



Charlotte City Council  
Housing, Safety & Community Committee  
Summary  
June 5, 2023

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### COMMITTEE AGENDA TOPICS

- I. Anti-Displacement Strategy (Discussion)
- II. Housing Trust Fund Eligibility for Projects Under Construction (Action)

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### COMMITTEE INFORMATION

<b>Committee Members Present:</b>	Victoria Watlington (CMGC), LaWana Mayfield (CMGC); Tariq Bokhari (CMGC; arrived 4:20 p.m.), Renee' Johnson (CMGC; arrived 4:10 p.m.); Marjorie Molina (CMGC)
<b>Council Members Absent:</b>	n/a
<b>Other Council Members Present:</b>	Braxton Winston (CMGC)
<b>Staff Resources:</b>	Reenie Askew, City Manager's Office Shawn Heath, Housing & Neighborhood Services Rebecca Hefner, Housing & Neighborhood Services
<b>Guests:</b>	Kim Graham, NEST Commission Co-Chair Justin Harlow, NEST Commission Co-Chair Judith Taylor, HR&A Advisors Sarah Kirk, HR&A Advisors
<b>Meeting Duration:</b>	4:00 – 5:35 PM
<b>Video available online:</b>	<a href="https://youtu.be/l-yaayuM8dg?t=21494">https://youtu.be/l-yaayuM8dg?t=21494</a>

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### MEETING MATERIALS

All meeting materials are available online at <https://charlottenc.legistar.com>

- 1. Presentation: Anti-Displacement Strategy
- 2. Presentation: Housing Trust Fund Eligibility for Projects Under Construction

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### DISCUSSION HIGHLIGHTS

City Council member Watlington called the meeting to order and asked everyone to introduce themselves.

#### **Anti-Displacement Strategy**

Shawn Heath shared that the draft strategy is step one in a two-step process: first the committee will receive the anti-displacement strategy update, and at the next committee meeting, the NEST Commission will be back with specific recommendations.

Kim Graham reminded the committee of the charge of the NEST Commission, shared the timeline of the commission since its inception, the composition of the commission, and the commission's work plan. She asked the committee to receive the draft strategy and be partners with the NEST Commission in the work.

Rebecca Hefner reiterated that the anti-displacement strategy discussion is the first part of a two-step process. The committee is being asked to provide feedback on the strategy, after which specific programmatic and investment recommendations from the NEST Commission will be presented at the committee's next meeting, as part two of the process. Ms. Hefner underscored that anti-displacement is not a standalone body of work but is part of a larger ecosystem and a key component of City Council priorities (affordable housing, CLT 2040/UDO, Corridors of Opportunity, etc.). She also shared that development of the strategy builds on existing Council policies and priorities, and is inclusive of recommendations from the 2040 Plan, Silver Line TOD Study,

and NEST Commission and other community engagement. It represents an actionable strategy that will allow the city to respond faster, scale up to provide service across the city, move with market shifts, fill in gaps, and tailor resources to meet the needs of unique households and neighborhoods.

Judith Taylor and Sarah Kirk shared an overview of the anti-displacement strategy, including the strategy's four goals (1. support residents, 2. strengthen communities, 3. foster inclusivity, 4. empower businesses) and objectives for goals 1-3, including using one-time federal funds to implement near-term programming and identifying a dedicated sustainable funding source to meet the city's anti-displacement goals longer-term.

Justin Harlow shared that the thirty-thousand-foot view is that the strategy has a lot of objectives focusing on six critical initiatives, and the NEST Commission recommendations will include specific recommendations that tie back to the specific objectives in the strategy. These recommendations will be presented to the committee at their next meeting, and will help keep displacement at the forefront of the city's priorities.

Committee members shared the following feedback:

- Consider communities where the city has already made investments, such as the TLC by CLT communities
- Funding for anti-displacement should go directly to communities, not to administrative costs
- Need to work with Mecklenburg County on property tax issues
- Where communities have already experienced - or are in the process of experiencing - gentrification, the neighborhood associations tend to be led by the newer residents, and these new residents are leading the community conversations
- Interest in creating policies addressing rent increases by landlords, protecting individuals that live in motels/hotels (e.g., when the building is sold), and protecting vulnerable neighborhoods
- It is good to see that the anti-displacement strategy affirms the principles, goals and aspirations of the Comprehensive 2040 Plan
- A governance model of the anti-displacement work already exists with the City Council, and City Council can organize into smaller groups to work on policy recommendations and implementations week-to-week and month-to-month

#### **Housing Trust Fund Eligibility for Projects Under Construction**

Shawn Heath introduced the topic and reminded the committee that this item goes back to the April committee meeting, at which time the committee did not have a chance to talk about the topic from a policy perspective. He shared the current status of the Housing Trust Fund (HTF) and noted that the HTF is a finite and constrained resource, with existing resources being fairly modest by historical standards for the various planned 2023 funding opportunities. He shared that since the HTF was created in 2001, only one project has been awarded funds after construction had commenced, and it was a very unusual situation where the project was originally in the ETJ and then later annexed. He also pointed out that funding a project already in construction would limit the ability to require utilization of MWSBE firms and would deviate from the city's requirement that developers conduct community outreach prior to receiving city support.

Mr. Heath shared that any project that has reached the construction phase has already gone through an exercise to develop a credible, viable financing plan without which they would not be able to secure their primary financing. Real estate development comes with a certain degree of risk, and this risk is customarily borne by the developer in the construction phase. He shared that from a staff perspective, staff has been consistent and does not recommend as a matter of policy that projects that are in construction be funded by the city or have the opportunity to pursue city funding.

Mr. Heath clarified that developments that receive HTF funds and then subsequently (with construction underway) experience an additional gap would also not be eligible for additional HTF support. This is consistent with the historical practice of the HTF. He reminded the committee that every dollar of HTF funding is used to support affordable housing, including units affordable to households earning 30% and below the area median income (AMI). He clarified that if the committee were to vote to disallow developments under construction from receiving HTF awards it would not be a vote against affordable housing nor a vote against 30% units.

The committee discussed:

- Exploring a \$100 million affordable housing bond for voters to consider
- Engaging current local development partners for their input, not just looking at what other cities are doing
- More information is needed before changing the context of how and why Council makes decisions
- More information is needed on how/why developers would request city support at a final milestone of their project
- Voting against this is not a "no" for affordable housing
- Being mindful that the city has very finite resources

- Most people can align with/ identify with affordability issues regardless of AMI context
- The city has finite resources and has to be considerate of how we use those resources
- Developments under construction can bring affordable units online faster to meet current needs
- Need for the ability to be nimble, whether through the HTF or other tools, to take advantage of opportunities that are presented to the city
- There could be some version of the scenario of developments already under construction worth supporting
- Given the current environment of cost-escalations, we should not pigeon-hole developers by not being willing to give them any money if they are under construction

MOTION AND VOTE: Council member Mayfield made a motion to accept staff's recommendation that projects under construction not be eligible to request city funding from the Housing Trust Fund. The motion was seconded by Council member Molina. The vote was 3:2 in favor of the motion (Yeas: Mayfield, Bokhari and Molina; Nays: Watlington, Johnson).

The committee discussed whether or not it would be procedurally appropriate to ask staff to come back with more information about other funding sources and partner / developer input in light of the referral made to committee. No action was taken on this issue.

#### **Next Meeting**

The next meeting will occur on August 7, 2023.

Meeting adjourned at approximately 5:35 pm.