

NEST Commission Members present Nadia Anderson (virtual), Kim Graham (Co-Chair), Justin Harlow (Co-Chair), Monique Humphries, Tonya Jameson, Roma Johnson, Vicki Jones, Eric Lemieux, Marta Tatje, Kimberly Timmons-Hampton

Members absent: Angela Ambroise, Melissa Gaston, Mitch Gibson

Guests: n/a

City Staff present: Housing & Neighborhood Services: Rebecca Hefner, Gail Whitcomb; Planning, Design & Development: Alysia Osborne; Strategy & Budget: Joran Paschal

Meeting Time: 5:30 - 7:00 p.m.

Meeting Materials *[meeting materials are available online at [Neighborhood Equity and Stabilization \(NEST\) Commission \(charlottenc.gov\)](https://neighborhood-equity-and-stabilization.commission.charlottenc.gov)]:*

1. Meeting Agenda
 2. Presentation: Dedicated Anti-Displacement Funding
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The meeting was called to order and everyone introduced themselves.

Work Stream report Outs

Roma Johnson and Kim Graham provided an update on the Lay of the Land and Understanding the UDO work stream meetings, respectively. At the most recent meetings, Lay of the Land examined land acquisition, and the UDO work stream reviewed their work plan and the recent NEST recommendations. Justin Harlow shared that the Program Improvement and Policy Gap (PI/PG) work stream spent time discussing details surrounding identifying a dedicated, permanent anti-displacement funding model, and that the full Commission will have an opportunity to participate in this discussion during the meeting.

Anti-Displacement Funding

Rebecca Hefner reminded the Commission that at the September 5th Housing, Safety & Community City Council Committee, the Commission shared a recommendation that the city should create a sustainable anti-displacement fund, and that NEST would continue to work on this to develop a more robust recommendation for consideration in the FY2025 budget. The PI/PG work stream spent time on this at their last work stream meeting, and this was an opportunity for the full Commission to be engaged in this item. She then walked the commission through peer cities that have specific anti-displacement funding programs (Austin, Denver and Atlanta), Charlotte's current housing funding sources, and various possible funding options/scenarios (increasing property/sales tax, increasing housing bonds, increasing funding partnerships, reallocating funds within existing sources, and leveraging new funding sources to free-up existing funding).

Mr. Harlow shared that the Commission will be looking at what is the best funding option over several meetings to formulate a recommendation to provide a permanent funding source for this work in the future as expected growth and displacement occurs. For example, possibly attaching it to something that occurs periodically, like the housing bond that is voter-approved every two years.

The Commission discussed what happens when the city allocates a bond, and subsequently the project that it was allocated for doesn't actually happen (e.g., the Centene project). It depends upon whether the bond was actually issued, or not. If the bond was issued, then those bond funds generally have to be used for the same type of purpose for which the voters approved the original (e.g., transit bonds must be used for transit). If the bond hasn't been issued, the city has a certain amount of debt capacity and the un-issued bond amount goes back into

the debt modeling for that debt capacity, and ultimately Council makes the final decision on how that amount is reallocated in the debt capacity.

The Commission also discussed:

- Voters may likely have an appetite for a larger housing bond issuance (currently \$50 million every two years).
- Attaching a revenue source to a transit project is an option, though much longer term considering the challenge of getting large scale transit projects approved/moving forward. CATS is getting ready to kick off their equitable TOD study related to the Silver Line project. This could be a subsequent funding source, and potentially funded in the next several years.
- TOD Fee-in-Lieu density bonus payments. These funds are not currently dedicated to a particular use based on any Council policy directive, but are allocated through the budget adoption process (the revenue is understood to be intended for affordable housing). The Commission asked for additional data/modeling about the fee-in-lieu density bonus program to be brought back to the PI/PG work stream:
 - How was the current \$4.75 per square foot rate arrived at.
 - Modeling to show how much TOD growth is expected.
 - How much additional revenue could be generated if the per-square-foot amount is increased, together with what if any implications could result in increasing the per-square-foot amount (e.g., would it become something developers would not seek to use).
- A reallocation within the Housing Trust Fund (voter approved housing bonds) to take into consideration the typology of what is being developed, with a consideration towards homeownership.
- The challenge of quantifying overall actual displacement.

Council process for NEST programmatic and funding recommendations.

Rebecca Hefner briefly discussed the approval process that will be used to move forward NEST's initial slate of programmatic and funding recommendations to a Council vote.

Next Meeting

The next meeting of the full NEST commission will occur on December 13, 2023, at 5:30 p.m. At the meeting, NEST will consider their 2024 meeting schedule.

The meeting adjourned at approximately 7:00 p.m.

City of Charlotte

Neighborhood Equity & Stabilization Commission

Wednesday, October 11, 2023

5:30 p.m. – 7:00 p.m.

