



Charlotte City Council  
Great Neighborhoods Committee  
Summary  
February 28, 2022

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### COMMITTEE AGENDA TOPICS

- I. Source of Income Ad Hoc Advisory Committee Recommendations (Discussion)
- II. Staying in Place Pilot (Informational)
- III. Neighborhood Equity & Stabilization (NEST) Commission Update (Informational)

### COMMITTEE INFORMATION

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<b>Committee Members Present:</b>	Victoria Watlington (virtual), Matt Newton (virtual), Greg Phipps (virtual)
<b>Committee Members Absent:</b>	Malcolm Graham; Renee' Johnson
<b>Guests:</b>	Kim Graham, Greater Charlotte Apartment Association Mark Ethridge, Ascent Real Estate
<b>Staff Resources:</b>	Shawn Heath, City Manager's Office Rebecca Hefner, Housing & Neighborhood Services Julia Martin, City Manager's Office
<b>Meeting Duration:</b>	12:00 – 1:20 PM
<b>Video available online:</b>	<a href="https://www.youtube.com/watch?v=mtfJ-CyPnB0">https://www.youtube.com/watch?v=mtfJ-CyPnB0</a>

### MEETING MATERIALS

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All meeting materials are available online at [https://charlottenc.gov/CityCouncil/Committees/Pages/Neighborhood\\_Development.aspx](https://charlottenc.gov/CityCouncil/Committees/Pages/Neighborhood_Development.aspx)

- 1. Presentation : Source of Income Ad Hoc Advisory Committee Recommendations
- 2. Presentation: Staying in Place Pilot Program Update

### DISCUSSION HIGHLIGHTS

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Council member Watlington called the meeting to order and asked everyone to introduce themselves. Shawn Heath provided an overview of the meeting agenda.

#### Source of Income Ad Hoc Advisory Committee Recommendations

Shawn Heath introduced Mark Ethridge (Ascent Realty) and Kim Graham (Greater Charlotte Apartment Association), Co-Chairs of the Source of Income Ad Hoc Advisory Committee. The Ad Hoc Advisory Committee was appointed in 2021 to develop recommendations for program enhancements and process improvements that will increase the acceptance of all forms of rental subsidies, including Housing Choice Vouchers (HCVs), the largest source of rental subsidies in our community. The Ad Hoc Committee, with support from representatives from INLIVIAN and City staff, met from May – December 2021.

Ms. Graham and Mr. Ethridge shared the Ad Hoc Committee recommendations, together with suggested implementation strategies to increase the acceptance of all forms of rental subsidies. The recommendations consisted of the following:

- 1. Source of Income Protections in City/County Supported Housing Developments. The City and County should include source of income protections for any for-rent residential housing developments receiving public financial support of any kind, including both affordable and market-rate housing developments receiving Tax Increment Grants and other types of financial assistance.

2. Increased “Housing Navigator” Capacity. The City of Charlotte, Mecklenburg County, private and philanthropic sectors should provide new or expanded funding to increase capacity of existing local organization(s) to create greater rental housing provider participation in the HCV and other rental subsidy programs in areas of moderate to high opportunity (definition of opportunity areas to be defined by City/County). While the Ad Hoc Committee believes that the City of Charlotte and Mecklenburg County should participate in providing this funding, the committee also acknowledges that the private and philanthropic sectors can also play a role, recognizing that providing housing and opportunities for economic mobility is a social responsibility. This recommendation was taken from lessons learned from existing local subsidy providers, as well as other subsidy programs across the country, and expands the success that INLIVIAN has had through their program enhancements that moved approximately 39 households into opportunity neighborhoods. The Ad Hoc Committee believes that organizations already exist in Charlotte that the City and County can partner with to help accomplish this – creating a new organization is not needed nor contemplated.

Funding for this recommendation should be determined through a Request for Proposal (RFP) to existing housing support organizations. The City can assess budget needs based on proposals received. Then, in partnership with Mecklenburg County and the philanthropic sector, funds should be raised and then awarded. With increased capacity, the organization(s) will be able to increase rental subsidy acceptance by:

- Recruiting new landlords in moderate, high, and very-high opportunity areas to accept vouchers and other rental subsidies,
- Acting as landlord for residents, and leaseholder with landlords, through master leases and working in close coordination with INLIVIAN and other rental subsidy providers,
- Serving as the first point of contact for housing providers/property managers if any issues arise during a voucher/rental subsidy holder’s occupancy, and
- Creating or increasing incentives and removing barriers for housing providers such as facilitating required inspection of units, covering rent during the inspection phase, and providing higher security deposits, risk mitigation funds, etc.

