use the bonus structure, so they are at opposite ends of the spectrum. The first project type we tested – high rise office building in TOD urban center. Think South End high rise office, does it work. Ground floor retail, ground floor restaurant, the very highest density end of the TOD spectrum. The second one we tested was surface parked multifamily in the TOD transition district. That is our least intense district; that is a district we do not currently have in our zoning ordinance. It does not exist. Think one of the stations like a Woodlawn Station, a Tyvola Station, a Tom Hunter Station where we have seen very little development thus far and three and four-story surface parked apartment building. We wanted to test those two projects and then we tested two sensitivities. So, we tested our new proposed open space standard, and in the top one that would have been five percent, so right now in all of our TOD we require about one percent of the lot to be dedicated to open space. The new ordinance proposed five percent in our most urban district and 10% in our lower intensity districts like the transition. We wanted to see how does that impact development and also, we wanted to test the bonus structure. So, how did that work?

Project one the high-rise office with that ground floor retail, what we found out is it is actually feasible with both the open space and the height bonus with the fee-in-lieu. The open space had a little bit of impact on the return, but the project still penciled. It was still a very viable project. We also found out that the height, until you have to change construction type, it is more beneficial to opt into the bonus than it is not opt in. So, the value of that extra story is actually more valuable to the developer than it is to pay the $4.75 a square foot. So, there is still incentivizing to go up. The result is if we had used this method with the projects that either have been built or entitled, it would be about $3 million to the Housing Trust Fund that would have been paid, if of course, if everyone had chosen writing the check as their option. If you want to look at what that could have resulted in it could have resulted in approximately 100 affordable housing units without City investment. So, we actually as parts of our affordable housing program. It is about $30,000 per unit that we are giving in gap funding through the four and nine percent deals. So, if you were to say $3 million, about $30,000 per unit that the City is putting into that deal. It is about 100 affordable units. That would have been the result of those contributions.

If you look at this bottom number here our projected office demand, according to our market study is a little over 4 million square feet in office. So, it is impossible for us to be able predict and say how many of that square footage would be over the bonus, because we don't necessarily know what type of building and where it is located, but that just give you some idea that there is a good amount of demand for office along our Blue Line and in the next 20-years a lot of it is going to be built.

Councilmember Winston said is that future demand along the potential TOD zoned or is that in the whole City?

Ms. Holmes said no, this is just on the Blue Line. This is 4.2 million square feet of potential office demand is between now and 2040 just on the Blue Line. It does not include the Silver Line; it is does not include the Street Car. It doesn't include uptown; it is just the Blue Line outside of uptown.

So how did the Garden Apartments perform, how did the surface park apartment perform? These are three and four-story apartments and in the short term the increased open standards in our current market cycle does impact development. It is a little bit higher than what people are building, and the projects in general are becoming more and more difficult to build. It is not just the zoning ordinance; there are a lot of factors that play, there is tariffs, labor, construction and just a softening higher interest rates. The apartment market is already softening a little bit, so in the short term the increased open standards are going to have a slight impact on development. Over time, our consultants really felt like that is going to normalize and even itself out, so it doesn't necessarily have long-term impact but it has short-term impact.

The bonus program though actually increases the feasibility because it encourages participation because of the open space reduction. So, the open space reduction that is in the proposed bonus structure actually increase the feasibility more so than the ordinance by itself and more so than one-story of height. So, the way we have the open space reduction if you get a 50% reduction and one floor, if you do five percent affordable housing at 80% AMI. You get a 75% reduction and one floor if you do five percent affordable housing at 60% AMI. Now remember, our current standards are one percent open space; we are increasing that to 10% so even at a 75% reduction you are still getting more open space than you are getting today. So, the way we see that is that they have public benefits and that we feel comfortable with having the affordable housing in exchange for the open space.

Another big take-aways that our consultants had was that in this current market, we need to do everything we can, like this open space reduction, to normalize mixed income housing so that our development community can get comfortable with having affordable housing units in market rate development, and the more that we can do that and the more we can encourage that the more it become normal practice and the more our community will see it continue to happen. There are some current fears as to monitoring and what that monitoring looks like. We have Housing and Neighborhood Services here and we all worked on this together, and we felt pretty confident that we have a system in place for that, but we just need people to take advantage of it and to start doing it. So, you can see here, I took the demand for all of the stations where we've seen little investment, the total demand for apartments in those nine station areas over the next 20-years is 10,720. If all of those were to use that five percent, it would result in about 536 affordable units that would be blended in private development and again, at no City investment would be necessary there.

So, the general conclusions are that the bonus structure as proposed will not slow development. Multifamily is becoming difficult to build in this market cycle and there is a lot of outside influences, so we need to make this attractive, but there is going to be a lot of other things that continue to make especially surface park multifamily difficult to finance and build. We really feel like TOD is an opportunity to focus on these wider City priorities and put them into action so things like affordable housing, economic mobility with the Business INClusion Program, the environment and infrastructure. We really feel like this is a great opportunity to implement some of those broader goals.

I also wanted to point out that we are not alone in this, so all of the Cities we talked about last week and looked at these four cities. All of the ones with yellow boxes also have a bonus program that they use, and they have different components and different ways to get points, but there is a lot of similarities in ours proposed that they have implemented. I feel like we can continue to learn from them and see what best practices are and tweak as we go along as need be. I want to remind you that we will be back in two weeks for the public hearing at City Council during the Zoning Meeting and we will also then be just going straight to Planning Committee the next day for a discussion and recommendation, Transportation and Planning Committee on the 25th and an April decision.

Councilmember Egleston said I think it was a useful exercise for us to do this economic analysis, and I think it provides some good information and good context. Obviously, people who are building anything that is completely non-residential would be doing fee-in-lieu if they are choosing the affordable housing option, not on-site development, but in the conversations, you've had with developers what is your sense of how many of them will choose when doing residential projects to building on-site versus pay the fee-in-lieu?

Ms. Holmes said with residential developers I think the open space reduction makes it much more attractive. I think the fee-in-lieu, we've heard that people just aren't going to do it. You are either going to do the on-site, or you are likely not going to do it because of the way the numbers work and the height limits in each of the districts. It seems a little bit trickier. I haven't heard that much from them about the family; I've heard more from the office developers about the fee-in-lieu.

