

The City Council of the City of Charlotte, North Carolina convened for an Action Review on Monday, April 8, 2024, at 5:07 p.m. in Room 267 of the Charlotte Mecklenburg Government Center with Mayor Vi Lyles presiding. Councilmembers present were Danté Anderson, Tariq Bokhari, Ed Driggs, Malcolm Graham, Lawana Mayfield, Marjorie Molina, and Victoria Watlington.

ABSENT: Councilmember Dimple Ajmera.

ABSENT UNTIL NOTED: Councilmembers Tiawana Brown, Renee Johnson, and James Mitchell.

ACTION REVIEW

ITEM NO. 1: MAYOR AND COUNCIL CONSENT ITEM QUESTIONS AND ANSWERS

There were no consent agenda item questions.

CONSENT AGENDA

ITEM NO. 2: CONSENT AGENDA ITEMS 10 THROUGH 14 MAY BE CONSIDERED IN ONE MOTION EXCEPT FOR THOSE REMOVED BY A COUNCIL MEMBER. ITEMS ARE REMOVED BY NOTIFYING THE CITY CLERK.

Mayor Lyles said is there anyone that would like to have any item for a separate vote?

Councilmember Mayfield said 12, and Councilmember Watlington had identified 10 and 11. They responded to them here, but definitely number 12.

Mayor Lyles said alright, 12, 10 and 11, a proxy. She'll be back in. Then, any comments that Council would have about any item on the consent agenda?

Councilmember Anderson said Madam Mayor, I would like to make a comment about 12, but should I hold it since we're voting separately?

Mayor Lyles said I think you should hold it, since it's going to be a separate item.

Ms. Anderson said thank you.

Mayor Lyles said so, I'm hearing 12, 10 and 11 will be a separate vote.

Motion was made by Councilmember Molina, seconded by Councilmember Driggs, and carried unanimously to approve the Consent Agenda as presented with the exception of Item No. 10, Item No. 11, and Item No. 12, which were pulled for a separate vote.

The following items were approved.

Item No. 13: Workforce Development Services

(A) Authorize the City Manager to negotiate and execute contracts with the following organizations for the provision of workforce development initiatives for a term of two years: Road To Hire (\$1,438,420), Charlotte Works (\$1,305,250), City Startup Labs, Inc. (\$527,850), Gener8tor Management, LLC (\$350,000), and (B) Authorize the City Manager to amend the contracts consistent with the purpose for which the contracts were approved.

Item No. 14: Resolution of Intent to Abandon a Portion of Two Alleyways between Heath Court and Hawthorne Lane

(A) Adopt a Resolution of Intent to abandon a Portion of Two Alleyways between Heath Court and Hawthorne Lane, and (B) Set a Public Hearing for May 13, 2024.

The resolution is recorded in full in Resolution Book 55, at Page(s) 123-124.

ITEM NO. 12: CONSTRUCT MATHESON AVENUE BRIDGE STREETSCAPE PROJECT

Councilmember Mayfield said We've been having a lot of conversations with CBI (Charlotte Business INClusion) and looking at how we approve contracts and minority participation. This particular project has been in discussion, I think, since around December 2023. We've been having the conversation with staff long before that, but this particular project, for the construct Matheson Avenue Bridge Streetscape, is a \$12,885,000 project. This particular project had a seven percent and a three percent goal on it. One of the things that Councilmember Mitchell, and I was hoping he would've been finished with work to be here to speak to it, but one of the concerns that we have had and we've shared with staff, is these hard bids, and how do we truly break up these contracts in a way to address our goals that we've established for participation. So, this one, for the police station and the firehouses, when we do Construction Manager At Risk, CMARs, those hard bids are creating some challenges that's already been identified, we're looking at it for future projects, but at some point, we have to stop saying, "On the next one, we'll try to get it right, and we'll do better." We had an opportunity with this one. The bid wasn't released until February 2024. This was a great opportunity to really look at how we're creating more opportunities for our MBEs (Minority Business Enterprise), our MWSBEs (Minority, Women, Small Business Enterprise) and our SBEs (Small Business Enterprise) at a greater level than the seven and three percent and/or trying to combine the two, saying at 10 percent. I personally am not supporting this, but I think we need to have a very clear conversation with, whether that's Council approving the language. I believe we've already approved some language with CBI, in order for us to move forward and making sure we're having true equitable opportunities for the businesses that we are telling, "We want you to sign up to do business with the City of Charlotte," and then when it comes time to do business with the City of Charlotte, we create obstacles that make a greater challenge for those businesses. Thank you.

Councilmember Anderson said I want to say that this particular project is very exciting to see it tonight on the agenda. District 1 residents are very excited for this project. Even last term, I met with residents from NoDa (North Davidson), Villa Heights, and neighboring other communities, to talk about the high-injury network and the accidents that were going on. They have known about this project being in development, and they're very excited to see it on the agenda tonight, because it will open up pedestrian accessibility and connect to the Charlotte Cross Trail and the Blue Line extension in ways that hasn't existed in this particular corridor. I've gotten lots of letters of support for this from the NoDa Business Association, and other residents within the community, and so I just want to say I'm very excited to see this as Phase 1. There's a Phase 2 that is a part of the C-DOT (Charlotte Department of Transportation) overall plan that's further down the line, but this will really give a facelift to the Matheson Bridge in a way that has been much needed over the years. I'm also glad that, as we talk about CBI, that in this particular bid, we did meet our current policy levels for our minority and women businesses to participate. So, very excited to support this, and I hope the rest of my colleagues will as well. Thank you.

Councilmember Watlington said I think probably most of us are excited about the content of the project. We've seen it for some time. My questions are similar to Councilmember Mayfield's around the procurement process. So, Mr. Manager, could you please provide some color, as to what we're doing that's not just kicking this can down the road for the next time?

Marcus Jones, City Manager said sure. So, thank you, Dr. Watlington. So, I think there's a couple things going on. I want to make it clear that I am in favor of these alternative delivery methods, as opposed to just always going with low bid. I think, as you start to think about it, some would suggest that some of these alternate delivery methods may cost you more, but what I want to make sure that we do is, we take a look at, not only something like Construction Manager At Risk, but also the low bid, and look at it over time and the change orders that come to it. So, you have a little bit of risk up front versus, let's say, in the back. What we have done, we've listened as we've taken the vertical from the General Fund. So, we start to think about [inaudible] Enterprise Fund, they do a lot more Construction Manager At Risk.

Councilmember Brown arrived at 5:15 p.m.

So, what we're doing is, we've bundled three projects that were upcoming projects, one police station, two fire stations, to see how the Construction Manager At Risk will occur. What's happening now, we're starting to look at the horizontal, and what we could do with those projects, and to your point, not kicking the can down the road, and not listen to the Council. What we're trying to see is, for those projects, where they are in the cycle, and are there some opportunities now with the horizontal projects, to also look at these alternative methods. So, that's where we are. Again, did the vertical, now we're looking at what we can do differently with the horizontal.

Ms. Watlington said thank you, and just as a follow up. When can we expect to see that?

Mr. Jones said what we're doing is looking at all the projects. So, you think about all of the projects that we do, and see where they are in, I guess, the schedule, but maybe more importantly, like when we start to think about vertical, we said anything \$5 million or more. Let's start to look at that. So, we wanted to try to figure out what's the right number, which is a sweet spot, and where are those projects that really haven't even begun, that we can start to say, "Well, we're going to use this alternative method for those projects."

Ms. Watlington said so, should we expect to see that within the quarter?

Mr. Jones said I'll look at Shawn. Oh, I'm getting the nod, yes. How's that?

Ms. Watlington said okay, thank you, that's significant to me. It's important to me that I hear a plan and a path forward, because like I said, I definitely share the same concern that my colleague has noted, in regard to what we are doing with what we control to ensure opportunity. Thank you.

Motion was made by Councilmember Anderson, and seconded by Councilmember Driggs to approve a contract in the amount of \$12,885,798.48 to the lowest responsive, responsible bidder Blythe Development Company for the Matheson Avenue Bridge Streetscape Project.

Summary of Bids

Blythe Development Company	\$12,885,798.48
Sealand Contractors Corp.	\$13,590,000.60

The vote was taken on the motion and recorded as follows:

YEAS: Councilmembers Anderson, Bokhari, Brown, Driggs, Graham, Molina, and Watlington

NAYS: Councilmember Mayfield

The following persons submitted written comments regarding this item pursuant to S.L. 2020-3, SB 704. To review comments in their entirety, contact the City Clerk's Office.

Krysten Reilly, Krysten.reilly@noda.org

ITEM NO. 10: AUDIO VISUAL EQUIPMENT AND INSTALLATION FOR FIRE TRAINING ACADEMY

Mayor Lyles said Ms. Watlington, did you have a question about Item 10?

Councilmember Watlington said I did. I followed up again after I got this, and I got the answer to the question I asked.

Motion was made by Councilmember Watlington, seconded by Councilmember Anderson, and carried unanimously to (A) Approve the purchase of audio-visual equipment and installation by the sole source exemption, (B) Approve a contract with Inter Technologies Corporation for the purchase of audio-visual equipment and installation, and (C) Authorize the City Manager to amend the contract consistent with the purpose for which the contract was approved.

ITEM NO. 11: TRAFFIC SIGNALS AND HARDWARE

Motion was made by Councilmember Watlington, seconded by Councilmember Driggs, and carried unanimously to (A) Approve a unit price contract with General Traffic Equipment Corp. for the purchase of Traffic Signals and Hardware for an initial three-year term, and (B) Authorize the City Manager to renew the contract for up to two, one-year terms with possible price adjustments and to amend the contract consistent with the purpose for which the contract was approved.

ITEM NO. 3: ACTION REVIEW AGENDA OVERVIEW

Marcus Jones, City Manager said thank you, Mayor and members of Council. We have two items on the Action Review tonight. First, we'll have our final budget, let's call it department presentation, and that's the aviation budget outlook, and we'll have our CEO (Chief Executive Officer) and CFO (Chief Financial Officer) for the airport here tonight. Then, we will have an update on our affordable housing funding. This will be, I believe, the last one that we bring to you in this fiscal year, and excited about showing you the recommendations from the staff. So, with that, Mayor, if there are no questions, I will turn it over to Haley.

ITEM NO. 4: ACTION REVIEW ITEMS

Haley Gentry, Charlotte Airport CEO said good evening, Madam Mayor, Mr. Manager and Council members. My name is Haley Gentry and I'm the CEO for the Charlotte Airport, and we're really happy to be with you tonight to be able to share a glimpse of our budget for the upcoming year. I also have Mike Hill, who's our Airport CFO, and he will be participating in the presentation as well. So, this presentation, you'll see that it has the Budget and Governance and Intergovernmental Relations Committee. This was supposed to be presented a week or so ago, so please overlook that. We recycled the same presentation. I will tell you, before we get started, that this is not meant to be a comprehensive deep dive, because it was going before the committee. It is a summary

of what to expect this year, and it is a summary of all that is currently impacting our budget in the upcoming fiscal year. If any of you have additional questions, or would like to take a deeper dive, I would be happy to do that with you outside of this meeting at any time.

You can see here, this is general fast facts, you've seen this before. As you know, we serve as American Airlines' second largest hub, and we are the seventh busiest airport in the world. In case you haven't heard, we broke a record last year, that was 53.4 million passengers, that was our strongest year ever, and of course, one of the fastest recovering airports from the COVID pandemic. Perhaps the most important fact on this page is the area of economic impact. As you can see, we represent five percent of the state's gross domestic product, and we know that that is low. The economic impact of \$32 billion is only reflective of North Carolina. This study is done by North Carolina's Department of Aviation, and so it does not represent South Carolina. We are currently in the process of reviewing the economic impact of South Carolina. We know we have a lot of employees that live in South Carolina. We fly both flags out front. We do serve as the largest airport of both Carolinas. So, we will be updating that number to reflect the impact of that, but that is the latest number that we have, so.

So, let's jump into the budget. Every year, much like Council does, we follow up with our budget priorities after you have set your priorities, and they are reflective of what our goals are for the year. They are reflective of what is occurring in the environment. So, I'm going to give you a little glimpse into what we're expecting. Right now, Charlotte is the fastest-growing airport, if you look at available seats on the market in the country, and that is really amazing. Sixteen percent higher this year is expected than last year. Our passenger forecasts are certainly going to stress the operation, as well as the facility. We also have no federal grants in this upcoming year. When I say no federal grants, I mean COVID grants we have supplemented the past four years, the operation. The airport has been, I think, very generous in how we've used those funds, and they have gone directly to the airlines, the ones that were not designated for other uses, about \$370 million. So, that is coming out of the budget for this year.

