# NORTH CAROLINA SUSTAINABLE COMMUNITIES TASK FORCE PROGRESS REPORT

# 2010 - 2011



Prepared For:

THE GOVERNOR House Commerce and Job Development Committee Senate Commerce Committee Joint Legislative Commission on Governmental Operations

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# NORTH CAROLINA SUSTAINABLE COMMUNITIES TASK FORCE PROGRESS REPORT 2010 – 2011

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# I. Executive Summary

North Carolina is experiencing rapid population growth which will propel the state from 10th to 7th nationally in total population by 2030. Whether in our faster-growing metropolitan regions or slower-growing non-metropolitan counties, all North Carolina communities face challenges to ensure they can compete for jobs and economic development in sustainable and cost-effective ways.

The North Carolina Sustainable Communities Task Force (SCTF) is positioning North Carolina to address these challenges in ways that protect the health and vitality of our people, economy and environment. The Task Force is accomplishing this by:

- 1. educating professionals and the public on the practical benefits of sustainable community strategies and how to integrate these strategies into their current efforts;
- 2. working to better align decisions among different agencies and between federal, state and local governments; and
- 3. building the capacity of local communities and regions to incorporate the benefits and impacts on the health of North Carolinians into the decision-making process for a range of development and infrastructure policies and investments.

## **First Year Accomplishments**

Since legislation authorizing the task force was signed into law in August 2010, the Task Force and its participating agencies have:

- Developed a Community Practices Assessment that enables local communities and metropolitan regions to assess the current state of their sustainability efforts and their readiness to address growth challenges;
- Prepared an inventory of state agency sustainability programs and initiatives, providing a user-friendly one-stop reference, spanning state government;
- Provided seed funding of \$152,000 through a competitive assessment process to six regions and communities who used the funding to leverage \$1.1 million and activate partnerships

to integrate housing and transit plans; revitalize industrial areas; develop multimodal transportation corridors; improve access to jobs, affordable housing and transportation options; generate consensus on development and connectivity investments; and better integrate bicycle, pedestrian and transit investments.

- **Established a technical assistance policy** to clearly show local communities how they can take advantage of Sustainable Community Task Force opportunities for capacity-building.
- Provided crucial state support to applicants for federal sustainability investments, including \$3.2 million awarded to the Triad and Asheville, and the designation of the Charlotte, Triangle and NC East as preferred sustainability status regions, entitling them, local communities and non-profit organizations in each of these regions to compete more favorably in certain federal grant programs.

Through its work, the Task Force is helping communities across North Carolina better prepare for current and projected growth. Additionally, the Task Force is ensuring that North Carolina is well-positioned to take advantage of competitive federal planning and infrastructure funding to reverse our historic position as a "donor state" for federal investments.

#### Focus Areas for 2011-2012

The Task Force has identified three focus areas (described on *pages 18-19*) for its July 2011 – June 2012 work plan:

- increasing education and awareness of sustainable community principles,
- identifying opportunities for enhancement of existing programs, and
- exploring strategies for integrating health benefits and impacts into decision making.

# II. Introduction

The North Carolina Sustainable Communities Task Force (SCTF) was established in Article 7 of Chapter 143B of the General Statutes as part of Session Law 2010-31.

• The goal of this new initiative is to promote healthy and equitable development without compromising natural systems and the needs of future North Carolinians.

The General Assembly offered the following principles to describe sustainable development for North Carolina's communities (N.C.G.S. § 143B- 344.34):

## **Principles of Sustainable Development**

- Better transportation choices offering safe, reliable and economical motorized and non-motorized transportation options to decrease household transportation costs, reduce dependence on foreign oil, improve air quality, reduce greenhouse gas emissions and promote public health.
- Equitable, affordable housing encouraging the provision, to North Carolina citizens of all ages, incomes, races and ethnicities, of expanded location, water and energy-efficient housing choices that increase mobility, decrease the impact on existing water and energy infrastructure and lower the combined cost of housing and transportation.
- Enhanced economic competitiveness expanding business access to markets and improving North Carolina's economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs of workers.
- Support of existing communities targeting public funds toward existing communities that are using strategies such as transit-oriented, mixed-use development and land recycling to increase community revitalization, enhance the efficiency and cost-effectiveness of public works investments and protect rural landscapes.
- Coordination and leverage of State policies and investment aligning State and local government policies and funding to remove barriers to collaboration, leverage funding and increase the accountability and effectiveness of government in planning for future growth.