Mr. Egleston said it seems like our preference would be for them to build it on-site because it deploys it more quickly, cuts out some steps in the process of getting it on line and then also does more to your point to normalize that as just what should be a new standard for building residential in this community and disbursing it throughout the City.

Ms. Holmes said I did want to point out that with the horizonal bonus, which is what we've heard from the development community, especially residential developers is that is the most valuable you cannot fee-in-lieu that. With the horizonal, the five percent affordable housing, you cannot fee-in-lieu that. You cannot do off-site. It has to be on-site to get that bonus. I'm glad that you brought that point out, but I think it is important to note that in that five percent horizonal bonus it has to be on-site.

Councilmember Eiselt said so, the fee-in-lieu is really geared to residential, right?

Ms. Holmes said I think the fee-in-lieu would be used by office developers specifically in this high-rise office, at least both of our studies have said that those would be the most likely candidates, at least in the beginning, because of where the height-limits are and where the change in construction type is, that is where it most utilized.

Ms. Eiselt said but the goal of in-lieu is to encourage affordable housing.

Ms. Holmes said it is to encourage the contribution to affordable housing where you are in a scenario you are not going to build it on-site.

Ms. Eiselt said so then if you go to our bonus structure, other options, those are just to fulfil other goals, having nothing to do with affordable housing?

Ms. Holmes said that is true. That [inaudible] other goals that we have heard from the community and from you all are important and have value. We've been trying to balance those; we've gotten them to about eight total. Honestly, one thing would be if you said we are going to LEED-silver, and you didn't do LEED-silver. Before you could get your certificate of occupancy for your building you would have to do the fee-in-lieu so basically if you commit to doing another one and you don't execute on that promise then you go back to your fee-in-lieu scenario. We want to make the fee-in-lieu option very easy, write the check.

Ms. Eiselt said so I guess what I'm saying is if the fee-in-lieu is really geared towards commercial you are not going to get any units, because it is a commercial building and then if you go to the bonus structure that is not going to get you anything either, because those are geared towards, well we would love more sidewalks or we would love environmental of economic mobility, right because the infrastructure for instance, capital projects percentage of the 15 points, let's say that comes out to $100,000. In effect that $100,000 replaces what we would have spent in our own budget on sidewalks.

Ms. Holmes said not necessarily. I think you would look at project over time what are important projects; they have to be an adopted plan, they might not necessarily be funded projects yet, so it is not one to one. Our goal really was to make affordable housing the easiest choice. The capital project, while it is great, you have to identify the project, sit down with staff, figure out how are you going to – our preference is for them to build the project. If they are not going to build it, they are just going to give money. I think there is a layer of complexity there that developers are going to choose what is easy also.

Ms. Eiselt said I guess my point is it doesn't feel like we are getting closer to using these bonuses for affordable housing because if you look at – let's say everybody decides they want to us infrastructure points, and now we've said that infrastructure is going to get built faster than maybe we would have scheduled it to get built, but we are not saying let's move money in our budget over to affordable housing because now all of a sudden we've got all these private developers building sidewalks. So, I guess it is more of an observation and you've said you don't really see the fee-in-lieu as being chosen.

Ms. Holmes said I don't think I'm misunderstanding exactly what you are asking, but to be very clear you can't set the height. The height has to be in line with our adopted policy, so there is no intention, and we cannot lower the height to make people opt into the bonus. We chose the two that we studied, because we think those are the two types of projects that would most likely need a bonus and actively want to use a bonus.

Ms. Eiselt said I guess I'm not saying it very well, but it really comes down to have we articulated what our priorities are when we want to give people bonuses, and I'm just wondering if we've weighted in a way that is going accomplish really what we want to accomplish. Is our goal to get as many people as possible to use the environmental bonus points? I don't know. I think I'm going to have to process a little more.

Ms. Holmes said I think what is going to happen is we are going to have to learn and see how these get utilized and then as we go through the Comprehensive Plan and the full UDO if we end up eliminating choices, if we end up kind of consolidating them that is where we will head.

Mr. Winston said I think this was something that we talked about in Transportation and Planning last year as we were going through this TOD process. The bonus structure, I think you guys went back and added more stuff to it, because we said we can't count on developers just simply to pay money to build more affordable housing, but the way we are looking at solving the problem is through building better neighborhoods.

So, if there is an environmental aspect of it, if there is a transportation infrastructure portion of it between those three things we are still getting to our priorities. We told staff these are our priorities as we are attacking this, yes, we would always like units, but we need different options to get to that as we look at building better neighborhoods.

Ms. Eiselt said I understand that, but the more priorities we put in there the more we are diluting the impact on anyone of those priorities if you are giving people more and more choices.

Ms. Holmes said that is true; I will say there was a moment in time where we had 24 choices. We've gotten the list down to eight choices. At one point we were down all the way to three choices; we heard a cry to add some back. We feel like we are in a good spot, and we feel like with the couple that we have for the five percent affordable housing that those are going to get used. We've been working with the affordable housing community; we've been working across the board to try it and weigh that. Honestly, we are going to have to put it in action and see what people find attractive and start using and then recalibrate.

Mayor Lyles said to your point if everybody opts in and we end up having $20 million that we are void in transportation needs, that is an annual decision from tracking the bonus.

Instead of that $20 million there is some that would just move up, you actually have a choice there. That is a small detail compared to trying to figure out this waiting thing.

Councilmember Ajmera said overall, I liked how the options are being presented because it presents the Council's priority being affordable housing, sustainability, infrastructure and how does that compare to the cities such as Nashville and Raleigh? You are taking the best practices from other cities to implement it here which is great. There are several recommendations that had come from the SEAP that we had approved last year, and I do see some of that has already been incorporated so kudos to Taiwo and your team, especially with incorporating the LEED certification and incorporating the open space. Have we also looked at the on-site energy generation, because I know that building does produce emissions, and that is actually a pretty big component in terms of 2030 and 2050 goals? I wasn't sure if that was something you had looked at and second was the EV charging stations, especially for a parking lot that has over 100 parking spaces.