We've also got increased activity and increased square footage opening. We expect to open 20 percent more in our facility this year, with the addition of Concourse A, and with more terminal lobby space being completed, and then we also have unfunded federal mandates. So, we had all of that going into setting our priorities, and I think it speaks very well to why we chose what we did, working smarter, mitigating risk, and then of course, responding to the immediate growth that is on our doorstep, no pun intended. What are we doing to respond to those demands, those needs? How are we going to ensure we can serve our customers? Our utilities are higher, our credit card transactions are higher, all of the consumables in the terminal building, there are increases to all of that.

So, as we move forward, and you can see what's been happening, Charlotte has a very unique story to tell. Our fiscal years, these numbers are a little bit different than what you are probably familiar with our calendar year, but they're very close, and you see the trend, which is the important part of this. Ending the year, this year, we are projected to hit 60 million passengers, from 53 million to 60 million. That's the punchline of this whole presentation. It really is. The hub is driving the growth in Charlotte. American has been very direct, very out there talking about their commitments to Dallas and to Charlotte, their two largest hubs, and they are putting their money where their mouth is, so to speak, and putting that plan into action. The growth of the local population is also driving some of what you're seeing here. As you know, Charlotte is a very popular place for people to relocate to. Our local boardings used to be around 20 to 25 percent of our entire traffic. Our most recent local boardings were 33 percent. That gives you some indication of some of the tremendous growth we're experiencing. All of our airlines are growing in Charlotte. Last year, when we did our financing, and we shared that information and Council took action on it, we worked with our consultants to prepare a forecast. The forecast, during last year's financing, actually had us reaching 60 million passengers five years from now, so we have just hit the fast forward button by five years. It's not the eclipse effect, I promise. Mike, do you want to pick it up from here?

Mike Hill, Charlotte Airport CFO said yes, sure, thanks Haley. Good afternoon, and thanks again for the opportunity. I always really enjoy an opportunity to come and talk about the airport and talk about our priorities. This, in my 28-year career, is unprecedented with what we're experiencing. Now, it's a very exciting time to be a part of the City, to be a part of the airport. Haley hit on a number of the key drivers for the budget, but in terms of our process this year, really has been transformative, starting first with looking at how best, and be most effective, to recover from the COVID pandemic. We were the fastest growing in recovering airport in the entire country following the COVID pandemic, and then shifting gears straight into how are we going to service over 50 million people using our terminal facilities in the midst of a construction environment? I'm sure you all have seen out there, the breadth of the construction activity that's occurring, is very significant in the midst of a very busy operation. It presents lots of challenges in that regard.

Shortly after we had gone through our own internal budget process, our friends with American Airlines, and some of the other carriers, had reached out and expressed interest in expanding service levels above levels that are already record breaking. Haley mentioned right before the pandemic, we hit the 50 million passenger mark that year, and that was a very exciting time, but now pushing 60 million people, that's a 20 percent increase in passenger levels, in a building that is 20 percent larger. Thankfully, we did not stop the construction program during the pandemic. Thankfully, we pursued and continued that ambitious program, that is really already proving yields in benefits to our customers during the pandemic, but all of this growth is going to come at a cost. We have to be able to be responsive. We have to respond to the needs of the passengers and the community. This community deserves a world-class airport, and this budget proposes to give us just that, by focusing on contracts specifically related to passenger activities. Haley hit on a couple of the large ones, being janitorial, as an example, much higher utilities, a bigger building, higher rates are contributing to increased budget pressures. Also, our baggage handling system is another example of really necessary investments that need to be made, not only in expanding in a facility, but also making sure that the existing assets are being serviced with preventative maintenance and doing other things that we need to do as an airport to protect our investment.

So, overall, in total, a \$302 million operating budget is the request, compared to a \$487 million total operating budget on the revenue side. So, not only will we be experiencing some increases in the expense spending to respond to the increasing activity levels, but those increased activity levels bring with them the opportunity for us to revisit especially our non-airline revenue portfolio. We really want to be sensitive to the cost structure of the airlines. It's mutually in the interest of both the airport and the airlines for us to keep that cost structure low, but also to look at things like parking, in-terminal concession, food, beverage, retail, advertising, rental car, and all the other different revenue sources of the airport, we want to focus on those, and that's what we have in the budget this year. So, total net revenues, at a record level of \$186 million, is what we're forecasting for the coming fiscal year.

Hit on this a little bit earlier, but just wanted to provide a brief update on the Capital Program. I know ya'll are most familiar with Destination CLT (Charlotte Douglas International Airport), multi-billion-dollar Capital Expansion Program of the airport. As we're starting to wrap up that program, with two signature projects, both currently under construction, mentioned earlier the Terminal Lobby Expansion Project, a \$600 million expansion of all levels of the terminal building. If any of you all had traveled over the spring break, it was a savior. To have that extra space in there is a completely different passenger experience for the folks, especially in the Charlotte community, who use this airport, not so much for the connecting customers who are already on the secured side, but this really is going to transform the experience for everyone. That project is currently slated, it's on budget, and on target to open in 18 months.

Councilmember Mitchell arrived at 5:31 p.m.

So, that will be something that we will all be looking forward to celebrating. Then, the other signature project being, once we accommodate the needs on the land side of the

facility, also focusing on the air side needs of the facility, and we've identified an opportunity to construct a billion-dollar runway that's going to enhance our airfield capacity by about 20 percent per year. So, another very exciting project. That runway is anticipated to open in a couple years around September of 2027, is when we anticipate the runway to be open.

Other projects that are coming soon. The Concourse A, Phase 2, Expansion project, which adds 10 additional gates. We are going to relocate Delta Airlines off of the existing A Concourse and relocate them onto this new 10-gate Concourse, to create room for both the hub and carrier, American, and also to give the City some additional capacity, as we want to try to control some of the gate capacity to handle some of the swing traffic that we're susceptible to. That project is scheduled to open later this fall in later 2024. The North End-Around Taxiway is a \$250 million airfield project to enhance both the capacity and enhance the safety of aircraft attempting to cross active runways. Once this project is open, this will allow the aircraft to circumvent the center runway going around the north end and enhancing safety by eliminating or reducing opportunities for aircraft incursions.

Last, but not least, a very exciting project that I think is one that the community really will appreciate, is the redevelopment of the Overlook Park, that the original park that had to be shut down in connection with the Fourth Parallel Runway project, is being reconstructed in a grand form. It will have static military aircraft out there, brand new restroom facilities, a parking lot for food trucks, and other amenities that really think are going to be well received by the community, and that is scheduled to open this summer. So, keep your eye open for that, very exciting.

So, with all of this, and the Capital Program ultimately mentioned the importance of us keeping our cost structure low, I'm going to turn it over to Haley to wrap us up, but this is something that you've seen before and I think, as the CFO of the airport, I take a tremendous amount of pride in knowing how efficient we can operate, and looking forward to carrying off into the next budget cycle. With that, we'll turn it back to you.

Ms. Gentry said we often tease Mike that this slide winds up putting him by himself at the airport CFO conferences, that he has to sit alone, that no one wants to sit with him when they see our rates here. We have reviewed this budget with the airlines. We've received positive feedback. The airlines appear very pleased that we're taking actions to meet their demands in Charlotte, and that we have a plan to support their growth. I think spring break was a great indicator for what traffic is going to look like all summer. We have set a record this past Thursday, for the most passengers ever in Charlotte, and we were so grateful to have that expanded space in the terminal lobby. So, having said all that, what does this do to our cost? If you take a look at this chart, you have several of the airports that American operates at, as well as several other large hubs, and you can see Charlotte is on the far-right end of the scale, and LAX (Los Angeles International Airport) is on the far left. We do not include New York in this, because they go off the page, it shows you how high they are. The interesting thing about the data on this chart is that this \$3.52 per enplane passenger is our projection for this upcoming year. The numbers for all the other airports are for the FY (Fiscal Year) 2023. So, that just shows you the difference and where we are, even with our 2025 budget. So, having said that, we'd be happy to take any questions. We're very pleased we got to share this with you, and like I said, if some of you want to talk offline, I'd be happy to do that too.

Councilmember Watlington said I've got two questions. They are perennial questions, really more for context. First one is, can you go back to the cost per enplane passenger? We continue to hear over and over that the cost per enplane passenger is lowest in Charlotte, and yet the ticket prices for those flying out of Charlotte on non-business travel, continue to increase. Can you just speak to why that is?

Councilmember Johnson arrived at 5:36 p.m.

Ms. Haley said the pricing of airline tickets is a function of the airline. It is not indicative of just the airport cost. They also have their cost. So, that is a question that I would

suggest we engage American, and give you a little better response on that, but it is not indicative of only the airport cost.

Ms. Watlington said thank you. That is one that I think, as our friends over at American prepare for their next round of work and some of the things that I know that they're looking forward to coming in the airport, I think that's a good time to just have those conversations and understand how do we make sure that we remain competitive for the local community. So, I'm sure Tracy is probably watching this, and I'll get a call here soon. There she is right there, I knew it. So, let's connect on that.

Then, my second question is, as it relates to the CIP (Capital Investment Plan) projects, and this net revenue of \$186 million, one of the other things that we hear often, in the community as it relates to the airport, is why can't we use those dollars for projects to meet community needs? Can you just briefly outline the restrictions around airport spending and I've got a followup.

Ms. Gentry said in terms of airport dollars being spent for community impact?

Ms. Watlington said correct.

Ms. Gentry said yes. There are federal policies. It's known as revenue diversion, and for lack of a better comparison, it's the Las Vegas rule. What happens in Vegas stays in Vegas. That's what happens at the airport. What happens at the airport stays at the airport, and it is illegal for us to use our dollars in other ways. If it is generated at the airport, it must remain on airport property.

Ms. Watlington said thank you for that last piece, because that's the piece I want to dig into a little bit, because I think about, from a tourism standpoint and an investment and improving airport operations immediately adjacent to the airport property, how are we thinking about improving infrastructure, for instance, in order to get in and out of the airport at Wilkinson where the crowd is, and things like that? What kinds of opportunity might we have that still serves the needs of the airport and also addresses some of the adjacent needs?

Ms. Gentry said well, the airport, as I know you're aware being a former district rep, we have lots of area plans that talk about what the future of development will look like with the airport proper, and then what's happening adjacent to the airport. It's extremely important to us that we have compatible uses close by the airport. As far as the infrastructure goes, we are actually in coordination with the state right now, as well as City DOT (Department of Transportation), in terms of looking at the infrastructure that's coming off of 85 and on Wilkinson. We know there are several times a week now where Wilkinson breaks. We did a much better job this holiday season with the spring break travel going in and out, but we didn't do so great last holiday season. We struggled with that. A lot of that has to do with how much traffic are on those roadways during peak periods. So, I can tell you that the infrastructure projects around airport are things that matter greatly to us, and we want to be at the table for those conversations, to the point of where we're actually taking the lead, saying, "Look, we've got 60 million passengers coming. We know we're going to need to address some of these things." Those conversations are ongoing. I don't have a lot of information that I can share with you at this point, but the infrastructure is certainly something that we care about very deeply. It's critical to what we do.

Ms. Watlington said thank you, and just to tie a bow on that piece, when you're coming to the table, are you coming with dollars that you can spend, because it impacts the airport?

Ms. Gentry said that is not the focus of the conversation at this point. I will tell you we have spent money in the past where the project cannot be facilitated in time by the state or cannot meet our needs. We have done that all around the airport where we would wind up doing that. So, that may come as a result, but we're not quite there yet.

Ms. Watlington said gotcha, thank you, Haley, I appreciate it. Thank you for your leadership.

Ms. Gentry said Thank you.

Councilmember Mayfield said thank you for the presentation. Question for you, with looking at slide seven, when we're looking at the terminal lobby expansion, if you can just stay right there. So, we're looking at, not only our expansion, we're looking at the experience here. So, that's what it was. Earlier when I told you I sent you a question and I couldn't remember, but I did send it to you. So, thinking about the customer experience, our charging stations, where we have chosen to use the chairs, and unfortunately, I don't know what that contract looked like, but they aren't as effective as we may have thought that they would be, and looking at some of our competitive markets, I think Vegas has the standup charger stations. When you all are looking at growth at the airport, are you also looking at, for lack of a better word, the best practices of other airports and the things that are working well?