The Ad Hoc Committee also recommended that reporting requirements and metrics be established to assess operational effectiveness, an education and communications plan be initiated, and outcomes including working with landlords who participate in the program be evaluated. Mr. Ethridge shared that what they don’t want to happen is for the City, County and philanthropic sector to raise funds to support housing navigators that are placing residents with vouchers in housing, and then the voucher/rental subsidy provider doesn’t fulfill their part. One of the best ways to dispel myths and perceptions is to show that voucher and rental subsidy recipients are having success and landlords are having positive experiences, and the recommended implementation strategy will help with this.

3. Property Tax Incentives for New Market-rate Multi-Family Rental Housing Developments. The City of Charlotte or Mecklenburg County should offer property tax reimbursements for new market-rate rental housing developments (those with no other subsidy attached to them, including LIHTC) in high-opportunity areas that set aside at least 5% of their units for 30% AMI and below households with a voucher or rental subsidy. The definition of opportunity areas to be defined by the City and County. There are precedents of how other organizations define opportunity areas that the City/County could leverage, such as INLIVIAN’s definitions of opportunity areas. This recommendation will create a way to get for-profit, market-rate landlords and the developer community involved in creating units for households with vouchers in areas of opportunity. With the program eligible only to new construction in high opportunity areas, the Ad Hoc Committee felt it would be easier to consider since it would be new tax revenue. The recommendation also provides a way to offset what would likely be rental gaps in the high opportunity areas, between what the maximum rental subsidy/voucher could pay and what the actual market rents are in the areas of opportunity.

If legal obstacles prohibit the City from creating the property tax incentive program as recommended (for example, obstacles related to current North Carolina General Statutes), the City should:

- Consider alternative property tax incentive structures that are legally permissible to promote the ability of < 30% AMI households to obtain housing in moderate to high opportunity areas.

- Explore feasibility with Mecklenburg County to provide property tax incentives and support the County in enacting this policy if feasible.

Mr. Heath reminded the Committee that the work of the Source of Income Ad Hoc Committee was the outcome of a previous Council conversation where the Council directed the Ad Hoc Committee to develop the recommendations. Council would then have the opportunity to advance the recommendations through policy and/or funding. Once Council approves any or all of the recommendations they would then be implemented and have time to realize outcomes. After that time, we would collectively be in a position to evaluate if there would be enough substantive information to support possible amendments to the fair housing ordinance.

### **Staying in Place Pilot Program Update**

Julia Martin and Rebecca Hefner provided an update on the Staying in Place (SIP) pilot program in the Hidden Valley, Washington Heights and Winterfield neighborhoods. Community engagement in the three neighborhoods was launched in October 2021, including a survey to help identify resident needs and how to best provide assistance to households.

Ms. Hefner explained that the current rehabilitation programs are designed for owner-occupied dwellings. The programs for renters are to help renters find a pathway to homeownership, as well as providing supportive services, resources, and referrals. Through engagement, staff is hopeful that other ways to support renter households will be identified, as well as to help existing homeowners understand their rights and what's available to them in the current environment of owners receiving multiple offers to purchase their homes. Ms. Hefner also shared that staff would be bringing forward proposed enhancements to the City's overall homeownership programming to the Committee at a future meeting, including how the City is proposing to address the current competition that exists with cash offers being made for homes.

The Committee expressed interest in getting the SIP program funding underway in the three pilot neighborhoods as soon as possible.

The Committee endorsed an initial investment of \$4,350,000 of PAYGO funds designated for neighborhood stabilization programs within Corridors of Opportunity. Staff will work with the three neighborhoods to identify additional needs and work to leverage city departments, partners, and community-based organizations to provide additional resources and referral services to residents. The initial investment will assist with:

- Down payment and/or mortgage buy-down assistance (estimate 15-20 households)
- Housing rehabilitation, energy efficiency improvements, large tree maintenance, and broadband connectivity (estimate 15-20 households)
- Emergency repairs to critical systems (estimate a minimum of 25 households)
- Preserve housing stock and provide affordable homeownership through the Acquisition, Rehab, Resale program (estimate 6 units)
- Develop an Accessory Dwelling Unit pilot program (estimate production of 4-5 units)
- Expand capacity for contractors to complete rehab jobs with the City and temporary staff resources
- Support community engagement in the three neighborhoods to connect residents to resources

### **Neighborhood Equity and Stabilization (NEST) Commission Update**

Shawn Heath shared that the NEST Commission met for the first time in February and will meet monthly for the foreseeable future. The first meeting was an orientation to what it entails to serve on a Mayor/Council appointed commission, as well as an overview of the current housing landscape and the City's Displacement Risk Dashboard. This is an opportunity for the Commission to examine the City's existing toolbox and help identify gaps in the toolbox. Regular updates will be provided to the Great Neighborhoods Committee.

### **Next Meeting**

The next meeting will occur on March 28, 2022.

Meeting adjourned at approximately 1:45 pm.