Ms. Holmes said so the on-site energy generation, that is in the structure in the hearing draft, so 25% generating that on-site is in the hearing draft. We carry that forward because we did hear that was a priority outside of being just in LEED, but that as a separate component was important. The EV charging stations, the way the ordinance is currently drafted is there is not at current time a bonus for it, but EV charging stations do not count towards your parking total. There are marking maximums in the ordinance as proposed, but if you were to put in EV charging stations they would not count towards your maximum. We feel like that does encourage people to put EV charging stations in their development, because they are free parking spaces. If the market is demanding more, that is something you could build into your development and we would encourage that in that way. I think as the technology continues to improve it is something we can definitely continue to look at and figure out how it fits in this structure.

Ms. Ajmera said okay, great because that does incentivize the EV charging capacity. Would you be tracking some of the bonuses that are being used for us to reassess? because this is something we are also experimenting with, how well some of the options are being used versus how well some options are not being used at all. As technology continues to evolve we will have to reassess some of these options. I think it would be important for us revisit this at a later point in time where we can really look at it from performance matrix.

Ms. Holmes said we will definitely be doing that and tracking these and seeing how often they get used, what gets used. The great thing about the TOD Ordinance is that it will proceed the entire UDO by a couple of years, so it will give us some good information when we go to the whole Unified Development Ordinance while we are writing the Comprehensive Plan to kind of see how successful these things are. I will say that just from a phone call with Pittsburg, who has been doing this, the environmental ones are actually the ones that are first to get chosen. Now, we put a cap on the environmental ones as to how many points you could actually get in the environmental, so that you can't do all three of the environmental and get a huge amount of points. The maximum number of points you can actually get from the environmental is 20 points, so the 20 you can get there. If you are going above that you are going to have to pick another option. The reason for that is to encourage diversity in the project.

Councilmember Harlow said we've got this 130-foot height limit and I appreciate these different menu options and bonuses. I think some of them are very creative, and I think when you lay that out. it creates a little more streamline process; here is what is and pick one or two. Are there any concerns about an office developer coming in and just doing, because there is no maximum above the bonus, doing some ridiculously tall office building and just paying the fee?

Ms. Holmes said our market study did look at – if you have to change construction type; so basically, if you have to do sub-terraranan parking that would change the dynamic of the success of it. Basically, there is going to be number one, the market that demands how tall you can actually lease a building and then also if you are blasting and doing sub-terraranan here in a place like South End with a number of brown fields you are going to end up in a logistical issue. In our current draft, you can only go as tall as you want if you are within a quarter mile of a station, and you are in an urban center. So, that is only one of the four districts; the other three districts there is a second height max. So, you can use the bonus up to a certain point, but there is a height max there.

Mr. Harlow said we get the benefit of the fee-in-lieu that adds into the Trust Fund but then we have this kind of huge building prospect and the market might not demand that. I just thought about it.

Ms. Holmes said I think we are going again have to learn and see when you are making a zoning decision and putting the zoning district on the ground, take that into consideration when you are doing planning efforts, take that into consideration as to that district. How intense it could be, and is it appropriate where it is being use?

Mr. Harlow said the second question is kind of around affordable housing and for lack of a better term double dipping. Could an affordable housing developer come in and develop on this new TOD plan and then also get a bonus while also getting Trust Fund dollars?

Ms. Holmes said yes.

Mr. Winston said they would have to pay that back.

Mr. Harlow said they don't have to pay it back; they can do it with open space or something else, it is not necessarily a check payment. I was just curious.

Ms. Holmes said to be clear we don't have any affordable housing developments that have used structured parking so what we are looking at is the surface. You are looking at the open space reduction –

Mr. Harlow said I see in those garden apartments three-story.

Ms. Holmes said yeah, you are looking at open space reduction and you are looking at a longer potential building. That is why we actually did the second tier or rates for 60% AMI to get a little bit deeper in the spectrum, but yes, somebody that is putting together a subsidized deal can use those in the structure. Our goal is to get units in transit station areas.

Councilmember Driggs said it looks like the economic impact analysis you did was to compare the bonus or fee-in-lieu situations with not using them to see whether or not they were likely to be of interest. Is that a fair statement?

Ms. Holmes said no, it was compared against the current district then the new ordinance versus our current TOD ordinance and then we added a layer of saying our new ordinance with and without a bonus. It is basically three tiers.

Mr. Driggs said can we get the whole report?

Ms. Holmes said sure, we will be delivering that towards the end of this week.

Mr. Driggs said my point is, I'm trying to get my arms around the whole TOD now versus earlier and whether it is more restrictive from a developer's standpoint, where for example, you could have only one percent open space before, and now you have to pay if you want to get down from five percent to one percent. What is the impact economically on our economy of that? For example, if we introduce new taxes and things like that it affects choices people make; it affects job creation, and I'm just wondering if this is onerous or not onerous from the standpoint of the developer community in its entirety compared to what we had before.

Ms. Holmes said we did not look at every single standard and do an economic analysis of every single standard. We chose two standards, open space and the bonus structure, and as I mentioned open space and the bonus structure for the high-rise office had minimal impact and kind of normalize. So yes, there is a cost associated with them, but the cost associated with them is minimal enough that it does not weaken the ability to do the project. The apartment with our current ordinance and with the new ordinance they are very questionably feasible right now. If I was an apartment developer and I was going to go start a new project in a transit station area it would be very difficult for me to make it work under out current ordinance or the new ordinance. With the new open space standard today, it makes it more difficult. Now, if it is not able to be built in either scenario, more difficult is just more unable to be built. That really didn't make sense, it is basically a lower level but over time the opinion is that we are going to have to see what the market cycles do, but over time all of that is going to equal itself out.

Mr. Driggs said so based on the work you've done, when I talk to developers they are not going to be howling about how this kills them?

Ms. Holmes said I don't believe so.

Mayor Lyles said at the public hearing I'm sure we will hear from them.

Mr. Driggs said I'm just trying to get a sense of this. What kind of a burden are we placing on our economic progress.

Ms. Holmes said I will say that the consultant, BAE did have a closed-door meeting without staff there with a cross representation of developers that can develop all different product types, so they got an ear full about everything that might or might not affect their bottom line and feasibility of projects.

Mr. Driggs said just put some pictures of action heroes in the report before you send it to me.

Ms. Holmes said it is a lot of spreadsheets and tables, so you will really love it.

Councilmember Phipps said I'm curious as far as the bonus structure for affordable housing wherein you will build the units within the additional space that is given. Is that a form of inclusionary zoning?

