

**NEST Commission Members present** Angela Ambroise, Nadia Anderson, Melissa Gaston, Mitch Gibson, Kim Graham (Co-Chair), Justin Harlow (Co-Chair), Roma Johnson Vicki Jones, Eric Lemieux, Kimberly Timmons-Hampton

**Members absent:** Marta Tatje, Monique Humphries

**Guests:** n/a

**City Staff present:** Housing & Neighborhood Services: Rebecca Hefner, Miles Vaughn, Gail Whitcomb; Planning, Design & Development: Alysia Osborne

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

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**Meeting Materials** *[meeting materials are available online at <https://www.charlottenc.gov/City-Government/Leadership/City-Council/next>]:*

1. Meeting Agenda
  2. Presentation: TOD Affordable Housing Density Bonus Program Fee-in-Lieu
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The meeting was called to order, and everyone introduced themselves.

**Anti-Displacement Funding - TOD Affordable Housing Density Bonus Program Fee-in-Lieu**

The Commission reviewed the purpose of Transit-Oriented Development (TOD) districts and the current TOD Affordable Housing Density Bonus Program. Developers can access building height and length incentives by participating in the program. The current fee-in-lieu (FIL) payment amount is \$4.75 per square foot of bonus space. There is no current policy set around the fee-in-lieu funding source. The commission discussed increasing the FIL payment amount, directing FIL funds to anti-displacement activities, and evaluating the amount per square foot every two years to ensure it aligns with then current market conditions.

A summary of the Commission's discussion included:

- Construction levels are already trending down for commercial developments and are expected to do so for multifamily – expectations for generating revenue from increasing the FIL should be with market fluctuations in mind.
- This is an opportunity to recommend an increase to both allow the city to be in a good position when the market trends upward again, as well as to set a precedent for FIL funds for anti-displacement.
- Developers are aware of the program and area also aware that the current fee is low.
- If the fee is not increased now it would be a missed opportunity.
- The city could also explore implementing a fee when buildings that have benefited from bonus space are sold in the future, recognizing that the sales price will be greater due to the bonus space provided and city investments made in transit that create market opportunities.
- Periodic review of the fee provides an opportunity to decrease the fee in the future if it is warranted, and this could be part of the communication to the development community.
- NEST can make a recommendation, and then it's up to the Mayor and City Council to consider whether to act on the recommendation.

MOTION AND VOTE. Vicki Jones made a motion to recommend to the City Council that the City of Charlotte increase its TOD FIL payment amount to \$7.00 per bonus square foot and direct those funds to various anti-displacement activities. Deon Smith seconded the motion. Commission members voted unanimously in favor of the motion.

Rebecca Hefner shared that the City Council has confirmed affordable housing as a continued strategic priority, and that they are continuing to consider what the housing bond amount will be for the November referendum. They have received NEST's recommendation to increase the bond to \$100 million with a set-aside for anti-displacement activities.

Jusitn Harlow shared that he and Kim Graham have signed up to speak at the public hearing on the FY2025 budget to reiterate NEST recommendations. He encouraged Commission members to attend the hearing to demonstrate support.

#### Next Meeting

The next meeting of the full NEST commission will occur on May 8, 2024, at 5:30 p.m.

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

# 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

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## Transit Oriented Development Districts - Purpose

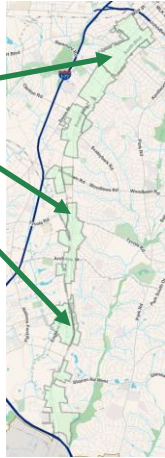
- ▶ **TOD is mixed-use development, including commercial, residential, office, amenities, and entertainment, centered around a transit station.**
  - Pedestrian oriented, high-density, and walkable development.
- ▶ **“The purpose of the Transit Oriented Development (TOD) zoning districts is to create 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

# Transit Oriented Development

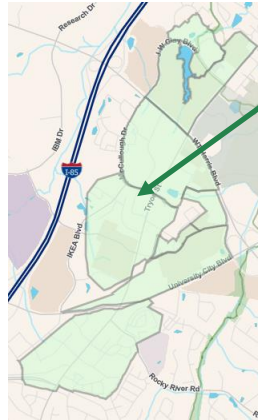
## ▶ Blue line

- 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

## 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



## 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**