Ms. Gentry said absolutely. We, not only engage our passengers and our tenants in those conversations, but we belong to numerous airport professional associations. We have connections with various companies and consultants all across the country. The consultants that we mostly engage for Charlotte are not people who are right here in our community, when it comes to things like you're talking about. We have mix of folks, so we do that. I will tell you that the chair chargers that we have now, really came about because of the tightness of the hold rooms and how it was very difficult to accommodate something else standing or being in place.

Ms. Mayfield said so, again, when thinking about those, the towers are a part of the chairs, they just sit in the middle, versus what we currently have as the airport is growing. Are we also having, we being you all, having conversations of expanding our local representation regarding restaurants and other things, because these are some of the things that I've been seeing online lately and in social media posts, with how the airport is growing and how everything goes down to E. You have to go through security through Gate E, but you're actually flying out of Gate C or Gate B, diversifying what we have available, with really pushing Charlotte?

Ms. Gentry said well, we do try to have a mix of national and local brands. We have a very successful, it's called an ACDBE (Airport Concession Disadvantaged Business Enterprise) program, that is for airport concessionaires. I think we have very sophisticated DBE (Disadvantaged Business Enterprise) operators inside our terminal building. Two dollars of every \$5 generated in the terminal building is from a local or small business. So, we're really proud of that, and it is part of our business philosophy. Having said that, we do contract for those services and with host [inaudible], and both of them are continually working on how they manage that portfolio. So, yes, to answer your question, it's something we will continue doing and it's something that we are constantly doing.

Ms. Mayfield said, and my last one is regarding slide nine, the cost per enplaned passenger. We have what seems to be the lowest cost at \$3.52. You're saying that this is for our Fiscal 2025 budget where we're keeping it. Was this also the 2023/2024 number? I'm trying to see what is the increase that, even though we're still low in comparison, what was our previous number?

Ms. Gentry said \$2.11.

Mr. Hill said it was actually a little bit less than \$2 on a reconcile basis in FY2023, and the last budget cycle was a little over \$2, but one thing I think that, and Haley touched on this earlier, but we'd be remiss if we didn't remind everyone, we've expended about \$370 million worth of COVID stimulus grant, that we used to help offset airline rates and charges, and basically to help the airport continue to operate through the pandemic. So, now that that money is all spent, now it's time to pay the bills. So, American Airlines will see a significant cost increase, but it's still cheaper than anywhere else. So, I think our

message, and when we met with American, they seemed generally supportive at that time, and we shared our story of growth and that this budget would respond to that, and reminding them that we're losing hundreds of millions of dollars in COVID grants, still puts us in a very competitive situation.

Ms. Mayfield said thank you.

Councilmember Driggs said great story about the airport. Obviously, we appreciate the role the airport plays in the economic vitality of the City, but this is not actually a budget presentation. So, are we going to see numbers and more detail, historical, projected, the kind of stuff we would normally look at for budget?

Ms. Gentry said we'd be happy to share that with you, yes.

Mr. Driggs said okay. What are the net revenues actually used for? I mean, you've got the surplus from operations. Is that debt service or what happens with that?

Mr. Hill said yes, yes it is. Services are debt. We are a AA rated, a credit of the City and we do maintain our own credit rating, so that helps us support that. It also helps support the Capital Development program. We try to be very strategic about how much of that net revenue we use for PAYGO (Pay-As-You-Go) on projects, maybe for some short projects that have maybe a shorter use [inaudible], for example, but yes, that is primary, and it's also contributes to funding our discretionary reserves, our strategic reserves as well.

Mr. Driggs said right. You mentioned American Airlines a couple of times. I think it's great on this occasion to acknowledge our appreciation for the partnership we have with American and the value that that represents for the City. Please convey that. What percentage of the activity at the airport is currently represented by American? It used to be something like 90 percent?

Mr. Hills said 88, 89.

Mr. Driggs said yes. So, I would say we do have an issue of a lot of concentration with that one customer. Could you talk about what the status is of the lease right now? Where are we in terms of that lease?

Mr. Gentry said we're on the end of a 10-year agreement. It will come due in 2026. We've already started having some, what I would call strategy discussions, with the airline about how they want to approach this. What's important? How we want to start meeting? Those negotiations will kick off this year. I will tell you that everybody is extremely pleased with the business arrangement that's in place. So, I would find it shocking if the overall business arrangement changes any, as we move forward. I do believe there are a number of things that the airline will come to the table, and we will come to the table with, things that are just mechanically cleaner and that will help the lease work a little bit better, but we're looking forward to that and we expect to wrap that up over the next year.

Mr. Driggs said good. I mean I would be shocked too, but that's a moment at which the issue of the concentration is a little bit more in the foreground, so I hope we will be kept posted on our progress there. The last thing was, I think the FAA (Federal Aviation Administration) is reviewing flight patterns, approach patterns and so on. It seems to be of concern to a lot of people. Could you just comment on what's going on there?

Ms. Gentry said I will be happy to. The airport is in the midst of a Part 150 Noise Compatibility study. Part 150 is the Federal Aviation Regulation pertaining to it. It's about at a year mark in the study, and we are on schedule to wrap that up this summer and bring that forward to Council for a recommendation. The study we had had been in place for almost 25 years. So, we're really excited to look at what's happening currently in our airspace, and have recommendations come forward. The FAA will be the determining factor for the recommendations that move forward, and we have a draft

slate right now that they're continuing to review and work with. Once it's approved by Council, it then goes back to the FAA to be implemented, and again, these are things that make the airfield more efficient, things that impact noise, things that may or may not be implemented at this point, but will go to the FAA and this group for a final.

Mr. Driggs said but you say it comes up for a vote by us. What actual authority do we have? People will come to us, because they're concerned about what could happen near them, and always, there is somebody who feels they're worse off. So, in practice, what control do we have over that outcome?

Ms. Gentry said the FAA manages flight patterns. They manage flight operations. They manage how the airfield operates. What we have done is, based on federal requirement, conducted a number of engagements with professionals, users, community representatives, neighborhoods, people who live close to the airport, to weigh in on recommendations. The Part 150 is the way we can participate in the federal decisionmaking about what is occurring with regard to flight operations.

Mr. Driggs said so that a decision by Council would be taken on board by them or considered by them, but our actual authority to prohibit something, at the end of the day, isn't. I'm just trying to clarify, because again, people are looking to us, and we need to be pretty clear about what we can and can't do.

Ms. Gentry said I understand that, and in full transparency, our lawyers at the airport will be working with Patrick. They are actually looking at what Council approved last time, to be sure we understand what Council will actually be approving. Is it approving the program? Is it approving land use? Is it approving acceptance of federal funds for noise compatibility purposes? We are taking a look at that to ensure exactly what you would be asked to approve.

Mr. Driggs said okay. Well, thanks to you and everybody at the airport. Thank you.

Councilmember Graham said Councilmember Driggs asked the line of questioning that I was going to ask the staff related to the Part 150 study. So, I'll just make a couple of general comments. One, I had the opportunity this weekend, actually again, to be at the airport picking up someone who was attending some activities at the university, and I continue to be impressed in terms of the effectiveness and the efficiency of the airport under construction. Obviously, it can be a headache, but it's really an edge city to itself in terms of the operation and the new facilities that we see. It's more than just an asset for the City of Charlotte. It's a regional asset, that all combined 15, 16 counties around us, depend on for its growth and its development and the growth and development of the region. So, I'm really appreciative of the day-to-day management of the airport, management through the construction. I continue to be impressed with the Capital Improvement Projects at the airport, to make sure that the airport is modern and can handle the traffic that our great partner, American, is generating for us, and American is a great partner. As your Economic Development Committee Chairman, I meet with Tracy at least once a month, by phone or in person, and we talk about a wide variety of issues at the airport that impacts American, the good and the bad, but they are a valued partner, and I just hope that we can continue to have a great partnership with them. Obviously, they opened up the gateways to the world for the City of Charlotte, in terms of corporate relocation, corporate retention, etc., not only for the City of Charlotte, for the region, and so that relationship is extremely important and one that I think that we really need to be very mindful of, and certainly not take for granted that they will always be there. Obviously, competition is good, Tracy, from time to time, but certainly when you have 88 percent of the flights being generated by one airline, that's something that we ought not to take for granted, and be as supportive as we can without tipping the scale and the balance, in terms of what happens in terms of other carriers at the airport. So, one question, though. Was I correct in hearing that the Overlook will be available and ready this summer?

Ms. Gentry said yes, sir.

Mr. Graham said that would be great. That gives me yet another activity to do with my grandson. So, thank you very much for that.

Councilmember Anderson said I also would like to just compliment the operations of the airport. I had the opportunity to be out there about three weeks ago, coming from D.C., and then into Easter weekend. The configuration was very different in the lobby, but there were great customer service guiding people to specific areas, and the throughput to get through security was good. So, the efficiency and the way that you all are managing the operations, while being constantly under construction, is something that I think you should be applauded for, because it can impact the customer experience. I just have a couple questions, though. There was a conversation earlier around, once you get through security, and you're seeing these increased numbers, so we're adding 7, 8 million more passengers inside of the airport, in terms of the actual common spaces and the plans to actually have a great experience while you are flying out of Charlotte Douglas or flying through Charlotte Douglas, I see there's a lot of congestion inside of the airport. Can you talk about any of your plans around creating spaces for families and groups to have a better experience inside the airport?

Ms. Gentry said yes, I'd be happy to. The hub operates from everyone coming and leaving at the same time, and so that is a challenge. B and C Concourse are our older Concourses. We did refresh them, so they look a little newer, and they've got new surfaces, new [inaudible], new lighting. It did not give us anymore square footage. So, one of the things we're working on right now is how can we reposition some of the hold rooms. If you notice, if you fly frequently, in your own B and C Concourse, the queue lines will often come out into the walkway. So, we're actually looking at repositioning podiums and repositioning chairs. In some gates, chairs may be reduced to provide more room for the flight that is actually queueing, and to give us a better ingress and egress. We actually have a plan right now that's being designed that will change and reconfigure the connector for D and E, as you're moving that way, to provide more common space, more waiting space, so you could be close to your gate, but not be in your hold room in your gate. When the 10 gates open on A this fall, you'll see that it mimics the last Concourse A, Phase 1, that we opened, and that Concourse is designed differently and has the ability to have more space. So, we are trying to take elements of that and put that into existing spaces. The long-term plan actually has B and C both being widened to make more room and allow more gates to be on the end and less gates to be closest to the atrium, which would then allow us to have more waiting space, as you're talking about. Luckily, we do have that space now in the terminal lobby. It's a game changer for queueing lines, for allowing large groups to come in, but we still have that challenge in the oldest parts of the building, so we'll continue to address that.

Ms. Anderson said that's great to know that you are thinking about logistically how you can operate within the square footage that you have to increase the customer experience, because I am frequent flyer, I'm there quite often, and it can get congested. So, the question that I also have, and I also echo sentiments to American Airlines and the partnership that we have with American, and it really is a game changer for our airport, and so I'm very happy to see that and to be extended. The number of direct flights that we're adding, not only to Tulum, which I know Ms. Molina participated in, but then the summer seasonal flights to some of the areas with national parks, sort of in the heartland in the middle of the country, I think those are just going to stimulate activity even more for us, and so I love to see that. When we talk about the operators outside of American, though, can you talk about, are their operations more hub and spoke or do they have a direct flight portfolio as well?

Ms. Gentry said the majority of the other operators serve a very different customer. What I mean by that is, we have a number of low fare carriers. We have a number of non-traditional carriers, like a Southwest. So, there are legacy carriers that operate in Charlotte, United, Delta, it's a much smaller scale. So, they do run hub operations, but nothing like what you would see with American. All of our airlines in Charlotte are growing, and I think when you start to see that, it again goes back to what's happening in our local market, the business climate, the great place to live, relocation, increasing

population is really driving, and those other carriers, non-traditional carriers, are meeting a need for certain a passenger.

Ms. Anderson said excellent, okay. Then, my last question is just about employment around the airport in general. How's the employment base, both for the airlines and for the airport? Are you having any difficulty attracting a proper employee base? Can you just speak a little bit about that?