Ms. Holmes said no, this is all a voluntary program.

Mr. Phipps said it is voluntary inclusionary zoning rather than mandatory.

Ms. Holmes said it is not inclusionary zoning, but it is a voluntary bonus so it is a voluntary density bonus. The units can be anywhere in your development but let's say you have a 100-unit development if you are doing the five percent open space reduction then five of those units would have to be affordable. You are opting to choose that because you want the open space reduction; you do not have to choose that, you can build a building and meet the standards exactly as you see fit.

Mr. Phipps said I just want to make sure we are not running afoul in the future of somebody saying hey - now the other cities that you studied, do they have the power to do inclusionary zoning by their legislatures?

Ms. Holmes said Nashville does not; so, Nashville actually had affordable housing in; they ended up taking it out because of their state legislature so they do not. The other ones do but I don't believe Pittsburg has a mandatory program, I would have to lean on my housing. Seattle had a voluntary program; they switched to a mandatory program; Denver has a mandatory program, they have an incentive on top of their mandatory program that is voluntary, so they basically have a combination. It just depends, we have peer research if you really want to get into the weeds on the fee-in-lieu versus mandatory, versus voluntary.

Mayor Lyles said I've heard a lot about the building LEED Silver, but there are other programs that are comparable, and I know ours uses, you say high performance instruction certification of equivalent standards. So, we are good at doing that. I've also heard that people are doing that because of the costs of energy right now. So, I just wondered. In the book, it gets a lot of points; it gets the highest at 15, and I just wondered about the waiting of that when it has become so much of a standard just for new construction. I know that is something that people are talking about. On the capital projects one, I really am interested to see, there are capital projects, and there are capital projects. Some of our capital projects really are around our highest priorities like it takes place in a neighborhood and improves transportation and mobility options, and I like to see that defined in a way that works and focuses on the things that we set as our priorities and not just in a plan.

Ms. Holmes said that is helpful guidance; we are going to put together some criteria on that, especially the second level of that so that we have some guiding principles to that point that not all capital projects are created equally, so we want to make sure there is some clear guidance on that.

Mayor Lyles said so the next step in this is the public hearing when we will hear from all our good friends in the industry by phone or by out loud, but it is scheduled for the agenda in this month.

Ms. Holmes said yes.

Mayor Lyles said I think this is really exciting work. It is just like on everything else; we've done some things, and we thought they were really at the standard, and we've upped our standard and doing better.

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ITEM NO. 8: COMMITTEE REPORTS OUTS

Marcus Jones, City Manager said if there is anything in a Committee Report Out that would be on the March 25, 2019 agenda, if we could just get those items in front of the body and then the business item from a process standpoint. Those are I believe the highest priorities right now.

Community Safety

Councilmember Harlow said the Community Safety Committee met on February 20, 2019. We were moving through some prior agenda items and the agenda item that will be on our March 25, 2019 Business agenda has to do with residential rental registration and remedial action program. This is really just conforming our local ordinance to State law; State law was passed in January 2017. Our local ordinance wasn't in compliance anymore. Before the registration was mandatory, there were administrative fees for various meetings and failure to comply with the rental ordinance could result in an actual misdemeanor crime. State law kind of took all of that away and the registration is now voluntary, removes the language around administrative fees, adds language about a right to appeal, and there are no criminal charges anymore. There are civil penalties but just very minor, just $50, so this was more of a technical thing, but that is something we have to move through our Business Agenda. We are still discussing the Noise Ordinance; that is not ready to come to full Council yet, but we are still filtering through that with Noise Ordinance and amplified sound.

Mr. Harlow said the Committee multiple conversations around the Noise Ordinance and amplified sound and that has already been previously referred. As we try to use Community Safety as more of a non-police Committee we want to deal with fire, we want to deal with community relations. More conversations came up around Picketing Ordinance and the Parade Ordinance and from a comprehensive approach, while we tackled the Noise Ordinance and amplified sound we felt it right to get back in there as well to allow the legal staff and also the C-DOT staff who does permitting to be a part of that full process.

Councilmember Winston said we would like to refer the Picketing Ordinance as well as the Parade Ordinance to the Community Safety Committee so we can really work on this in a comprehensive approach. We think that all three of those Noise Ordinance along with amplified sound, Picketing and Parade Ordinance work together and to deal with one of those alone is just going to be sufficient and we don't have that charge for staff in the work we are doing in the Committee right now.

Mayor Lyles said the original charge was for the Noise Ordinance and you want to add the Picketing and Parade Ordinance to it?

Mr. Winston said yes ma'am.

Mayor Lyles said well let's work with me, and we will get a charge out to you written up in a way that works.

Environment Committee

Councilmember Ajmera said the Environment Committee met last month and we reviewed the tree canopy assessment and our goal which is 50 by 2050 that was set by our previous Council. Currently, we are not on trajectory to meet that goal with our existing programs and policies. There were several questions that were asked by some of my colleagues about canopy loss percentage, categories of loss, what kind of trees we are losing and the impacts of these losses, whether it is environmental impact, economic impact. Some of this data will be coming back to the Committee next week, and we will also be taking the tour of several sites that we have worked on through preservation or protection. So, we will be visiting some of our tree canopy in our March meeting so if you would like to learn more about out tree canopy please join us on March 14, 2019. Some of this data and site visits will inform our policy decisions around urban forest plan and our goals. Also, some of this data will also inform our questions around the programs that are in place, especially we had a pilot program for one of our neighborhoods to take care of our trees and some of those programs are actually very highly sought after, so we are looking at implementing some of these programs to ensure that we continue to support our urban forest plan and also address some of the needs around the trees that we have in an area or neighborhood that is gentrifying. As part of this plan, we will also be reviewing the Tree Ordinance, especially as part of our overall UDO. That is where we are with our tree assessment and our tree canopy goal.

Housing and Neighborhood Development

Councilmember Mayfield said our next meeting will be on March 20, 2019, because we are going to be having our Dinner Briefing on the NOAH policy that came out of the Committee on the 25th. The biggest thing we will be working on between March and April is completing our Consolidated Action Plan, which is our application to receive our federal dollars as well as reviewing the proposed nine percent developments that we talked about as well as over the next two months what was referred to Committee last week, the update from Code Enforcement so that we can get a better idea of that snap shot and giving staff enough time since that was just mentioned last Monday for them to pull that information together for Committee.