Principles of Sustainable Development (continued)

Recognize and support communities and neighborhoods — preserving and enhancing the unique characteristics of rural, urban and suburban communities by investing in healthy, safe and walkable neighborhoods.

#### **The Progress Report**

This report is produced as a requirement of the N.C.G.S. § 143B-344.38. It highlights the progress of the Sustainable Communities Task Force between July 2010 and June 2011. Included in the report are:

- a review of funding received by North Carolina sustainable community initiatives;
- **recommended areas for research and further evaluation** relevant to sustainable community principles;
- current and projected demographic and socioeconomic profiles of North Carolina and their implications for sustainable communities; and
- **an overview of state policies and programs** that influence the development of sustainable communities.

# III. Sustainable Communities Task Force Composition

Thirteen task force members were appointed in October, 2010. Six members are state agency representatives. The secretaries of Commerce, Environment and Natural Resources, Transportation, Administration, Health and Human Services, and the director of the North Carolina Housing Finance Agency each designated a representative from their agency. The remaining seven appointments serve four-year terms and are as follows:

- The Governor appoints one member who is a representative of a nonprofit organization involved in the planning, advocacy or creation of sustainable development.
- ► The President Pro Tempore of the Senate appoints three members:
  - One member from a county government,
  - One member from the building industry, and
  - One member from a council of government or other regional collaborative organization.
- ► The Speaker of the House of Representatives appoints three members:
  - One member from a city government,
  - One member from the banking industry, and
  - One member with professional training in planning, who is a member of the North Carolina Chapter of the American Planning Association.

## Task Force Membership as of June 30, 2011

Governor Appointee						
John Hodges-Copple	Planning Director, Triangle J Council of Government Non-Profit Representative (Triangle Land Conservancy)					
Senate Appointees						
Joe McKinney	Executive Director, Land-of-Sky Regional Council of Governments Council of Government Representative					
Paul Norby	Planning Director, Winston-Salem/Forsyth County Planning Board County Government Representative					

<b>(Current Vacancy)</b> Due to Resignation	Building Community / Building Sector Representative		
House Appointees			
Debra Campbell	Planning Director, City of Charlotte City Government Representative		
Brian Schneiderman	Director of Commercial Lending, Self-Help Credit Union Banking Industry Representative		
Mitchell Silver	Planning Director, City of Raleigh American Planning Association Representative		
State Agency Designees			
David Knight, Chair	Assistant Secretary for Natural Resources N.C. Department of Environment and Natural Resources		
Anne Bander	Chief Operating Officer Department of Administration		
Paul Morris	Deputy Secretary for Transit North Carolina Department of Transportation		
Scott Farmer	Director of Rental Investment North Carolina Housing Finance Agency		
Dr. Ruth Petersen	Section Chief, Chronic Disease and Injury Department of Health and Human Services, Division of Public Health		
Libby Smith	Senior Policy Advisor for Community Development, Sustainabil- ity, America Recovery & Reinvestment Act & Assistant ARC Program Manager, N.C. Department of Commerce		

## Staffing:

**Brian Byfield** was hired as the program director for the initiative in January 2011, and is based at the NC Department of Environment and Natural Resources (DENR) offices in Raleigh. Staff from the state agencies involved with the SCTF were very helpful to the task force in 2010-11.

# IV. Progress To Date

The task force first convened in November 2010, and met seven times through June 30, 2011. **The major accomplishments** have been the completion of the following tasks:

- development and deployment of the North Carolina Community Practices Assessment;
- development and execution of the SCTF Grant Award Program with the \$250,000 nonrecurring appropriation;
- establishment of a technical assistance program; and
- completion of the 2010 Agency Implementation Progress Report.