Ms. Gentry said well, I think it really depends on the job that you're trying to hire. Clearly, none of this works well if we don't have boots on the ground to make it work. I know that the airline has a couple of jobs that are very important to them, and they are trying to hire in the coming months. We've all seen a lot about the pilot shortage. We've seen a lot about the mechanics. So, there's a whole host of, what I would call niche jobs, looking for certain trained employees to take. We have that as the airport operator, labor and trades. It's very challenging for us to hire those jobs in the Charlotte market. Construction is aggressive in our market, and we are competing with the likes of large, large corporations. So, I would say labor and trades for the airport, and tech for the airport, tech is becoming more challenging, but we've been doing a really good job of filling our positions. We run a little less than 10 percent vacancy for the airport and we're very pleased with that.

Ms. Anderson said that's good to know, because I also want to ensure that those jobs are reserved and filled by Charlotteans and individuals who live in the area, and you don't have to source that talent from outside of the region. So, from a workforce development perspective, if there's anything that we can do as a city to help assist in some of those labor trades and potentially those tech jobs as well but be very interesting in hearing more about that in months to come.

Councilmember Bokhari said I echo the sentiments. Good work to you and your team and American and all the good things we have going on there. Obviously, it's a very important part of our broader ecosystem. I just have one question that I have kind of consistently heard rumblings about, and that's the homeless issue that has been cited in the areas, particularly I've heard around the luggage areas in the bottom. Obviously, this is an issue across the entire City we're working on, but it has additional implications at the airport, where so many people, this is their first view of the entire City. Do you have just a very quick status update of like, is that still a thing or has it been solved? Then, if not, are there implications that we should be thinking about on either the budget side, for enforcement and things necessary, or is it more on the policy and ordinance side, that we need to be thinking about from that perspective from the Council?

Ms. Gentry said well, typically, every year when it gets cold, we do experience some visitors who are residentially challenged. We have been dealing with that for many years. I think what was the game changer for this year was, we had so much more pre-security square footage. So, we had more visitors this past year. So, what we've been working to do is be sure that whatever policy we put into place actually gives the police something they can use to remove people who may not be there for airport business. Safety and security is our number one priority at the airport, and we always approach these situations with that in mind. Having said that, we have encountered, there are sometimes when it is challenging for police to actually remove an individual from our property the way the current laws are written. So, we are working on language that will be in airport rules and regulations that legal is working through right now, that we hope to have in place this summer, that if you are not at the airport for business, if you are not there working, if you are not traveling, there are number of, I guess considerations, then you cannot be at the airport. So, that will be coming forward we hope by June 2024.

Mr. Bokhari said great. I'm glad to hear your team is focusing on that. I would encourage doing that with as much urgency as possible, as well as working on the other side of the coin, with some of the other efforts we're working on right now with the Homeless Courts and the kind of routing people to the places where they can get the services they need from temporary housing to mental health, to workforce, to all kinds of things. So, I think that's another very important touch point of kind of the demand side

that tracks to the supply, but also though, the ordinances and what you guys need, is something I'm glad you're doing it, and I encourage that you as soon as possible bring things to us to be able to help you with those issues.

Ms. Gentry said thank you, we appreciate that. We have been working closely with the county on available services for those who are willing to take it.

Councilmember Brown said Haley, thank you for inviting me out to the airport to meet with your entire team, just to get the breakdown of what it takes to run the airport, how much is put into running the airport, how many staff members you have, what goes on on that side of operations. Quite naturally, you know that I've been over on American side and can see everything from an employee standpoint and perspective. I wanted to first give you accolades for bringing me out there, breaking down step by step, taking time out to break down everybody's job title. What you do, what it takes, how it's effective, and what I didn't know, some things that I got to see. From an employee standpoint, though, I know the contract is here. I see all of the traffic, people coming through every day. I get to experience it firsthand up close and personal. You and I can discuss offline some of the things, but I didn't see a breakdown of like contracts, employees, how they're going to be effective. While we get to see the glitz and glamour of the airport, and how good it looks to the eyes of the travelers and everybody coming through, safety is always, it takes precedence. There's no hierarchy over safety. Just wanted to speak about keeping us safe, how we can do that with all of the people coming through, as we grow over the summer months, as we're congested in the area. The lobby looks good. Now me, I've been working there for quite some time, and now I have to say, "Hey, where am I going to get in the door," because we're developing and we're growing. I can see the blueprints coming together, because I've been there for a long time, and just seeing the lobby grow, it looks really good and it's spacious. I will say that it's very, very spacious. If I get lost, it's very spacious.

So, I want to talk from a standpoint of some of the equipment. I want to speak about the [INAUDIBLE] and make sure that they're operational. When we think in terms of the budget, yes, we've got to get the airplanes off the ground, but we've also got to make sure that the equipment is in place, it's safe, it's moving, it's working according to. So, that's really all that I have. I know what it takes to put that airport together from an employee perspective, but I want to speak in terms of the contract and the employees out there. What can we do to make it better for them, and that everybody is on one accord. So, thank you so much for that. I'm a little under the weather, that's why my voice sounds like that, but thank you for bringing me over, Haley. Kudos to you and your team. It is a lot of work, and this is a huge, huge responsibility to run the airport the way that you run the airport. So, thank you so much, okay.

Ms. Gentry said thank you for your support.

Councilmember Molina said Ms. Gentry, great to see you again. My colleagues, a few of them know, I was able to be a part of the most recent celebration of the direct flight to Tulum. I echo the sentiments of our Mayor Pro Tem, in that that type of economic development and the opportunities are great for Charlotte. So, I'm really excited about that. I also got a chance to get a glimpse of some of what's going on from an inside perspective. So, thank you to your team. Tracy, you're a rock star, I love you. I have probably the most important question of the night about the Airport Overlook. I love the Overlook. Me and my kids have gone to that Overlook for most of their little lives, and it's going to have a playground, and they're too big to play on the playground, but we're still going to go out there and eat ice cream and stuff. Is it going to be in the same place?

Ms. Gentry said it has moved slightly, but you will take the same road and it will not be far from where it was.

Ms. Molina said okay. Is there going to be like a grand opening event for it?

Ms. Gentry said yes, there will be a grand opening. So, we are shooting for this summer. We will definitely publicize it and be sure Council knows about it. I'm not sure if we'll have a grand opening or a ribbon cutting, at this point, but we're definitely going to have an event.

Ms. Molina said oh, it's going to be lots of families that are going to be very excited about that. Also, just a small mention, and I don't know to what degree that you're aware, but as Council members we oftentimes get emails from airport workers, and that's why there's this kind of repeated interest in what's being done from an airport perspective. I think, Mr. Manager, I've even been tapped to hold a discussion in Spanish, which I'm absolutely going to facilitate for Spanish-speaking workers that work at the airport, but I don't know, is there any kind of highlight that you'd like to offer around the workers at the airport? My most recent email was basically someone who was belaboring the fact that they were unhappy working at the airport, talked about labor concerns, etc. So, is there something that we're doing from a City's perspective around our workers at the airport?

Marcus Jones, City Manager said I think the best person to handle that question is Ms. Gentry, and I can provide any backfill with that, okay.

Ms. Molina said yes, I'm wondering, because from you guys' perspective, I don't know how much, I guess, there is a flow from like what you do as an enterprise resource to the actual City resources. So, is there anything that you guys are doing specifically around, I guess, morale. Morale is something that we're always chasing, no matter where you work. Don't take this like I'm saying that we're doing something wrong, but when the workers do reach out to us, which some of them do very often, I know that even in my own inbox, I have a few right now. So, from a morale perspective, is there anything congruent that works with the City staff? Is it the same, or how does that work?

Mr. Jones said Ms. Gentry, I'll start off, okay. So, I understand your question a little better now, Councilmember Molina. So, think about it differently, that it's not just whether you're an Enterprise Fund or General Fund or public safety, we have the capacity for 9,000 employees, and our employees, no matter what department they're in, we try to treat them fairly. We try to make sure that what we're doing is looking out for the best interest of our employees. So, there's always collaboration with HR (Human Resources) for consistency throughout the organization, but I'll let Haley talk about things that are specific to her department, but I'm saying that we all fall under that umbrella.

Ms. Molina said okay, I just wanted to make sure. So, that's something that you and I'll talk about one-off, especially before I hold that conversation, because I don't want to get in there and say the wrong thing.

Ms. Gentry said well, and Councilwoman, the term airport employee gets used a lot, and it's not always a City Aviation Department employee. I know a lot of the emails that you're talking about. I don't know the specific one that you're referring to right now, but a lot of those are generated through unionized employees that work either for food, beverage, retail, or the airlines.

Ms. Molina said you know, now that I think about it, Ms. Gentry, I think that's what it is.

Ms. Gentry said and they are very aggressive with messaging and communicating about various things, and most of the time it has absolutely nothing to do with City Aviation Department employees. I'd be happy to help you if you need background crafting or any information. I'd be happy to provide that feedback for you, but a lot of times it's not anything within the City's purview that these employees are wanting to engage about.

Ms. Molina said okay, that's good to know, and I will reach out to you, because I literally have an active request for my time to kind of hold a discussion, so would really help me greatly between you and our City Manager to help me facilitate that conversation,

because I'll entertain the request, but I'd like a little bit more specificity around it before I do. Again, I'm really proud of our airport. I think being seventh busiest in the entire world, I think that is outstanding. That's something amazing to hold and I'm really proud of that. That's something that is kind of a badge of honor of us. So, thank you for all that you do for the airport and our City.

Ms. Gentry said thank you.

Councilmember Johnson said thank you for the presentation. Speaking of grandchildren, my grandson, he came in on American Airline just yesterday, so. So, I wanted to ask about the cost per enplane passengers, and I wanted to know if I could get a list of what that entails or just a high overview? Does that include employee wages?

Ms. Gentry said no, well, not exactly. Here, you want to talk about it? It includes the cost to operate in Charlotte for each airline. So, go ahead.

Mr. Hill said no, that's exactly right. So, this is intended to represent an apples-to-apples metric that the airport industry uses to compare each other in terms of our collective efficiency. What this cost is, is really nothing more than the total payments made by the airlines divided by the number of enplane passengers, and an enplane is somebody who gets on an airplane. So, in our case, so if it's a \$3 cost per enplane passenger, and if we've got \$25, \$30 million enplanements, that means the airlines are paying us around \$100 million to operate, and they pay that to the City in the form of landing fees. So, every time an aircraft lands and hits the surface of the runway, we charge them a fee. We also charge them rentals for the occupancy for the rents that they occupy in the terminal building, for bag handling areas, ticketing areas, passenger hold room areas, really anything that they occupy on a preferentially least basis, meaning they have lease hold interest rights. We charge them a rent. So, again, this really is the total amount that we charge the airlines to do business there, divided by the passengers.

Ms. Johnson said how is it that our costs are so much lower than comparable cities?

Mr. Hill said it's a question we get asked a lot. A lot of it has to do with the enormous economies of scale that we enjoy. I mean, a couple folks have talked about how busy the terminal building is, and it is quite busy. It's on a per square foot basis, probably the busiest terminal in the world, in terms of the number of people per square foot that we push through it, but at the end of the day, it's a combination of a culture of efficiency that we have adopted ever since I've been here, and Haley's been here for a while. Really, it's a cultural thing that I think is part of our organizational identity, is wanting to make sure that we're able to do more with less, that we're able to be efficient. We want to make sure that we're paying our employees and giving them the benefits that they deserve, but on the other hand, we also want to make sure that we're being as efficient as we can. That encourages the likes of American Airlines and other carriers to continue to invest here.

Ms. Johnson said and I understand that, but this is such a wide range, and we do hear from employees, and they may be contract employees, but the low wages, and if there's opportunities to bridge this gap. I mean, I understand us wanting to be attractive to businesses, but if there's opportunity to improve lives of the workers. It looks like that we are really, really charging far less than we may be able to. I mean, it's almost \$30, and we do receive emails, again, from employees. So, if there's some room to increase wages or something, this might be something we should take a look at as a city. Another thing I wanted to say. Ms. Molina, when you mentioned employees, I've suggested employee surveys for four years now. So, that is one way to reach out to Citywide employees, to get a gauge on the morale and the culture. Thank you.