Transportation and Planning Committee

Councilmember Eiselt said we have been very busy but the month of March, the action items that we have really have to do with the Vision Zero Strategy. As you know the Council has been looking at adopting Vision Zero as our own, we did that but officially we would like to become a Vision Zero City. Vision Zero has a goal of eliminating traffic fatalities and serious injuries. Every decision that we make about transportation, access, connectivity and mobility will be through the lens of Vision Zero and Vision Zero will focus on how we build and retrofit streets to protect all users, pedestrians, bicyclists, transit users, motorists, and yes, scooter riders. It also emphasizes community outreach and education but importantly it is going to emphasize enhanced enforcement because in Charlotte speeding accounts for 45% of the traffic fatalities in our City over the past five-years. It is important that we change the culture of speeding, and we can accomplish that by lowering speed limits, which we have done in school zones, but we could do that in other problem areas and increase the use of technology. That will come before Council on March 25, 2019, and it will be a Proclamation that will declare Charlotte a Vision City officially. I just wanted to mention that, because it is in the month of March the Comprehensive Vision Plan does have some dates of engagement so even though this isn't a Council vote in March I just want to remind people that they have an opportunity to go hear about the Comprehensive Vision Plan and if you go to charlottefuture.com/2040 you can get those dates three dates in March as three opportunities to hear about it and get free refreshments.

Intergovernmental Affairs

Councilmember Egleston said Mr. Bokhari has already covered some of our and you've got it in front of you for next week [inaudible] Washington, DC. I would like to thank everybody; we've got a really good group going. Two weeks ago [inaudible] Other upcoming opportunities two state delegation listening sessions, one on March 9, 2019 at South [inaudible] Regional Library and one on March 16, 2019 at Davidson Town Hall. Our next meeting is March 18th; we'll be getting updates on NLC meetings and getting update on what is going on in General Assembly and our actions for the next couple months will be just reaction to or dealing with things that come out of Raleigh or Washington that we might not have been anticipating, and we will react to those as they occur, but other than there is no scheduled action for the meeting on the 18th. It will be mostly updates.

Economic Development Committee

Councilmember Mitchell said our last week we had great conversation about the Opportunity Zone so, in the next 30-days, we are asking that when we are at the National League of Cities we have opportunity to talk to Congresswoman Alma Adams, Senator Tom Tillis and Congressman Patrick McHenry to express our concern around Opportunity Zone. Within the next 60-days, we are going to roll out an Opportunity Zone website, so more information to come and our next meeting is March 28th at 12:00 noon.

Budget and Effectiveness Committee

Councilmember Phipps said the Budget Workshop is going to be on Wednesday, March 6th at 1:30 p.m. I want everybody to clear their calendars and be in attendance.

Mayor Lyles said so at our Business Meeting we can expect to see the Vision Zero and NOAH policy and the residential rental registration on the 25th. We will talk about writing the charge for the Noise Ordinance and why we are going to tie the Picketing with it.

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ITEM NO. 5: AGING IN PLACE

Pam Wideman, Director of Housing and Neighborhood Services said I want to introduce Cherry Grant; Cherry is your Program Manager on Aging in Place. She has done a phenomenal job and without further ado, Cherry.

Cherry Grant, Housing and Neighborhood Services said I am the Program Manager for the City of Charlotte Aging in Place Pilot Program and very quickly we are going to accomplish some information and background for the Aging in Place Pilot Program as well as information about the structure, timeline and some of the activities that that have been completed in connection with this program since it has launched.
As you know in 2018, City Council allocated $500,000 for the Aging in Place Pilot Program and the Program was developed to support senior homeowners who want to continue to live in their homes in spite of incurring substantial tax increases due to the property re-evaluation. The Aging in Place Program will provide grants to those senior homeowners that qualify; that will allow for them to continue to age in place. It is important to know that the City Program is aimed to assist those low to moderate income senior homeowners that have an income more than $30,200 per year, but less than 80% of the area median income. Most people ask where that $30,200 limit came from, and it is to ensure that this program operates as a compliment to the senior homestead exemption that is offered and operated by Mecklenburg. So, the maximum income that a household can receive and still qualify for the

senior homestead exemption is $30,200, and you will also see the various household maximum incomes that fall within that 80% AMI range.

Just to give you more information about the program applicants do have to be age 65 in order to qualify for the program and they can turn 65 at any point within this calendar year. They also have to meet the income requirements as well as have their name on the deed to the property, and it must be their primary residence and located within the City of Charlotte, because we are looking for those folks that are actually trying to age in place and have been within communities for an extended amount of time we do have a requirement that the home be owner occupied for at least five-years in order to qualify for this program. One huge thing that we pay attention to is that continued ownership is threatened by a significant financial burden incurred by the tax increase of at least $100.

The minimum grant amount for this program will be $100 with a maximum grant of $1,000 and never will the grant payment exceed the amount of City taxes due. So, grants will be based on the percentage increase of the total City tax amount due on their 2019 tax bill versus what was due on their 2018 tax bill. Right now, we don't know exactly what the grant amounts will be, because those things are determined once the tax rate is set by both the City and the County. It is also important to note that anyone that receives a grant that payment will be remitted directly to Mecklenburg County on their behalf, and they will be responsible for making any payments that exceed the grant amount. So, everyone will be responsible for making sure that their taxes are current for this program. If future funding is set aside for this program we would absolutely look back at those that participated in this first pilot year and ensure that all additional taxes were paid.

The current slide is just to give you a general timeline for what has been completed and what will be completed in the future. Currently, we are accepting pre-applications for this program. Everyone cam complete a pre-application in order to be considered for the Aging in Place program. That allows for them to be put into our system; we then look at their 2108 property values versus their 2019 property values ensuring that their name is listed on the property tax bill. It really gives us an opportunity to do some background vetting. This allows for us to not the burden on our senior population and really try to minimize the things that they are required to turn in with the full application which will become available in July.