# Community Practices Assessment

Pursuant to statute G.S. 143B 344.35(7), the Task Force was required to develop a sustainable practices scoring system incorporating the six sustainable development principles (*see pages 3-4*). The SCTF developed this scoring system as its *Community Practices Assessment (CPA)*. The CPA was submitted to the House Commerce, Small Business, and Entrepreneurship Committee and the Senate Commerce Committee in February 2011, as required by G.S. 143B 344.38(b).

This CPA system was developed to help local governments and regional bodies evaluate their current practices and identify opportunities for improvement within the six areas of sustainable development identified by the General Assembly. Similar efforts nationwide were studied and a model applicable to North Carolina was developed. The initial effort was led by the SCTF with significant expertise provided by the Governors' Institute on Community Design.

The CPA has two main sections: one for local governments and the other for regional agencies/ organizations (i.e. those covering multiple local jurisdictions within the state). The assessment is organized according to the six sustainable principles outlined in the SCTF legislation.

Geographic differences were also factored into the development of the assessment. Municipalities with populations of 10,000 or less and counties with populations of 250 or fewer people per square mile were asked to complete the CPA using as many of the scoring factors as were relevant to their community. Municipalities and counties with populations of more than 10,000 scored themselves on all factors. The SCTF plans to continue using the CPA as an educational tool and to help communities implement sustainable practices. A copy of the CPA is available on the SCTF website at *http://www.onencnaturally.org/PDFs/NC\_Community\_Practices\_Assessment\_Tabloid%20Layout.pdf*.

# Sustainable Communities Task Force Grant Awards 2011

G.S. 143B-344.37 established an SCTF grant fund and specified eligible recipients and purposes. The grant program provides funding to regional bodies, cities or counties to improve regional planning efforts that integrate housing and transportation decisions, to improve land use and zoning, and to provide up to 50 percent of any required local matching funds for recipients of Federal Sustainable Communities Planning Grants. In the fiscal year 2010-11, \$250,000 was appropriated for this purpose. As directed by the legislation, this fund was administered through DENR under the auspices of the SCTF.

Applications were accepted from regional bodies, cities or counties which were part of a regional sustainable development partnership. A regional sustainable development partnership must meet the following requirements to be eligible for grant funding:

- The regional sustainable development partnership includes any of the metropolitan regions defined in G.S. 143B-344.38(b);
- Partnerships may also include metropolitan planning organizations, regional planning organizations, regional transit agencies, and representation from involved state agencies;
- All members of the partnership must adopt a memorandum of agreement describing how coordinated planning activities will be undertaken; and
- The partnership must submit a work plan that describes the activities to be funded and the public comment process by which activities are selected and prioritized.

Following consultations with the members of the SCTF, its constituent agency membership and various stakeholders, a request for proposals was disseminated March 7, 2011. Fifteen organizations submitted applications. The applicant organizations requested about \$700,000 in grant funding. The SCTF announced nine awards totaling \$250,000.

Grant awards were made to fund projects that are expected to improve regional planning efforts, integrate housing and transportation decisions, and increase the capacity to improve land use. These awards potentially leveraged more than \$1.82 million in project funding. The awardees were: *Raleigh, Durham, Morrisville, the Centralia Council of Governments, the Triangle J Council of Governments, Fuquay-Varina, Wilmington, the North Carolina Eastern Region Military Regional Growth Task Force (MGTF), Graham County and Robbinsville. Additional information about the projects funded is included in <i>Appendix A*.

At the end of the financial year 2010-11, six of the projects were under contract and the SCTF distributed \$152,114 of the \$250,000 originally awarded in the 2011 grant program. The remaining portion of the grant fund, approximately \$98,000, reverted at the end of the fiscal year. The money the applicants received is being used with other private, state and federal funds to complete projects of importance to these communities.