Councilmember Mitchell said first of all, great job, great job, great job. Secondly, if anybody else asks me about those rocking chairs at the airport, I think we can make money off just leasing those out. On another personal note, Mayor Mitch Colvin from the

City of Fayetteville, thank you so much for finding his new wife's luggage when it was lost from their Dominican Republic trip.

Mayor Lyles said I think Tracy's going to take credit for that one.

Mr. Mitchell said oh, Tracy, okay. So, American Airlines, thank you, but Mayor Colvin told me to publically say thank you. So, great job. Continue to do the work.

Mayor Lyles said it's amazing what kinds of requests you can get. So, I had to thank Tracy as well when I called, and I will not embarrass the Mayor of Fayetteville, why he had to do that, but anyway. Thank you, everyone. Thank you, guys. I believe we should go downstairs, do the work on the agenda, and then also the Manager has said in his work with us, that we can then address the second part of our Budget discussions and governance that we have on our agenda. So, with that, let's go downstairs and get started. I hope everybody has looked at the memo that Lynn Minges sent us this afternoon about 4:30 p.m. If you would take a chance to look at that, I think that would be very helpful. Alright, thank you, everyone.

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ITEM NO. 5: CLOSED SESSION (AS NECESSARY)

No closed session occurred.

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The meeting was recessed at 6:22 p.m. to move to the Meeting Chamber for the regularly scheduled Business Meeting.

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The City Council of the City of Charlotte, North Carolina reconvened for a Business Meeting on Monday, April 8, 2024, at 6:32 p.m. in the Meeting Chamber of the Charlotte Mecklenburg Government Center with Mayor Vi Lyles presiding. Council members present were Danté Anderson, Tariq Bokhari, Tiawana Brown, Ed Driggs, Malcolm Graham, Renee Johnson, Lawana Mayfield, James Mitchell, Marjorie Molina, and Victoria Watlington.

ABSENT: Councilmember Dimple Ajmera.

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Mayor Lyles said good evening, everyone. I am Vi Lyles, and I serve as Mayor of the City of Charlotte, and I am now calling to order the Council business meeting. We'll begin with introductions. Ms. Ajmera told us that she was not feeling well today. We hope that she's feeling better. We are now going to begin to have our regular Business meeting. We're grateful that those of you that are watching us on some type of streaming device, or however you can approach to be able to follow us, thank you for being able to do that.

INVOCATION AND PLEDGE

Councilmember Mayfield gave the Invocation and the Pledge of Allegiance to the Flag was led by all.

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AWARDS AND RECOGNITIONS

ITEM NO. 6: FAIR HOUSING MONTH

Mayor Lyles read the following proclamation:

I'd like to recognize that we have a joint proclamation with Mecklenburg County to recognize Fair Housing Month.

WHEREAS, we recognize that on April 11, 1968, the Federal Law set a goal of eliminating racial segregation and ending housing discrimination in the United States; and

WHEREAS, Charlotte and the Mecklenburg County Fair Housing Ordinances of 1980 and 1982, respectively, have helped us look at prohibiting discrimination in housing, because of race, color, religion, sex, national origin and family status and disability; and

WHEREAS, the City of Charlotte continues to be committed to the mission and the intent of Congress to provide fair and equal housing opportunities for all; and

WHEREAS, we commemorate 56 years of the passage of the Fair Housing Act, even while discrimination still persists and many communities remain segregated:

NOW, THEREFORE, we, Vi Alexander Lyles, Mayor of Charlotte, and George Dunlap, Chair of the Mecklenburg Board of County Commissions, do hereby declare April 2024 as

“FAIR HOUSING MONTH”

in Charlotte and Mecklenburg County and commend its observance to all citizens.

Now, I'd like to invite Willie Ratchford, Director of the City and County Community Relations Committee, to come down to the clerk's desk to receive the proclamation. Thank you for the role that you play in your organization to investigate and maintain the standards that we'd like to have.

PUBLIC HEARING

ITEM NO. 7: PUBLIC HEARING ON THE PROPOSED FISCAL YEAR 2025 ANNUAL ACTION PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT

Mayor Lyles declared the hearing open.

There being no speakers, either for or against, a motion was made by Councilmember Mitchell, seconded by Councilmember Graham and carried unanimously to close the public hearing.

POLICY

ITEM NO. 8: CITY MANAGER'S REPORT

Mayor Lyles said now, we'll go to our policy item, which is to actually address an item that we didn't get to when we were upstairs earlier, in that we are going to talk about the Fair Housing Program. We want to recognize that we have a number of our housing organizations represented here this evening. The work that you do makes it possible for us to claim this honor, helping us maintain as much as we can, housing for the people in this community. So, Rebecca, why don't you kick us off.

Rebecca Hefner, Director of Housing and Neighborhood Services said good evening, Mayor and members of Council. I'm glad to be here this evening. I am indeed Rebecca Hefner, Director of Housing and Neighborhood Services, and I'm joined this evening by Warren Wooten, who is our Assistant Director for Affordable Housing. Given the change in venue, I told him he didn't have to stand during the whole presentation, but he will be available for Q&A at the end of this time. So, today, we actually have two sets of recommendations to go through for you. One is your typical Housing Trust Fund recommendations, and then we also have a proposal for Transit-Oriented Development Land Acquisition. This is the first proposal that you've received since the release of an RFP (Request For Proposal) in January 2024. So, we'll spend a little bit of time actually going through that RFP as well as the proposal.

First, a quick overview of where you are with your affordable housing investments. So, this is since the last bond approval, which was in November of 2022. Voters approved a \$50 million Housing Trust Fund bond, and since that time, across all of your funding sources, City Council you have invested in over 2,100 affordable housing units. So, you'll see here the total is more than that \$50 million, because this is the housing bonds as well as your federal funding allocations, your local innovative housing fund PAYGO dollars, and then we'll talk a little bit about the TOD (Transit Oriented Development) fee in lieu income as well that serves as the funding source for the land acquisition proposal that you'll receive later this evening. So, just want to call your attention to this chart that is illustrating the investments that you've made since January 2023 across all of the housing types that's broken down by category, and gives you the total number of affordable units, the investment amount, and the percentage of the total investment in that housing category. So, with the recent referral from Mayor Lyles that came out on Friday, we'll be digging into this a little bit more, but I thought it would serve as a good foundation for you all tonight in looking at the Housing Trust Fund recommendations.

In addition, across all funding sources in that same time period, 40 percent of the affordable housing units that you all have approved or preserved, are serving households at 50 percent and below Area Median Income, that includes 522 units or 24 percent of the total at 30 percent AMI (Area Median Income) and below. So, that exceeds the 20 percent of units at 30 percent that you have as policy in the Housing Trust Fund. In addition, you'll note there are a few units at the 90 and 100 percent AMI on this chart. Those are homeownership opportunities, your Downpayment Assistance Program actually, eligibility for that goes up to 110 percent AMI for some households. Tonight, what we'll be talking about is the Housing Development Fund, we commonly call it the Housing Trust Fund, but with the expansion of funding sources, we've been referring to it as the Housing Development Fund. This fund provides gap financing for affordable housing developments. So, your current unallocated balance out of that \$50 million, is \$8,946,000. So, don't get too excited about tonight. There aren't going to be as many units recommended as the last round, because your fund is dwindling.

As a reminder, a few requirements, as it relates to the Housing Trust Fund, it requires a long-term deed restriction to preserve affordability. In the case of multi-family, the minimum is 40 years. It requires 20 percent of the units must serve households at 30 percent Area Median Income and below, and this fund is replenished on a bi-annual basis via bond referendum and with your federal allocations. So, the voters will take a look at this bond referendum again in November 2024. Historically, voters have been very supportive of the housing bond dollars, and that will come forward to voters based on the recommendation that you approve in your FY2025 Budget. That fund is also augmented with CDBG (Community Development Block Grant) and HOME dollars. Those are our federal funding sources. You may recall approving a project in the last round that had federal funding sources. This round is only local bond dollars.

In addition, it's important to note that the winter request for proposals. So, it is April 2024, I recognize that, but this is the winter RFP. It came out in December 2023. The winter request for proposals aligns with the state tax credit application deadlines, and because of that, you'll see more multi-family tax credit projects in this round of recommendations than you would see in some other rounds for example. Last note here about the fund itself. There is a separate rolling RFP for NOAH (Naturally Occurring

Affordable Housing) requests, and the TOD land acquisition requests. So, both of these rolling RFPs were recommended in the Housing Trust Fund tune-up that came through Council Committee. That NOAH RFP was released last May 2023. You actually had one of those projects in your last round of recommendations in the summer/fall of 2023. Then, the TOD RFP was released in January of this year, 2024, and you've received one proposal for that, which is reflected in tonight's Action Review.

A quick note on schedule. This is the standard RFP schedule for the Housing Trust Fund. So, proposals were received in late January 2024. Staff have been working diligently over the last two months to really vet the proposals, and even sometimes negotiate with the developers, to make sure that you're getting the best possible value for your investments. So, shout out to our Housing and Neighborhood Services staff, as well as the Planning Department staff, who work on ensuring that you've got great proposals for consideration. The briefing, of course tonight, this is where we are on April 8, 2024, and then in two weeks, the recommendations will come back before you for consideration and approval in the April 22, 2024, Council agenda. On April 18, 2024, you will receive what we commonly refer to as the HTF (Housing Trust Fund) booklet, which is the document that gives you all of the project details. It tells you a little bit more about each development than you will hear tonight, and also has a written rationale for staff's recommendations.

Alright, the punchline. As I referenced earlier, you've got about \$8.9 million remaining in the Housing Trust Fund, and this slide illustrates the overall summary of staff's recommendations. Seven proposals were received. Out of those proposals, five of them are recommended for funding. You can see that reflected here, 240 multi-family rental units. Again, these are tax credit projects, one nine percent, two four percent projects, and then also two homeownership developments, for a total of 19 units, altogether 259 units at about \$8.8 million. A couple of things to note. There is one note on this slide about the grounds for change development under City cost-per-unit, in addition to the \$2 million that's recommended for funding from the Housing Trust Fund. This project was also awarded ARPA (American Rescue Plan Act) funding in November 2022. So, I'll go into that in more detail on the slide. Just wanted to note it here for anyone who's doing the math, and says, "Hey, that's not quite right on City cost-per-unit."

Then, the other thing I want to call your attention to is column negotiated affordability period. So, I referenced that staff have been working over these last two months on the projects, and really pleased to share that in those conversations with developers, we're able to identify \$654,000 in cost savings, and an accumulative additional 94 years of affordability period over the three projects. So, the time that staff spends going through these projects is really of benefit to you to get really good investments through the Housing Trust Fund. Out of those 259 units, this slide illustrates the AMI mix and the rent ranges that will be a part of these, in particular, the multi-family units. So, out of 259, you have 52 at 30 percent AMI, which does meet your 20 percent even cumulatively. For reference, 30 percent AMI for a household of four is currently right around \$30,000. So, we're still in this easy math year, where the AMI is around \$100,000, so it's easy to note, 30 percent AMI, \$30,000; 80 percent AMI, \$80,000. The rent range for multi-family developments here is illustrated on this slide as well, going from one bedroom to three bedrooms. So, for example, you can see here the rent range for the 30 percent AMI would start at \$561 and go up to \$777 depending on the bedroom size.

So, if these recommendations are approved, that would leave you with about \$84,000 left in the Housing Trust Fund. So, this is \$8,140,000 for the multi-family LIHTC (Low Income Housing Tax Credit) developments, and about \$722,000 for the homeownership developments. Now, what I will say is that similar to rounds in the past where you've approved nine percent tax credit developments, they are subject to approval from the North Carolina Housing Finance Agency. So, the one nine percent development in this bunch is \$2,640,000. If that development is approved by Council, but then subsequently not approved by the state for tax credits, those funds will come back to the Housing Trust Fund.