Just to give you an idea of what has taken place so far; we have had over 1,000 touch points through 311 thanks to an awesome partnership with [inaudible]. At the end of every phone call for about two-weeks, every person was advised that we had this new pilot program to help our seniors, would you like more information. They completed that form if they were interested, that information was sent to me, and I am working through contacting all 1,000 people that expressed interest in the program, and thank you to my peeps over in the City Manager's Office for helping me with that process. We have had 128 pre-applications received, and that is of February 28, 2019. To give you an idea, the average applicant age is 73; the average gross yearly income is around $33,479, which demonstrates that a lot of our folks are right outside of the realm of help for the senior homestead exemption. So, it is great that we have this pilot program in place. The average property value change between 2018, and 2019 is 66%, and just to put that in context, the highest percentage increase was 188% and that occurred in the 28206 zip code. In looking at our outreach opportunities during the month of February we set up at four precincts representing every service area within the City of Charlotte from 10:00 a.m. until 1:00 p.m. to answer questions as well as to complete the pre-application forms on-site. We also attended four of the Mecklenburg County listening sessions which had an impact of about 120 folks that we were able to share program information with. With our CMPD outreach we did have 24 people to come, and we actually had 11 folks to complete applications while they were there. You will also see a map, and if you would like a clearer version I can definitely e-mail it to you but just to give you a general idea that we are seeing a nice spread across the entire City of Charlotte where people are starting to complete those pre-applications.

Mayor Lyles said I think that was all of us grateful but at the same time this is an important step that we are taking so it merits our understanding and where we want to be.

Councilmember Harlow said thanks to Council for the commitment in last year's budget and Mr. Manager for adding that in. A lot of folks to be thanked, to the Deputy City Manager, Jason Kay for kind of helping build this thing out over the course of last year and then for us to introduce it during the budget conversations. If you all don't know Cherry, she is also our Northwest Community Engagement Liaison. We need like 50 of her; if we had 50 of her, every neighborhood would get matching grants, every neighborhood would be organized, and this money would be gone tomorrow. I think it is so important, the data speaks to it, people are inquiring about this regardless of where we set the rate. This is important. We've got to lean on county counterparts as well to do a little bit more on their side and most importantly we didn't a general state statute to do this. I think that is very important to mention that we can do this on our own, the legal framework is there from the legal side. Thank you, Cherry, for the work you are doing, Council, that you again for allocating these dollars. This money should run out fast ideally, and I hope we continue to march down the road of trying to find a way, understanding that granting it out is not sustainable long-term. I'm willing to admit that, but how do we find a way to make this sustainable long-term so the City will always be a player in tax relief protecting our most vulnerable. So, thank you for what you are doing Cherry and Pam in administering this, Mr. Manager for adding it and the Council for allocating it.

Councilmember Egleston said thank you first of all, one thing you said and I wasn't sure if I misheard it, you said the grant amount will not exceed the total City tax bill. My thought would have been the grant would not exceed the City tax bill increase.

Ms. Grant said in looking at that percentage increase and excuse me for maybe misspeaking, we are looking at the increase and the City taxes from 2018 to 2019. So, at no point, I just want to always be very clear, and that is a part of me speaking with community and speaking with seniors and trying to be very, very clear that the amount that you would be granted is going towards your City taxes and it would pay a portion of that increase from 2018 to 2019.

Mr. Egleston said but it would not potentially pay more than the increased amount?

Ms. Grant said no.

Mr. Egleston said I might have misheard you; I just want to make sure, not that there is not people who probably don't need that, but I want to make sure we are helping as many people as we can. To Mr. Harlow's point, we will probably run out of funds before we run out of need. You mentioned 28206 was your high-water mark right now for percentage increase, so I wonder 28206 is the North End area and Mr. Harlow, and I share it. There aren't but a couple folks who to date have submitted applications in 28206, just roughly comparing maps here. Maybe two, three or four people so if we identify areas, and the North End is obviously very right for predatory people trying to buy houses. It is a high population of elderly folks, and obviously you have already identified it as one of the places where the increase in value has been the greatest and thereby people are going to be the most vulnerable to tax bill increased. Have we tried to identify areas that fit a lot of those criteria and proactively go out to the North End Community Coalition Meeting or Druid Hills Meeting and say this is perfect for you, we want to make sure you know about it.

Ms. Grant said thank you for that question. There was a listening session that Mecklenburg County did host at Camp North End, and I will be speaking with the North End Community Coalition. They had a huge community meeting and just due to me wanting to make sure that I was available for all of the Mecklenburg County listening sessions I was not able to attend their mass community meeting, but the information was shared by one of my co-workers. Malisa Gaston and I are working together to plan a meeting that would be specific for Aging in Place, and we would also complete pre-applications on-site making sure. The key right now is determining what is the best time. I've noticed that 10:00 a.m. to 1:00 p.m. timeframe works a lot of seniors as we are in this one to where they don't want to come out after the sun goes down, not that they don't want to come out, but don't want to be responsible for driving often times when the sun has done down and it is dark out. We are just trying to nail down a time that we would be able to get the most seniors, but I am working with the North End Community Coalition and making sure that the information is provided through Mecklenburg County. The Assessor's Office; any time a person contacts them if they don't qualify for that Homestead exemption they send them right on over to me so there is a nice partnership that is going on between us.

Mr. Egleston said Mr. Harlow and I were both at that North End Community Coalition, a large meeting a couple week ago and both talked about the program, and I'm sure a lot of Councilmembers are talking about it as they go around the community, but I don't think there is any substitute, the idea of helping people with the application on-site I think is huge. I hope that is going to be something that we do as much of as possible, because we can tell people that they should look into the program, we can give them the information. I'm sure in a lot of older community's internet accessibility or compute access and things like that and even just the comfort with calling 311 and navigating that system could be a barrier. I love the idea that we are going out and helping people with the applications on-site in person.

My final thing is just, and I know the answer is yes, but is it you or somebody else or maybe a team of people that we can utilize? I have several neighborhoods that have asked about having somebody specifically to speak about this program. Are you the best point of contact to arrange that?

Ms. Grant said you can definitely reach out to me, and we do have liaisons that cover all of Charlotte. So, thankfully all of the liaisons are also well versed in this information. Where I'm not able to attend neighborhood meetings they attend them on behalf, like tonight I was supposed to double hit Oaklawn Park and Grier Heights, but I came here, so I have a co-worker that is going to Grier Heights and then I've gotten the information over to some very trusted people in Oaklawn Park. So, if I can be there I will make sure that there is someone there to speak about the program.