Charlotte-Mecklenburg Government Center

NEST Commission Members:

Angela Ambroise

Nadia Anderson

Melissa Gaston

Mitch Gibson

Kim Graham (Co-Chair)

Justin Harlow (Co-Chair)

Monique Humphries

Tonya Jameson

Roma Johnson

Vicki Jones

Eric Lemieux

Eric Lewis

Deon Smith

Marta Tataje

Kimberly Timmons-Hampton

City of Charlotte Staff Resources:

Rebecca Hefner, Housing & Neighborhood Services

Alysia Osborne, Planning, Design & Development

Jordan Paschal, Strategy & Budget

AGENDA

1.	Welcome / Member Introductions	Kim Graham Justin Harlow <hr/> (All)	10 mins	5:30 – 5:40
2.	Work Stream Report-outs	Angela Ambroise Kim Graham Justin Harlow	15 mins	5:40 – 5:55
3.	Anti-Displacement Funding The Commission will discuss local options and best practices for a sustainable funding source to meet anti-displacement goals.	Justin Harlow Rebecca Hefner Jordan Paschal	35 mins	5:55 – 6:30
4.	Council process of discussing NEST programmatic and funding recommendations	Rebecca Hefner	10 mins	6:30 - 6:40
5.	NEST look ahead and Next Steps a. October 23 rd City Council Action Review @ 5:00 p.m. at the Government Center, Room 267; live-streamed on GOV Channel and city’s YouTube channel. b. November Work Stream Meetings (11/8 UDO and PPG; 11/16 LOL) c. December 13 th NEST Commission meeting d. Proposed 2024 NEST Meeting Schedule	Kim Graham Justin Harlow	10 mins	6:40 – 6:50
Adjourn				

Next Meeting. The next NEST Commission meeting will occur December 13, 2023 @ 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.

**NEST Commission
2024 Meeting Schedule**

*Full Commission meetings occur every other month, on the 2nd Wednesday of the month, at 5:30 – 7:00 p.m.
unless otherwise noted*

Work Stream meetings occur in alternate months, as determined by each unique Work Stream.

Full Commission Meetings

February 7, 2024 (1st Wednesday, due to 2nd Wednesday
conflict with Valentines Day)

April 10, 2024

June 12, 2024

August 14, 2024

October 9, 2024

December 11, 2024

Work Stream Meetings

Program Improvements/Policy Gaps	Understanding the UDO	Lay of the Land
2 nd Wednesday of the month @ 5:30 p.m.	2 nd Wednesday of the month @ 5:30 p.m.	4 th Thursday of the month @ 6 p.m.
<ul style="list-style-type: none"> • January 10, 2024 • March 13, 2024 • May 8, 2024 • July 10, 2024 • September 11, 2024 • November 13, 2024 	<ul style="list-style-type: none"> • January 10, 2024 • March 13, 2024 • May 8, 2024 • July 10, 2024 • September 11, 2024 • November 13, 2024 	<ul style="list-style-type: none"> • January 25, 2024 • March 28, 2024 • May 23, 2024 • July 25, 2024 • September 26, 2024 • November xx, 2024 (date tbd)

NEST Commission: Dedicated Anti-Displacement Funding

October 11, 2023

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Anti-Displacement Funding

- ▶ Explore best practices to advance Objective 3.3 of the Anti-Displacement Strategy: **Dedicated funding to meet anti-displacement goals**
 - How much investment is needed annually to address anti-displacement?
 - Where might the money come from?
- ▶ Deliver recommendation to Housing, Safety, Community Committee in advance of the FY 2025 budget cycle (December/January)

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Peer Cities with Specific Anti-Displacement Funding

- ▶ **Austin, TX - \$300 million over 13 years for anti-displacement**
 - Funding source: Carve out from Project Connect
 - 8.75 cents of the City's property tax revenue for transit
 - Land Acquisition, Land Development, and Community-Initiated Solutions
 - *Similar to creating a carve-out from Charlotte's proposed transit sales tax*

- ▶ **Denver, CO – \$2.3 million Impact Investment Fund**
 - General Fund match of 1% for all bond investments of more than \$10 million
 - Related to city's investment in capital projects
 - Priorities that residents identify in neighborhood planning process
 - *Similar to Staying in Place/Corridors funding in Charlotte*

- ▶ **Atlanta, GA - \$4.6 million one-time for tax relief**
 - Funding source: Gulch Housing Trust Fund (developer commitments in exchange for tax incentives)
 - *Similar to one-time use of ARPA funds for Charlotte's tax relief program*

Current Housing Funding Sources

- ▶ **Housing Trust Fund - \$50 Million every 2 years**
 - General Obligation Bonds
- ▶ **Innovative Housing - \$3.55 Million**
 - PAYGO (note: anticipated to decrease to \$2.5 million in FY 2025)
- ▶ **Other PAYGO - \$4.5 million (one-time)**
 - Staying in Place / anti-displacement in Corridors of Opportunity
- ▶ **Federal Allocations ~ \$13 million**
 - CDBG, HOME, ESG, HOPWA
- ▶ **TOD Fee-in-lieu payments ~\$4.5 million**
 - And growing
- ▶ **Funding source matters!**
 - Each source allows different activities and expenditures