One last note, before we launch into the specifics on each of the recommended developments. We heard you loud and clear at the January 2024 Strategy Session, that you're interested in better understanding return on investment as it relates to the City's affordable housing investments. So, we're working towards better defining that, and trying to get a couple of different metrics that can help us understand return on investment. Now, I will say, these aren't perfect yet. We're testing them out with you tonight to see if they're helping to give you some of the information that you're looking for. We have two new metrics for you. One is really looking at efficiency of your investment, and the other is looking at impact of your investment. So, you'll see these referenced on each of the project summaries. One is the investment realization period. So, the question here we're looking to answer is, how many years will it take to recoup City investment through rent savings? Now, we don't exactly recoup the investment, so you can also think about this as, if we were comparably going to invest in rental subsidies, how many years of rental subsidies would this project take? So, for this one, it's a measure of efficiency. The lower number of years, the more efficient the investment. On the other metric is 10-year rent savings. The question here we're attempting to answer is, after 10 years, how much money in rent savings would this project have generated for tenants? So, what's the difference between the affordable rent and market rent? One way to think about that is, this is money that a household can then spend on other basic needs, or savings, or investments in their future. So, this one, we think of as a measure of impact, and on this one, a higher 10-year rent savings is a stronger project. Now, I will say that the next step of return on investment is a little bit harder to quantify, which is, what is the impact on any given household having had the opportunity to have affordable housing? So, that one's a little bit more involved to answer, but we are working on that as well, and we're hoping to have some more information there by your next round, which would be next January 2025.

So, with that, I'm going to share a little bit about each of the recommended projects. The first one is Grounds for Change, a development by DreamKey Partners, and Grounds for Change is the development that I referenced on the summary slide, has both a request in for Housing Trust Fund support of \$2 million, and also has other City investment, \$4.5 million in ARPA funds. So, this development was originally approved in 2020, 2021, and then came back to the City in the November 2022 special RFP, that was held with ARPA funds, for projects that were specifically impacted by the conditions that were changing in the market during and after the pandemic. So, the Grounds for Change was awarded this \$4.5 million in ARPA funding. Subsequent to that, DreamKey partners had to make a material change to the development, that was related to parking and some additional escalating costs. So, they returned the Housing Trust Fund support and are now coming back to you all with a revamped project and a request to invest that \$2 million back into this project. So, one thing I will say is that the North Carolina Housing Finance Agency has continued to roll forward their tax credit and bond allocations for this four percent tax credit project. The financial partners at this location are still on board, and there's also a philanthropic investment here. Everyone remains invested and committed to and enthusiastic about this project, and so the Housing Trust Fund request is now the last piece of the puzzle here. This development is located in District 1. It's right off of Park Road on the grounds of the YWCA (Young Women's Christian Association), so another great partnership with YWCA to provide housing in our community. For those of you who are familiar with the location, it's right on the 19 bus line, good access to Uptown and other job centers, close to the Park Road Shopping Center. One of the things we're particularly excited about with this project is, it has a pretty high location score, in particular, the diversity score is a 10 out of 10. So, this is a location where there is more expensive housing, higher-income households, and will really create some diversity for this area.

Moving on to Mallard at Sugar Creek, and again, I'm just hitting the highlights of each of these projects. There's a lot to be excited about in this mix. In Mallard at Sugar Creek, this is a project by NHE, Inc. This developer has done, I think, 14 or 15 projects across the Carolinas for tax credit projects. They were previously awarded City funding for Ovata at Reedy Creek, if you remember that project. This development has really attractive leverage ratio, and fairly low investment per unit per year, because of the extended affordability. They've offered a 75-year affordability period, and so we're

excited to see that. It's also a development located in a fairly quickly changing part of Charlotte, right near Derita, and this area has been seeing a significant amount of change over the last several years, including an over 40 percent increase in home sales prices. So, you can just think about what the market is doing and the need that that reflects for affordable housing. This location is right at the corner, across from a couple of shopping centers, and one of the things that the developer is excited about it, is the opportunity to really help design some of this main street feel in the area, with enhancements to the sidewalk and the landscaping and the streetlighting and the other pedestrian enhancements that come along with that. This development also has eight units that are three bedrooms, and so you'll see that reflected in the total bedroom count at 104. It's 60 units, but 104 bedrooms, because it does have that 13 percent of units that are greater than two bedrooms.

The next recommended development, The Landings at Tyvola. This is the third of the three multi-family tax credit projects that staff are putting forward as recommended projects. This development is by The Paces Foundation. This is a nonprofit developer with really extensive experience in tax credit projects. They have recently started construction on a project that you approved that's now called The Legacy at Carr Heights. You may remember it under the name of Historic Nathaniel Carr Seniors, which is what it was called when it came through for your approval. This is another really growing area. This is located in the West Boulevard Corridor of Opportunity, and right across the street, there is a small homeownership development that's just finished, as well as a new market rate multi-family building across the street. So, there's a lot of market rate activity happening in this area, so another good opportunity to get in with affordable housing units. This is a relatively efficient investment. So, you can see the investment per unit per year at \$354, that's mostly because of this very extended affordability period, 99 years of affordability, a good location score, and again, this one of all the projects, has the most number of units that are greater than two bedrooms. So, 100 units of affordable, but 194 bedrooms, again, serving some of those families that are not seeing as many units come online in the marketplace at that three bedroom and above.

I'll note here that the developer has met with the West Boulevard Neighborhood Coalition and has been in discussions with that Neighborhood Coalition about what types of benefits can be provided to the community through this development. So, similar to some of the work that they've done through Legacy at Carr Heights. So, last thing to note on this project. The Landings at Tyvola, the property is currently under a long-term purchase option, and the developer heard and relayed to us on Friday, that there has been some environmental contamination found on the site. So, they will be working over the next two weeks very diligently to determine what impact that might have on the development and the feasibility of the development as recommended. So, we're very excited about this project. We wanted to bring it forward to you, but also let you know that there's some new information that we'll have to weigh, along with the developer, over the next couple of weeks. So, our deadline for them is to come back to us with something by April 17, 2024, so that by the time we put it in your booklet, on April 18, 2024, we have sorted out that recommendation. Again, it's a project with a great value proposition and in a location that we're excited about. So, we're going to be working with the developer to see how we can support making this work and continuing it forward to recommendation to you on April 22, 2024.

Alright, so those are the three multi-family tax credit projects. There's two more, but I'm just going to pause briefly to shift gears. Now, we're moving into homeownership. It's a different type of proposal. So, it's a little bit hard to compare the multi-families to the homeownership developments, but I'm going to do my best to explain it to you here tonight. We can have additional conversation about homeownership as needed, but again, shifting gears a little bit, it is a different type of development. These are both developments proposed by Habitat Charlotte. One of the exciting things about these two homeownership developments is that they are on land that was purchased with ARPA funds from Mecklenburg County over the last couple of years. Habitat specifically went out looking for land in areas where they wouldn't otherwise typically be able to purchase land, because they had these additional funds from Mecklenburg County. So, you're

going to get a little bit of a different location for these two developments than some of the things you may have seen in the past. The first one here is Legacy Vista. This is in District 3, and where there is a total of 14 units proposed here, 12 of them are affordable. So, a couple of things about this location that's interesting and part of why we're excited about this is that, if you think about homeownership, we're really looking at both affordable housing and your length of time affordable, but also economic mobility opportunities for the households that are in this housing. Then, also there's a neighborhood stability element to it, especially in these situations where there's a long-term restriction around owner occupancy. So, think of it as the three legs of the stool here, of affordability, economic mobility, and then neighborhood stability. So, in this particular area, right now homes are selling for about \$48,000 on average, and 24 percent of the single-family units in this neighborhood area are rental homes.

Councilmember Mayfield said \$48,000 or \$480,000?

Ms. Hefner said if I said \$48,000, we should all be running out to make a purchase. Thank you for the correction, \$480,000, thank you, and you can see here that the sales price range for these units would range from \$250,000 to \$280,000, and some of these units would be for households at 50 and 60 percent AMI, so it would also include opportunities for downpayment assistance, in order to get the actual mortgage amount down to an even more affordable level for those households. So, in this particular proposal, there's a mix of four single-family detached housing units and five duplexes, and I want to just make a note of this asterisk that's next to the affordability period. Ya'll have talked quite a bit about homeownership and the affordability period in your last round of Housing Trust Fund recommendations. So, the way that these developments are structured with Habitat, is that there is a resale provision at 15 years. So, we illustrate this as a 15-year affordability period, but there are additional restrictions that make the effective period of affordability 45 years. So, let me share a little bit about that. So, 15 years, during that time, the unit has to be resold to an affordable household at 80 percent and below AMI. After that 15 years, it can be sold without those affordability restrictions, however, in this case Habitat, and when there's downpayment assistance, the City of Charlotte have right of first refusal. So, that can be purchased and recycled back in as affordable housing. If that happens, the 45-year clock resets. So, the 15-year affordability period resets, as well as the full 45-year clock. In addition, and we talked about neighborhood stability, owner occupancy and single-family rental houses, the period of the restriction for the units not being used as rental, so must be owner occupied, is for that full 45 years.

The Little's Landing is the next Habitat development, very similar in what I shared around affordability period, the sales price range a little higher, but still very similar, and we're looking here at a total of eight units, seven of them affordable serving 50, 60, and 80 percent AMI. Again, this is one of the locations where the land was purchased using ARPA funding from Mecklenburg County to help Habitat get land that otherwise would not necessarily be accessible to them. So, here the home sales are around average of \$350,000, and 25 percent single-family rental houses. These units would be between 1,200 and 1,300 square feet. They're a mix of three bedroom, two bath, and four bedroom, 2 1/2 bath. So, what you can see here in the rendering is, that is created through a mix of what's currently designed as one duplex and two triplexes. Okay, so, here's the other development that has a caveat for you. Important thing about this one is that, as currently designed it includes these two triplexes. Now, in your referral to Transportation, Planning and Development Committee, you all have been discussing with great robust discussion, rightsizing the N-1 (Neighborhood 1) development districts with appropriate housing types that meet the intent of the Charlotte future 2040 Plan. So, you've been talking about minimum lot sizes in conservation districts. You've been talking about triplexes and townhomes. Under the currently proposed changes that you discussed last week, triplexes would not be allowed in this particular location. So, Habitat's currently working with Planning staff and their designers to test out the proposed changes to the UDO (Unified Development Ordinance). So, part of that is to test and see how they might design this site with more duplexes or even structured stacked quads, housing types that we would traditionally see in this Neighborhood 1 district, but still yield the same number or even more affordable units on this site. So,

given the changes to the conservation district guidelines, and the potential provisions for affordable housing developments, they're going to test out whether or not they can actually adjust the design and yield the same or more housing units. So, this is the other asterisk that, as they work on this over the next couple of weeks and in conversations with Planning, that will update you in the Housing Trust Fund booklet about where it has landed in advance of your consideration on April 22, 2024.

Alright, last piece here on Housing Trust Fund. I mentioned we received seven applications. Five of them we've just reviewed as staff recommendations, and there are two developments that we're actually recommending for deferral at this time. One is Evoke Living at Steele Creek, and the other is The Merritt. These are both nine percent tax credit projects, and as you know, those nine percent tax credits are extraordinarily competitive. Neither one of these developments had a perfect site score for the tax credits, which means that they are highly unlikely to receive tax credits from the state in this round, and for that reason, staff recommends deferring, especially given the low balance in the Housing Trust Fund. In addition, Evoke Living, it's less efficient on the funding side, in terms of what's been asked for. It also has a lower location score, but we think there's a lot of potential here on this site, and we'll continue to work with the developer to bring forward a development that will be more feasible, especially if they continue to pursue tax credits. The Merritt with Conifer and DreamKey, you may note, this is the City-owned land development that was awarded to DreamKey and Conifer in the last City-owned land RFP. So, staff really remains very excited about this site. It is TOD zoned, it's utilizing City-owned land, and again, we'll continue to work with the developer to bring forward a more feasible recommendation to you in the future.

So, here we are, April 8, 2024. The schedule for the Housing Development Fund, of course, you'll see these again on April 22, 2024, for consideration and approval, but then just a reminder that these can take quite some time to come to fruition on the ground with families and households occupying them. So, we'll go through the financial closing process. Then, there's, of course, design and permitting, construction, units delivered, and that can take anywhere from 18 to 36 months, unless, of course, there's a pandemic thrown in the middle, in which case all bets are off. We saw a lot of delays, of course, in projects during that time period. So, that's what I have for you on Housing Trust Fund.