Councilmember Phipps said is it possible that a client could actually get approval from the County policy and the City policy?

Ms. Grant said due to the income restrictions and with our program you have to make more than $30,200 per year and with having to make more than $30,200 per year you would not be able to qualify for the Senior Homestead Exemption. What you could qualify for potentially is the Mecklenburg County Deferral Program, but on our pre-application form it clearly states you are not able to take advantage of both programs. We want to make sure we are helping those that may not qualify for one that could quality for another, but you can't double dip.

Councilmember Newton said this is a great program, and I will admit that I did not appreciate how wonderful it was when we first talked about this last year in our budget. I want to thank Mr. Harlow for his hard work and you as well Cherry for your hard work. When I look at the numbers and I see that you still have 1,000 people to reach out to. We've got 124 in applications; my question is how was that prioritized? Is that first come first served; is there some sort of metric for need? How are we filling these as they come in?

Ms. Grant said right now, it is the pre-application form. Everyone will have to submit an application, and the application will be on a first come first serve basis. What the pre-application form allows for me to do is to start doing some of that background, so when the applications are released in July folks can get those to me as quickly as possible. They also receive our communication to let them know what your required documents would be, what we will need for income verification, what we will need to verify that you are currently living in the home, like a copy of your utility bill. We give people heads up to know that July is when the application is released. You will need these things before July and then also making sure that we are prioritizing to some extent those folks that have their property taxes paid out of escrow. Mecklenburg County, the Tax Collector operates in a funny way in that the payment that post last, if there is an over payment the refund goes to the last payer, so if a mortgage company post their payment before ours, in theory the City of Charlotte would receive a refund so we do want to make sure that we are processing escrow payments as quickly as possible but as of July the payments are processed on a first come first serve basis.

Mr. Newton said we are all assuming and I think rightfully so that we are going to run out of money here. We want to help as many people as we possibly can; I'm wondering where that cut off is going to be. Do you have any estimate of where that might be and maybe it is too soon, but do you have any preliminary information on where we might run out and then I guess we could also look at eventually the overall number of folks who have this need and where we are falling short? Could you comment on any of that?

Ms. Grant said at this point I can't comment on it. A lot of it would be some unnecessary guessing, but what I will promise is that as we get more information, as the tax rate is set, as we get more applications in I will make sure that information is communicated so that we can all be on the same page of where we are currently receiving the inquiries and the request for help, where we may be seeing some gaps and to kind of give you an idea of where those increases are falling and where we are seeing high numbers to make sure that we can all work together to share the message that this program is available. One thing I did forget to mention is that we do have some more on-site in site opportunities. You will be receiving this information through the office of constituent services to share with all of the folks in the City.

Mr. Newton said I think this year the reval hit a lot of folks hard. It is going to be really great to have that information going forward for future revals and for us to consider that need in the future in the coming years in our budget process.

Mayor Lyles said I think that is a good Segway to Mr. Jones, because this was funded one time; it is the first time. Revals are going to be every four years, and we are helping out the first year, but year two is coming up. So, we need to be thinking about this. Mr. Jones can you help us think about what is next after this year?

Marcus Jones, City Manager said first of all and I think everybody feels that is in the room. Cherry has been us three years; she is our future. She is amazing, and I'm just proud of her tonight as well as some of the folks on the team that are helping. Kudos to Council, because again, you had the foresight to set aside funds in the 2019 budget knowing that this would happen in 2020. I've got to make sure we've got the right numbers that are on the screen in terms of what was set aside. It may be a little bit more, but let's just stick with what we have here for now. There are many ways that you could do a program like this and very fortunately some of the information we have now is way before July 1, 2019. So, a lot of this is just testing; we actually have a relation with the City of New York where we are going out and doing some canvasing of neighborhoods, but having said all of that, this potentially will be over subscribed. There is also an opportunity in the FY20 budget to have money set aside for Aging in Place and we could combine those two pots of money. As we set up this program and folks become eligible there are certain things you could do. You could actually say the pot of money is X, and you could have a prorate concept instead of if someone were going to get $1,000 in order to get everybody on the list you may get $972. So, as we go through this, and I guess what I'm trying to say is that we are still in the very early stages. We wanted to talk to you tonight to make sure that there isn't something that is so far off kilter that you would hear about it and say well why did you do that, but right now, we are just gathering the information. I thought it was very good in terms of using the 311 calls to gather information but as we start to go through this pre-qualification phase and as we look at the data set; we have to do a data set differently than what the County has right now. So, we have to put some filters in, including making sure that we have those properties that someone is living in for five-years. So Mayor this is step one so Aging in Place, you don't age in place for one year so understand we have to think about 2021 and 2022, but I think the creativity with the program should not be left without some appreciation for the team that is working on it, and it is evolving.

Mr. Newton said if we are putting aside and from I think I understood you to say Mr. Jones, is that we could put aside the same amount that we have right now over the next four years and have a fund that we could then use for the next reval. Having said that, seeing as how we included this is in our budget we could do this in a revenue neutral way, couldn't we? We would have the same threshold regardless and still have the $500.000 on that yearly basis moving forward.

Mr. Jones said the revenue neutral conversations on the revenue side, but on the expenditure side we have an amount set in the budget, and you could have that same amount set in 2020.

Mr. Newton said completely balanced exactly where we are now and being consistent.

Mr. Jones said yes.

Mr. Harlow said I think it is important to know after this first year, and it might even take two-years really; you will get a sense of the data of what the real need is. Making the assumption that $500,000 will go fast it is not to say we will fund the whole thing forever, but it gives us a sense of what is the real need and then how do we create it into a way that makes sustainable. We've had the conversation around deferrals and things like that and that is something I imagine might come back up. The thing Mr. Driggs even brought last year in the budget cycle around loans and stuff like that. We don't even have the real data yet of what the true need is, we just knew that this would happen, and so it was something we know we would have to do something, so let's do it now and hope that we learn a lot more about it going forward.