Anti-Displacement Funding Options

► Increase

- Property tax
- Sales tax
- Housing bonds
- Funding partnerships

► Re-allocate

- Prioritize within existing funding sources

► Replace

- Leverage new funding sources (e.g., tax increment subsidies) to free up existing funding

Property Tax

- For a City of Charlotte resident, City property tax comprises approximately 1/3 of the overall property tax (36%) and Mecklenburg County 2/3 (64%)
- Property tax makes up the largest portion of the city's General Fund revenues (personnel and operating)
- Property tax rate set by City Council annually
- Property tax typically grows by ~3% annually due to construction and natural growth
- Currently, 1 cent on the property tax rate produces ~ \$21.5 million in revenue
- Mecklenburg County conducts property revaluation every four years
 - State law requires the city to publish a revenue-neutral property tax rate as part of the budget following the revaluation of real property

Sales Tax

- ▶ **Local sales taxes levied by the city and county comprise 2.5 percent of the total 7.25 percent sales tax paid on retail sales in North Carolina**
 - 4.75% State rate
 - 2% Mecklenburg County sales and use tax (allocated to Charlotte and Towns)
 - 0.5% special Transit tax Mecklenburg County (est. 1999)

- ▶ **Currently, 1 cent additional sales tax rate produces ~ \$290 million in revenue**

- ▶ **Process to change sales tax**
 - Any local sales tax referendum must be approved by NC General Assembly
 - Charlotte City Council would vote to put referendum on the ballot
 - Local referendum must receive 51% of voter approval (majority)

- ▶ **Charlotte City Council requested a sales tax increase referendum from the Mecklenburg delegation in the General Assembly for transit plan and light rail expansion (stalled)**

\$50M Housing Trust Fund (every two years) comprises 22% of General Obligation Bonds

5-Year Capital Plan

	2022 Bond FY 2023	2024 Bond FY 2025	2026 Bond FY 2027	2028 Bond FY 2029	Total
PROJECTS FUNDED WITH GENERAL OBLIGATION BONDS (Require Voter Approval)					
Great Neighborhoods (Affordable and Sustainable Neighborhoods)					
Create and Preserve Affordable Housing	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000	\$200,000,000
Invest in Corridors of Opportunity	\$10,000,000	\$10,000,000	-	-	\$20,000,000
Safe Communities (Safe, Healthy, and Inclusive Communities)					
Enhance Transportation Safety (Vision Zero)	\$12,600,000	\$4,000,000	\$4,000,000	\$4,000,000	\$24,600,000
Enhance Transportation Safety (Vision Zero)- Street Lighting	\$4,500,000	-	-	-	\$4,500,000
Transportation, Planning, and Environment (Accessibility, Mobility, and Connectivity)					
Improve Sidewalks	\$50,000,000	\$20,000,000	\$17,000,000	\$20,000,000	\$107,000,000
Improve Eastway Drive/Shamrock Drive Intersection	\$12,700,000	\$10,500,000	-	-	\$23,200,000
Mitigate Congestion	\$10,000,000	\$10,000,000	\$5,000,000	\$5,000,000	\$30,000,000
Connect Bicycle Facilities	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$32,000,000
Resurface Streets	\$21,600,000	\$8,000,000	\$8,000,000	\$8,000,000	\$45,600,000
Connect Northeast Corridor Infrastructure	\$6,000,000	-	-	-	\$6,000,000
Improve Rea Road with Bonus Allocation Funding	\$7,300,000	-	-	-	\$7,300,000
Repair and Replace Bridges	\$5,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$23,000,000
Upgrade Traffic Control Devices	\$4,500,000	\$5,000,000	\$5,000,000	\$5,000,000	\$19,500,000
Maintain Intelligent Transportation Systems	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$16,000,000
Construct Bryant Farms Road Phase II	-	\$10,000,000	\$43,000,000	-	\$53,000,000
Construct Robinson Church Road	-	\$7,800,000	\$18,500,000	\$32,500,000	\$58,800,000
Construct Ashley Road/Tuckaseegee Road/Freedom Drive Intersection	-	-	\$5,200,000	\$9,800,000	\$15,000,000
Workforce and Business Development (Economy, Jobs, and Upward Mobility)					
Promote Public/Private Partnerships	\$3,000,000	\$12,500,000	\$13,000,000	\$26,000,000	\$54,500,000
Support Ballantyne Reimagined Infrastructure	\$8,800,000	\$8,700,000	-	-	\$17,500,000
Improve Infrastructure for Centene Development	\$3,000,000	\$3,500,000	-	-	\$6,500,000
Reimburse Innovation District Infrastructure (Atrium)	\$5,000,000	\$10,000,000	-	-	\$15,000,000
Additional Future Capacity	-	\$38,000,000	\$39,300,000	\$47,700,000	\$125,000,000
Total General Obligation Bonds	\$226,000,000	\$226,000,000	\$226,000,000	\$226,000,000	\$904,000,000

Questions & Feedback