I'm going to shift gears one more time to talk about the Transit Oriented Development Land Acquisition proposal that was received for your consideration. So, the Transit Oriented Development Land Acquisition RFP, which is a real mouthful, it creates a pathway for the City to support strategic land acquisition and affordable housing opportunities in areas zoned for Transit Oriented Development. So, this was a recommendation of the Housing Trust Fund tune-up that was completed with Great Neighborhoods, now Housing, Safety and Community Committee. It's also a recommendation that came out of NEST (Neighborhood Equity Stabilization) Commission. So, in January of 2024, the City released an RFP. This RFP allows for 90 percent financing of land acquisition for land with TOD zoning. The way this is structured is, essentially, it's a short-term loan, so a three-year short-term loan to acquire the land, and then the developer has to come back to the City with a feasible proposal for affordable housing development within one year of acquisition. That can also include, because it's TOD, mixed income or multi-use. So, we're really looking to leverage this opportunity for creative and innovative solutions in TOD zoned areas. So, again, this gives time for the developer to conduct predevelopment activities, and then come back with a full development proposal. This activity is actually not funded directly out of the \$50 million of the Housing Bond. This is funded through TOD fee in lieu payments. So, as part of the UDO, TOD affordable housing bonus program created a fee in lieu that developers could pay to get height bonus and other area bonus for developments in Transit Oriented Development areas. So, you may recall in your budget in FY2024, there was \$4.7 million that was allocated from these payments. That's what had been paid to date for the fee in lieu. So, that's the funding source for this proposal that I'm about to share. Just as a note, while there's \$4.7 million that's been allocated, an additional \$16 million in commitments have been approved. So, this

has been a very successful program within TOD areas to generate additional funds for affordable housing, and in this case, land acquisition for affordable housing.

So, the proposal that's under consideration at this time, and staff recommends this evening, comes from Give Impact. They are requesting a little over \$3 million to acquire a 1.5 acre site on Dorton Street. So, this site is located within walking distance. So, if you can see on the map here, the blue dot represents the Sugar Creek Light Rail Station along the Blue Line, so it's within walking distance of the Blue Line. Some initial estimates indicate that there could be a yield here of approximately 200 to 225 units, again, that exact yield and the AMI mix that would be created here, would be part of those predevelopment activities that would take place after site acquisition. One other thing to note here, on your site score, we've broken it down here so you can see. One of the great things about the TOD zoning is the high site score for proximity, because they are along the Blue Line. It also creates access to jobs. This is a changing area. The diversity score is actually based on the actual units that will be proposed, so it's not as applicable at this time, but it's a great site and an opportunity to activate the land acquisition components of the TOD bonus program. So, we're really excited to have a chance to bring this forward. So, the funding request, again \$3 million, that's out of \$4.7 million in this TOD fee in lieu funding source, not out of the Housing Trust Fund Bond balance. The schedule is the same in terms of approval, but then quite different, as it comes to the development schedule. You will have a chance to consider and vote on this on April 22, 2024, but then again, there's a purchase, predevelopment and design phase that has to happen within one year of acquisition, followed by a proposal that comes in, which you will have a chance to take a look at and review and approve, and then at that point, is closing on the financing and the construction. So, it's a little bit longer timeframe, because we're talking about land acquisition, not a fully formed affordable housing development. With that, Manager, Mayor, members of Council, I wrap up my presentation and look forward to your questions.

Mayor Lyles said thank you. First, I want to say thank you for the amount of information and the responsiveness that this committee and the staff have had to the ideas around how do we do more and how do we do more that's really good housing. So, thank you very much. I think also the public needs to know that this our presentation today, and that on April 22, 2024, between now and then, there can be questions that can be sent to the Housing Committee and community, so that if there are questions, the public has an opportunity to step up and say these are things that we'd like to understand more, better, all of that.

Councilmember Johnson said thank you for the presentation. I have a few questions. What is an acceptable or a good location score?

Ms. Hefner said fantastic question. So, one of the interesting things about the location score is that it incorporates some inherent tension. So, if you think about the different components of the location score, it includes proximity to amenities, access to jobs via auto and transit. It includes a neighborhood change score, which is based on housing market activity in any given area. You also incorporate the neighborhood change score into your definition of neighborhoods that are vulnerable to displacement. So, neighborhood change is one of the things that we use to identify neighborhoods that are vulnerable to displacement. Then, the diversity score actually illustrates to what extent the proposed units are serving different levels of AMI households than the existing housing there in that neighborhood. So, for example, each of these is out of 10. When I referenced the diversity score of 10, that grounds for change generated, that's the best you can do under our current scoring there, and it means that the affordable housing units are serving households that are not already living in those neighborhoods. So it's increasing the diversity of that neighborhood. Now, one of the things that we often see is that the components of the site score around, for example, change and diversity, can be intention, especially as we're looking at changing neighborhoods. It's very difficult to actually score really well across all four categories. So, when you ask about what an acceptable site score is, it's at a 40, but you're never going to get anywhere near 40, because what you're really looking at is four different pieces of information.

So, when this score was developed, it was really in response to Council's various priorities around affordable housing, and this is an attempt to show you how well any given development is doing at trying to balance those different priorities. We're not usually getting a cumulatively high score, but it's telling you how well this development is doing in ensuring access and proximity to services, to jobs, and then are you preserving and creating affordable housing in a neighborhood that's changing rapidly, and then how different is the housing from what is already on the ground. So, when you break it apart like that, it's a little bit more complicated than just a single number, but it's actually giving you, as Council members, a lot of important information about how this particular development is doing in terms of meeting your various priorities.

Ms. Johnson said okay. So, if we wanted a breakdown of the location scores, we can get that from you?

Ms. Hefner said absolutely. In addition to that, the information is posted online as part of the CLT (Community Land Trust) Community Hub, because developers are required to run their own location scores. So, this is in a public-facing application. Anybody can go and check out the site score for any given location across the City of Charlotte. So, we'll provide that link, as well as a breakdown of how the different components of the score are created.

Ms. Johnson said and what's that link?

Ms. Hefner said so, the link itself I will have to look up, but the hub is called the CLT Community Hub. So, if you search for CLT Community, it should bring up the hub. That's the location where we house many of the public-facing applications that have been created, including development near me, the housing locational tool, as well as the neighborhood organization contact list, and a variety of other interesting pieces of information and things that residents may be interested to learn.

Ms. Johnson said thank you. Hopefully, our Communications Department can put those links in our social media comments. You said you had a question, and that you'd have the answer by January 2025. Do you remember what that was? So, there was second question you'd have the answer by January 2025.

Ms. Hefner said so, yes, what I was referencing, Councilmember Johnson, is that we've been doing a lot of work at the staff level and looking at how other communities and other partners evaluate the return on investment for affordable housing. Now, I want to back pedal a little in case that's what I said. I don't think we'll have an answer by January 2025, but what I'm hoping to do is that we will be able to do some work with our partners on how to better define the impact that affordable housing has, the return on investment for any given household. So, the metrics that we've shared this evening are return on investment as it relates to the developments themselves. How efficient is that development? How impactful is that development, in terms of the rent savings generated for households? What we know about households and affordable housing, is that it then creates stability for them that enables them to achieve other outcomes that might not have been possible if they weren't in a stable housing situation. So, we're trying to do a little bit of work to really define that return on investment, for other outcomes for residents that are able to live in affordable housing in our community.

Ms. Johnson said I hope, and I'm sure you are going to work with the county, because there's more of a return on investment than just financial. The [inaudible] health and just breaking generational cycles and all of that, so it's important. So, thank you. Okay, there used to be a 30,000 deficit of affordable housing. That was the number that we were using. Do we know what that number is now?

Ms. Hefner said we do know what that number is, and I'm not going to be able to give it to you off the top of my head. It has increased, so we calculate that number every year. That number represents the gap in affordable rental housing in Charlotte. That number is also available on a dashboard and that dashboard can be found on Charlotte's open data portal. So, anyone who wants to take a look at what that number is. I might be

sticking my foot in my mouth at this point, but I think it's about 35,000 units. I'm getting the give or take. So, it has increased, and again, that's the difference between the number of units that are affordable at 50 percent AMI and below, and the number of households that need affordable housing at that level.

Ms. Johnson said okay. I know that INLIVIAN, there's like 16,000 folks on the wait list. They're not even taking applications right now. I know someone that's been on the wait list for 11 years. Speaking of affordable housing, if I am disabled and I receive SSI (Supplemental Security Income) of \$800 a month, I can't really afford the \$561 or these set rates. So, those are folks that are our homeless population. What are we building as far as income-based housing, and it's not a county responsibility, it's still a City responsibility? So, what's going on in that range?

Ms. Hefner said sure, there are a couple of ways that we support the population of households that are much below that 30 percent Area Median Income. Tonight, you didn't see any supportive housing investment proposals. Again, when we get to a lower balance in the Housing Trust Fund, and especially in the winter round of the Housing Trust Fund, we tend to get proposals that are for the tax credit deals. So, you did see a proposal that, in fact, you approved in the last round for 64 permanent, supportive housing units, so that's one way that the City invests in those households. Another way that those households can access housing, is through other kinds of rental subsidies, so not just INLIVIAN's vouchers, but there are other types of rental subsidies, also again not nearly enough, just like not nearly enough housing choice vouchers, but there are other rental subsidies that support households. Then, finally, I would reference the work that you all approved last fall, related to the nonprofit housing support grants, so the funding that went to Heal Charlotte for transitional housing, for example. So, there are many different ways that you, as a Council, invest in those households that are much below the 30 percent Area Median Income and they're not reflected in the presentation tonight, primarily because of the timing of the winter RFP, and the amount of funding that's available in the Housing Trust Fund.

Ms. Johnson said thank you. Two more questions. So, was this all of the applications that we received?

Ms. Hefner said we received seven applications, so five that were recommended and two recommended for deferral.

Ms. Johnson said okay. So, I notice that they're in Districts 1 through 4. So, we didn't receive applications for Districts 5 through 7?

Ms. Hefner said not in this round, but if you take a look at the map of Housing Trust Fund investments over time, you'll see they are certainly spread out throughout Districts 1, 2, 3, 4 and 5. So, although, we don't have any proposals in District 5 today, you certainly have supported affordable housing in District 5 in the past. Districts 6 and 7, due to high land cost, we tend to get fewer applications from those districts. We have some incentives in the RFP that try to get more of those developments in, but they are harder to make work in terms of the development deals. We have a couple of recent examples, though. Last round in the RFP, you approved a NOAH development in District 7, I believe, Swan Run, as well as we are still working through the Evoke Living project that has been approved on the CMPD (Charlotte-Mecklenburg Police Department) land in District 7, that was approved as part of the City-owned land RFP. So, while they are more difficult to make work and less frequent, we certainly have seen some of those proposals in recent rounds.

Ms. Johnson said thank you. I'd like to see that map. Mayor, if we could take a look at that map and maybe take a look incentive, so that these are balanced and the affordable housing is not inundated in certain areas, when we talk about a city, we can look at it from an equitable perspective. That's one of the things that we talked about in our framework. I think that would be a great idea, and make sure this housing is spread out, so that we're not just perpetuating that tale of two cities. Thank you. So, I don't know if that's something that the committee can take a look at there. Thanks.

Then, how can they keep up with these wonderful complexes? I go to grand openings, and some of those complexes already have a wait list. How do individuals, how are they made aware? Is it possible we could have some type of repository? I don't know if there could be one centralized wait list. I mean I don't know what that would look like. I know Councilmember Mayfield has talked about this. Folks will know from out of state about complexes before our own citizens do. How do those who are in need of housing, these 16,000 people on another wait list, how do we get that information out to them?

Ms. Hefner said sure. Right now, that is very fragmented, and an individual or household searching for affordable housing, may have to keep up with what's coming online and when, and when those applications are due, and what's needed, and when to put them in. So, it is a very difficult process for households to navigate right now, but we have heard you loud and clear, that you want us to identify an easier way for residents to find and access affordable housing. So, we actually have two projects in various stages right now. One is a proof-of-concept application that our Innovation and Technology team has been working on with google.org, and one of the things there is really the idea of one application for City programs. So, this is a little bit of a detour from the Housing Trust Fund, but for example, one of the things that we're looking at including on that platform, is a single application for housing rehab. So, right now, there are several organizations in the City that complete housing repair and rehab for households, and using the same idea, we're working on how can you put in just one application and get connected to the right program to meet your needs, but also not have to apply multiple times. So, that's actually in the works right now.