Councilmember Driggs said one of the things that concerned me about this was, it is kind of like a one-year deferral on the problem. It doesn't solve it, and I think we are recognizing the money could dry up so getting back to what you referred to; the other thing that goes through my mind is anybody whose house went up in value by 166% or 200% has gained in terms of their net worth a couple hundred thousand dollars, but the problem is they don't have liquidity, which is why the idea of creating loan fund where you say you can defer the liability for this extra tax until you liquidate that asset and then the gain that you had on that asset can be a tiny portion of the gain can be used to replenish our fund so that we have a more permanent ongoing capability in this area without creating a permanent line items in the budget of what could be actually more than $500,000. I would love to explore that a little further, and I also think there ought to be some process through which the benefit is sort of declined, because we talk about the re-valuation every four years. We can't insolate people for life at $150,000 value for their home. They get protection to the extent of a revenue neutral reset anyway up to 50% and if they are in excess of that again, they have gained a lot. So, I think we should try to come up with a more comprehensive longer-term solution. This was something good that we did on the occasion of this reval to postpone the impact, but we haven't solved the problem.

Mr. Jones said agreed.

Mayor Lyles said I think the general practice has been to make it a lien when the property values exceed a certain percentage that you actually pay it and then you put a lien or an agreement to be paid. That has generally been what people have done because there is appreciation, but it is always kind of edgy, because it is kind of like did you pay $30,000 for a house, and now it is worth $70,000. There are still some floors that are where people are not – you could have a 200% increase and still not be able to afford that and even a lien against it probably wouldn't get you there.

Mr. Driggs said the lien should, because bear in mind the extra tax is payable on the excess over in the current instance about 45% of increase, so you are already a big chunk of money to the good before you tax bill gets any higher than it was before in the current re-valuation, and you've got this asset. We are talking about funding in the City terms is $.35 of the new tax rate on that excess. So, I'm just saying it is a tiny portion of the appreciation of the asset that they would have to borrow.

Mayor Lyles said I agree with that; I just think sometimes the costs go up and absorb all of that increase in that value. I think a while back Habitat was having real issues, because people were doing second mortgages and things like that, and it was really a matter of getting to that place where you were spending more in terms of your housing cost than you should as an expense. It is just something to think about but I do think that the general idea of a repayment in the long-term at certain levels would be really appropriate, and I think appropriate for us to do.

Mr. Driggs said my point was just let's think bigger long-term, more permanent rather than just create a new line item in our budget for a half-million dollars.

Mayor Lyles said I think that is really a good idea, because I don't know how we can be fair to the number of people in this community, and I know we are doing it now first application in but, at some point, it seems to me like it is about getting the data around the percentage of increase and things like that that will help us prioritize that. Good idea, we will just keep working on it.

Councilmember Winston said is there the possibility, and this is part of ignorance on how taxes work with homeowners, that we can give a grant to the City portion of the tax bill, but the County portion is still so great that these people are unstable in their homes?

Ms. Grant said there is a possibility because the County rate is higher than the City rate typically, so the county rate could put folks in a position to where it may be a little difficult for them to pay their property tax bill. I will say in the folks that I've spoken with on the phone, and I will be honest I've made 131 calls, and I've talked to every last one of those 131 people; the overwhelming response is that any help is appreciate. So, they have figured out ways, because every person that has pre-applied for this program does not have back property taxes. So, every year they figure out a way to make sure that their property taxes are paid, and it is a priority for them. So, I think it is important to note that it is possible, just depending on what the tax rate is for Mecklenburg County that they could have a higher amount. We are not able to pay any portion of that county tax but we are trying to offer assistance in the area that we can.

Mr. Winston said the last thing I think we would want to do is help somebody but not solve the problem that they still are displaced from their home due to the inability to pay the tax bill. Are we doing anything to – I know we can't pay the County portion of the tax but advise them on other things and hand hold them through the other processes or any type of –

Ms. Grant said the County does offer other relief programs that are specifically aimed towards veterans is one of them but they also have this deferral program and participation in the deferral program does allow for you to have a higher income for the year and it does limit you to paying no more than five percent of your income towards your property tax, but that is information that comes from Mecklenburg County and every person that I speak with that is still a little concerned about not being able to pay that entire bill, I make sure that I put them in touch with the accessor's office, so they can ask specifically for information about the deferral program.

Mr. Winston said I hope that isn't just your own personal initiative and we can have that in the practice of how we do this so that it gets done in perpetuity for however long this program. I want to echo sentiments to my colleagues like this is good work. I think even thinking about it to Mr. Driggs' point that we have to think about it differently that this is not a one-year problem. Am I going out on a limb here to think that this falls in really two of the three buckets of keeping people in place so they don't get displaced, but also in a way it is preserving naturally occurring affordable housing that this is affordable housing although the market rate might go up; it is affordable for the families that live there now; and potentially it can provide generational kind of freezing of what we are fighting of land values because that property can be passed along? Of course, we can't tell people how to deal with it once it gets passes along, but as we look at trying to secure this in the long-term maybe there is somewhere within the policies that we've already passed to think about it, not just as an aging in place program but as naturally occurring affordable housing and figure out some type of different tools and solutions to approach this type of naturally occurring affordable housing. Naturally occurring affordable housing that will be market rate in the same sense, so it is kind of straddling both side of the line thing which is a good place to be I think.

Mayor Lyles said thank you very much; really great job and Cherry we really know and appreciate the effort and the enthusiasm that you represent for this community. Sometimes we forget about that and you do it with such joyous presence; I want you to know we really appreciate that.

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ITEM NO. 9: LOWE'S HANGER AGREEMENT

Motion was made by Councilmember Egleston, seconded by Councilmember Newton, and carried unanimously to recuse Councilmember Mitchell from this item.

Haley Gentry, Aviation said are there questions about this item?

Councilmember Egleston said I just wondered where on the airfield this is going to be located.

Ms. Gentry said it will be adjacent to the Wilson Air Center Corporate Terminal, and it is directly behind the existing Bank of America private corporate terminal.

Motion was made by Councilmember Mayfield, seconded by Councilmember Driggs, and carried unanimously to approve the Lowe's Hanger Agreement.

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ADJOURNMENT

Motion was made by Councilmember Driggs, seconded by Councilmember Mayfield, and carried unanimously to adjourn the meeting.

The meeting was adjourned at 8:47 p.m.

Emily A. Kunze

Emily A. Kunze, Deputy City Clerk, NCCMC

Length of Meeting: 3 Hours, 37 Minutes
Minutes Completed: April 4, 2019

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