

# City of Charlotte

## Neighborhood Equity & Stabilization Commission

Wednesday, March 13, 2024

5:30 p.m. – 7:00 p.m.

Charlotte-Mecklenburg Government Center

**NEST Commission Members:**

Angela Ambroise	Justin Harlow (Co-Chair)	Eric Lemieux
Nadia Anderson	Monique Humphries	Eric Lewis
Melissa Gaston	Roma Johnson	Deon Smith
Mitch Gibson	Vicki Jones	Marta Tataje
Kim Graham (Co-Chair)		Kimberly Timmons-Hampton

**City of Charlotte Staff Resources:** Rebecca Hefner, Housing & Neighborhood Services; Alysia Osborne, Planning, Design & Development

### AGENDA

<b>1. Welcome</b>	Kim Graham Justin Harlow	5 minutes	5:30 – 5:35
<b>2. Sustainable Anti-Displacement Funding Recommendations</b> <ul style="list-style-type: none"> <li>a. TOD Affordable Housing Density Bonus Fee-in-Lieu Program</li> <li>b. Update on recommendation to increase amount of the city’s Affordable Housing Bond</li> </ul>	Justin Harlow Rebecca Hefner (All)	45 mins	5:35 – 6:20
<b>3. Work Stream Updates</b>	Angela Ambroise Kim Graham Justin Harlow	25 mins	6:20 – 6:45
<b>4. NEST Look Ahead</b> <ul style="list-style-type: none"> <li>a. April 2024 work stream meetings (virtual) <ul style="list-style-type: none"> <li>o April 10<sup>th</sup> – Understanding the UDO</li> <li>o April 10<sup>th</sup> – Program Improvements/Policy Gaps</li> <li>o April 25<sup>th</sup> – Lay of the Land</li> </ul> </li> <li>b. May 8<sup>th</sup> NEST Meeting (in-person)</li> </ul>	Angela Ambroise Kim Graham Justin Harlow	10 mins	6:45 – 6:55
<b>Adjourn</b>			

**Next Meeting.** The next NEST Commission meeting will occur May 8, 2024 @ 5:30 p.m.

*The Charlotte Neighborhood Equity and Stabilization Commission is established for a 3-year period beginning in 2022 and is charged with reviewing and recommending specific anti-displacement strategies and specific tools for protecting residents of moderate to high vulnerability of displacement.*

# TOD Affordable Housing Density Bonus Program Fee-in-Lieu

March 13, 2024

1

## Transit Oriented Development Districts - Purpose

- ▶ **TOD is mixed-use development, including commercial, residential, office, amenities, and entertainment, centered around a transit station.**
  - Pedestrian oriented, high-density, and walkable development.
- ▶ **“The purpose of the Transit Oriented Development (TOD) zoning districts is to create a compact, and high intensity mix of residential, office, retail, institutional, and civic uses to promote the creation and retention of uses in areas with high potential for enhanced transit and pedestrian activity.”**

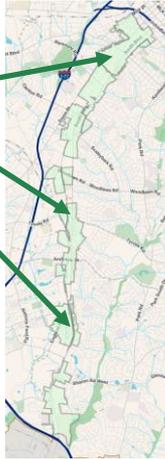
2

1

# Transit Oriented Development

## ▶ Blue line

- South End
- Tyvola Road
- Arrowood



## ▶ Blue line Ext/

- University



# TOD – Affordable Housing Bonuses

- ▶ Developers can access building height and length incentives for participating in affordable housing development.
- ▶ Housing can be provided on-site, off-site or developers may make a fee in lieu payment.
- ▶ Current fee in lieu payment amount is **\$4.75** per square foot of bonus floor space.

## TOD – Affordable Housing Bonuses

- ▶ To date, 23 developers have made fee-in-lieu payments totaling \$17,431,654
- ▶ \$4,788,318 of the commitments are paid
- ▶ Median payment ~\$457,000, median bonus ~96,279 square feet
- ▶ 4 developers have committed 43 onsite affordable units
- ▶ 8 on-site units complete

## Fee-in-Lieu as a Funding Source

- ▶ **Annual funding amount varies**
  - Payments made prior to zoning and building permit approval
  - Incorporated into the budget for the next fiscal year
- ▶ **FY 2024 - \$4.7 million available funding in budget from fee-in-lieu payments**
  - No policy set around this funding source yet
  - Contemplated as construction or land acquisition in TOD areas
- ▶ **Land Acquisition RFP released in January 2024**
- ▶ **Equitable TOD Study will guide policy recommendations for future transit lines**

## Striking A Balance

### ► Goals:

- Incentivize private construction of affordable units
- Achieve mixed-income housing communities
- Create affordable housing units close to transit and in areas of high opportunity

### ► Striking the right balance between generating new affordable units and ensuring that development remains feasible

- Simplicity and flexibility are key
- Must account for site-specific conditions and project-specific finances

## Housing Trust Fund

- In most recent Housing Trust Fund round, affordable units are subsidized at \$21.14/per square foot (all subsidy sources)
- Full amount not feasible
- Rate at which the fee-in-lieu payment would be a disincentive varies by proposed development
- Incremental approach is preferred

## For consideration

- ▶ Increase TOD fee in lieu payment amount to **\$7.00** per square foot of bonus floor space
- ▶ Direct funds to anti-displacement activities
- ▶ Evaluate and renew or adjust every two years as part of the city's annual budget process to ensure amount per square foot aligns with the then current market conditions

9

## Examples

- ▶ Example (based on *FIL commitments to date*):

\$4.75 sq/ft	\$7.00 sq/ft	Increase
\$17,431,654	\$25,688,754	\$8,257,100

- ▶ Example (based on *FIL payments to date*):

\$4.75 sq/ft	\$7.00 sq/ft	Increase
\$4,788,318	\$7,056,469	\$2,263,396

10

## Next Steps

- ▶ **NEST Commission deliberates recommendation**
- ▶ **Staff seek developer input and feedback**
- ▶ **Budget office will recommend the final fee as part of the city's annual budget**

## Update on Affordable Housing Bond Recommendation

- ▶ **NEST Commission recommendation on housing bonds sent to City Council prior to January strategy session**
- ▶ **Council held brief discussion on affordable housing at strategy session**
  - Confirmed as continued strategic priority
  - Referenced \$100 million bond recommendation
- ▶ **City budget process key dates:**
  - **March 20th – virtual Budget Listening Session**
  - **May 6th – City Manager presents FY 2025 recommended budget to Council**
  - **May 13th – Budget Public Hearing**
  - **By June 30th – Budget Adoption**
- ▶ **If included in the budget and adopted by City Council, bond referendum would go before voters in November 2024**