The other project that we're working on is in the conceptual stage, which is how might we, in collaboration with our partners, create a single repository, as you noted, of available affordable housing, and how might we prioritize residents based on things like, have they been displaced from other locations in the past, have they been on the waiting list for housing for a long time, etc. So, that's a long journey. We've been doing some leg work about available applications and tools that could be used to do that. Warren and his team have talked to quite a number of folks. We're really excited about this idea, but it's something that we're going to have to navigate carefully along with our partners to make sure that it remains a fair and equitable process, and ensuring that folks have access to affordable housing, and then also working with our development partners to get them onboard as it relates to using that single application and wait list. So, it's a long, long road. I'm not going to promise anything by any time, but we have heard you loud and clear. We've been researching the options, and we're looking forward to bringing forward a proposal to you at some point in the future.

Ms. Johnson said thank you. That would be great, even with the application process fees, but we can talk about it. Thank you. Thank you for your work.

Ms. Mayfield said Rebecca, thank you for everything that you have done stepping into this role, and for your team, and thinking outside the box. You already know I'm like going to be a super cheerleader for Warren and everything that he does with us. Couple of questions. One, I'm going to start with the end, regarding speaking of fair and equitable processes, and just so that my colleagues know, we know that a number of us had the opportunity to go last week or so, week before, to the grand opening of The Berewick through Laurel Street. One of the things that Dionne Nelson did was a lottery based on unit AML to have a more equitable process. I did have a conversation with Julie Porter last week sharing that idea, because for years now, previous, first time around and since coming back, sharing that these lists that we have, stop reinventing the wheel. You already have the information. You already have their name. Take the time, pick up the phone, go through that current list before creating new lists, new application fees, all of these things. So, I don't know if it's necessarily our responsibility to try to figure out a way to house that conversation, but I do think we may have an opportunity through our language in the application of what the expectation could be, with how we address the need, because that 30,000 to 38,000 is a lot, but it also doesn't take into account how many people have moved to the City over these last 10 years, during a time where we were trying to address some of the housing need.

When we have in here on slide nine, when we were talking about the metrics? So, the question, and I've asked this question previously to others, when we say a 10-year rent savings, are we actually tracking the length of stay for that tenant, because that's the challenge. If we're not tracking that tenant, and we're saying affordability, but that tenant is only able to be there maybe three years, because there's a rent increase automatically built into that new development as well, then are we really hitting the goal that we said, "Here's why we're comfortable using tax dollars." That's a different conversation, Manager Jones. I don't know what that metric would look like, but I think that would be much more feasible, because if we're continuing to have conversations of wraparound services, there should be an expectation that within a certain number of years, whether that's five years, seven years, that you should be working toward self-sufficiency, unless there's a greater need of wraparound services. If you're in that, I would say the 50 and greater AMI, or really 40 or 50 and up, then are we really giving you the chance to be successful by connecting you to job training, to employment, all these other things? Are we making sure that you've maintain the affordability of that unit that our taxes have paid for, or have you been displaced, and we just have a revolving door on that unit? Because that's a challenge if we're not really tracking that particular metric, because then we might be losing some very important information, so we have the same individual going through our system, because they keep getting priced out of where they thought they had an opportunity for entry.

For the Mallard and Sugar Creek, when you were giving us the breakdown, Ms. Hefner, this unit that they're saying is going cost around \$19 million and change for the total development, well for all of them, what's the total number of units that these developments are? Because I have a concern when I've recently seen some projects that come in with 300 plus units, and you're telling me, out of 300 plus units, 20 fall in our category, or over 300 units, 50 might fall in. These numbers give me the total number of affordability, whether that mix is 30, 50, greater than 50, and you don't have to give it now, but it will be helpful to know what the total unit count is, so that we can have a real conversation of are we addressing our goals, because a 350-unit development with 10 units of affordability, is not really addressing our goal.

Ms. Hefner said yes, that's reflected on these slides. So, if you take a look at the box that illustrates unit mix, it includes the number of units that are market rate. So, at this particular development, for example, there are no market rate units, meaning there are 60 total units and all 60 of them are affordable units.

Ms. Mayfield said right, but we're saying total bedrooms 104. So, that's just the mix of one, two and three?

Ms. Hefner said yes, so that illustrates the mix of one, two and three bedroom units. So, in this case, out of those 60 units, you get 104 bedrooms, because you do have a mix of one, two and three.

Ms. Mayfield said so, this total development costs about just under \$20 million to build a 60-unit development?

Ms. Hefner said correct.

Ms. Mayfield said okay. I will love to say I am very excited regarding our Legacy Vista and our Littles' Landing. I know a number of my colleagues have already had a chance, but I also had a chance to go out to Central Medallion Townhomes last week, and I personally am not a fan of townhomes, was not a fan of townhomes, and I have a much better appreciation of townhomes after that visit. Habitat Homes today are extremely different than even 10 years ago, much less 20 years ago. So, when we talk about affordability, affordability 10 years ago is very different than what it is today. So, that development along Central, there's no way driving by, walking in, visiting, that you can tell the difference between that and others. I do say long-term conversation, the conversation which my colleague mentioned full circle where we're talking last meeting and now talking about triplexes, quads, the proposal for the duplex and quadplex, for me is a different conversation, because we're talking about ownership, not rental. I think

we have an opportunity, Mr. Manager, with our language, opposed to just this blanket language being more specific for when a project is addressing our collective goal as a Council, and working with our nonprofit partners, that we make sure that our language doesn't create the hinderance or the obstacle, because we've created additional costs, because of setbacks and some other things, that for profit market may be able to absorb more than some of our smaller developers. If we're talking about infill, duplex, quads, triplex, I personally am a lot more comfortable with the ownership capability of that versus the rental. Even when we talk about the affordability level, 15 years, as an owner that gives me a chance to build up equity, knowing that as a partner, whether I received downpayment assistance or just went straight through their program, that they have first right to purchase, to keep it, but I still get to earn some equity, but if I do stay there over 20 years, that just creates a different conversation of stability for my understanding. You actually answered the question regarding the TOD proposal that was submitted to us. Was that the only proposal for our RFP that we put out?

Ms. Hefner said yes. So, that is a rolling RFP, similar to our NOAH acquisition RFP, meaning it's open until the funds are exhausted. So, it's similar to NOAHs, in the way that it's an opportunistic type of RFP, where there's a time urgency in the marketplace. So, the NOAH acquisition and the TOD land acquisition, they don't fit well with our structured, fixed RFPs for the Housing Trust Fund. So, they are set up, again, what we call the rolling RFP. So, the land acquisition RFP opened in January 2024, and this is the first and only proposal that you have received so far.

Ms. Mayfield said so, I did not remember that what we agreed upon was a 90 percent financing of the land acquisition, so we'll have a separate conversation.

Ms. Hefner said I'm sure we will hear from you.

Ms. Mayfield said [inaudible] for 90 percent, but ultimately the work that you all as a team have been doing, I feel like you're hearing us, you're hearing the community. We still have an opportunity to tweak some things with our UDO, since it's a living document, to make sure we can address the needs. I'm concerned about that \$84,000 that might be left, and the what ifs around that, which we could also have a different conversation, because if something else comes in, where does the money come from, because we've still got to go to the community and get them to vote for it. So, get out and go vote. So, that will be an interesting conversation and gives me a little heart palpitation to go down that low but thank you for answering those questions and everything you and the team have been doing.

Councilmember Watlington said well, I've got some stuff I'll probably just ask you offline. I think the main thing that I think we've got to keep ever before us is, as we spend up this last bit of money and we think about the next round, and even trying to potentially increase housing bonds, I really look at this last set as kind of the incremental change of what we did before. So, definitely, I echo my colleague's sentiment, in terms of, we appreciate the work that you all are doing and trying to think outside of the box. I think it's incumbent upon us now, around this dais, to really take it the next step, especially as we go to ask our community to support any kind of increase. It's our time to start thinking outside the box and figure out what this really needs to look like in a way that is a compelling value proposition to our community and how we're going to invest. I believe that our housing has to be considered in concert with economic development, in concert with mobility, because all of those things impact people. As much as we talk about people-centered focus on some of our housing programs, I think we need to think about that in terms of our investment as well. In light of that and in light of some of the conversations we've been having around really shifting to homeownership, and I see the homeownership opportunities here, I believe that we are at a place where we should expect in the next cycle, and even as we're asking folks to double down, that we offer up something significantly different that meets the need for today, and that it be wholistic in its approach, and that it encompasses many of the things that we've been talking about for several years now as it relates to this Housing Development Fund. So, I'll leave my comments there for the sake of time, and I'll just touch base with you, but overall, thank you, good work.

Councilmember Driggs said I just wanted to particularly highlight the Habitat's proposals. Really pleased to see those. We've talked a lot about ownership. I've maintained for a long time that Habitat has kind of figured this out already, and why don't we just get with them instead of trying to invent it for ourselves. So, glad to see that. I spent some time this afternoon with Rebecca [inaudible] and Faith [inaudible] and went into a little bit more of the specifics about how these transactions are put together. I think it would make sense for us to have a better basis for comparing per door number in that model, with the per door numbers we see for the LIHTC, because they're apples and oranges. So, we would have to have some uniform value metric that we could use to bridge across those two things. The last thing I'll mention is, when we were in Washington, I was talking to some of the staffers we saw about having the federal government come up with support for ownership models, because what we have from them right now is LIHTC, which basically supports rental models, and I understand that there is now legislation that has been drafted to that effect. So, I think it'd be great if we were pretty vocal in making clear to our representatives that that is something that we feel is very much in line with what we're trying to do. Thank you.

Councilmember Anderson said Mr. Driggs, I completely agree with your last comment, around the motivation and assistance for homeownership. Just a couple things. I want to lift up the Grounds for Change project, that's in 28209, and the combination of collaboration of YWCA and DreamKey. I'm not sure if everyone's aware, but the YWCA, in particular at that site, has been an advocate and really a champion of affordable housing for decades. In the back of that property, there are apartments there that help families that are very upstream to potentially being homeless, and the building itself has always been, and still does, have space for woman to have access to affordable livable space. Even years ago, there used to be a halfway house on the lawn of that property, which, if everything goes well, Grounds of Change will have affordable housing on that same lawn. So, literally for decades and decades and decades, the YWCA of Charlotte has been an incredible advocate for affordable housing. This is an incredible neighborhood, if I do say so myself, this is my neighborhood, I live at 28209, but the location and the diversity of stock that this project will bring online to the houses that are there, it's in an incredible transit area, as was mentioned earlier, Rebecca. So, I just think this is an amazing way to bring affordable housing to the 28209 area, that otherwise would not be there. So, just wanted to thank YWCA and DreamKey for that.

In addition to lifting up what Habitat does, I couldn't agree more with Mr. Driggs, they have figured out a model and we need to just borrow and improve upon that model and help them and partner with them as much as we can. They've brought on so many incredible units throughout the City of Charlotte, and this is a way to impact and change families' outcomes, so very happy to see this. I hope we can work through the language around triplexes here and bring a unique style to these two particular sites, that Habitat would not be able to access were it not for ARPA dollars from the county. So, I'm very excited, Rebecca, about what you've put together here. You're following Shawn and Shawn had big footprints to fill, and I think you're doing a great job of having an open mind and being creative and collaborating. So, thank you for the material and the work that your team has done, and I'm looking forward to continuing discussions on it.

Mayor Lyles said alright, thank you. We really appreciate you staying, all of you that are our partners. We all work with you. We love the work that you do. We're fortunate in our city to be able to have these kinds of collaborations. It's what makes us different. Rebecca and the entire team, Warren, all of you, thank you for what you have, the passion, that is illustrated by this dais for this effort and this work. So, let's just keep it rolling.

* * * * *

BUSINESS

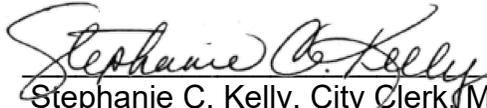
ITEM NO. 9: CHARLOTTE-MECKLENBURG REGIONAL HOUSING CONSORTIUM

Motion was made by Councilmember Driggs, seconded by Councilmember Mayfield, and carried unanimously to Approve continuing the city's participation in the Charlotte-Mecklenburg Regional Housing Consortium for the HOME Investment Partnerships Program funding period of July 1, 2024, through June 30, 2027, and successive automatic renewal periods thereafter.

ADJOURNMENT

Motion was made by Councilmember Driggs, seconded by Councilmember Graham, and carried unanimously to adjourn the meeting.

The meeting was adjourned at 7:57 p.m.


Stephanie C. Kelly, City Clerk, MMC, NCCMC

Length of Meeting: 2 Hours, 40 Minutes
Minutes completed: November 25, 2024