# Sustainable Communities Task Force Technical Assistance

G.S. 143B-344.35 requires the North Carolina Sustainable Communities Task to "provide technical assistance to eligible state agencies, local governments, nonprofits or regional collaborations, and partnerships in applying for federal and other funding opportunities. This technical assistance shall include the development of scenario planning tools, progress measurement metrics, and public participation strategies for use by all applicants."

SCTF formed a Technical Assistance Committee in January 2011 to formalize the procedures by which any entity can request assistance from the task force and the means by which the task force will evaluate and respond to a request. Where possible, the SCTF will provide assistance using the skills and time of the current support staff of SCTF's representative agencies and organizations.

The Technical Assistance Committee expects that in the future, assistance also will be enhanced through an improved online presence. The website is expected to house a repository of examples highlighting the benefits associated with the six sustainable community principles. The website will also house descriptions of communities that have implemented some of the principles, including the best practices and lessons learned from all aspects of sustainable community development. In the future, best practices may be developed to assist with progress measurement metrics and public participation.

# 2010 Agency Implementation Progress Report

The Agency Implementation Progress Report: Sustainable Development Principles was developed in accordance with statutory requirements and was submitted in November 2010 to the House Commerce, Small Business and Entrepreneurship Committee; the Senate Commerce Committee; and the Joint Legislative Commission on Governmental Operations.

The 2010 Agency Progress Report discussed the steps forward made by the departments of Administration, Commerce, Health and Human Services, Transportation and Environment and Natural Resources towards implementing the sustainable development principles, outlined in the Task Force's enabling legislation. The agencies submitted this report to reflect the collaborative effort that was underway. The report served as a baseline inventory of state programs and

their potential for impacting sustainable development. Several initiatives have been undertaken by more than one state agency and some were agency-specific. The report noted that in the short time since the SCTF was established and the agency representatives were appointed, positive working relationships have been developed and/or strengthened.

A 2011 update of the Agency Implementation Progress Report is also being submitted to the Governor, House Commerce and Job Development Committee, Senate Commerce Committee, and the Joint Legislative Commission on Governmental Operations.

# Federal Funding for Sustainable Communities in North Carolina

The following section highlights the known federal funding awards for sustainable community and livability initiatives that totaled approximately \$30.7 million for North Carolina between July 30, 2010 and June 30, 2011.

These monies were received by seven North Carolina communities and regions. The federal funding was received from five different programs:

- Regional Sustainable Community Planning Grants,
- ► Community Challenge Grants/TIGER II,
- ► Choice Neighborhoods Planning Grants,
- ► Sustainable Communities Building Blocks Program, and
- Urban Circulator/Bus & Bus Livability Awards.

These programs support the six federal livability principles. The sub-sections below are the details of these awards.

# Regional Planning Grants

During the 2010-11 federal fiscal year, the Partnership for Sustainable Communities awarded \$98 million, nationally, to support more livable and sustainable communities. The 45 regional areas will receive funding through an initiative intended to build economic competitiveness by connecting housing with good jobs, quality schools and transportation.

Regional planning grants will support state, local, and tribal governments, as well as metropolitan planning organizations, in the development and execution of regional plans that integrate affordable housing with neighboring retail and business development.

Many of the grants will leverage existing infrastructure and all reward local collaboration and innovation. Two of the 45 nationwide awards were for North Carolina regions: the *Piedmont Triad Region* received a grant of \$1.6 million for its Sustainable Communities Planning Project and the *Land-of-Sky Regional Council* received \$1.6 million for its Western North Carolina Livable Communities Initiative. See *Appendix A* for details of the North Carolina recipients.

Also, three of the 29 regions nationwide that received preferred status were from North Carolina. This preferred status will provide additional points in the scoring for future federal awards. The three North Carolina regions were the *Centralina Council of Governments*, the *Triangle J Council of Governments* and the *Eastern Region Council of Governments*.

Three of the SCTF state agencies (DENR, DOT and Commerce) wrote letters of support committing financial resources to the efforts of each North Carolina regional applicant. These agencies committed a minimum of \$30,000 in leveraged resources per fiscal year for up to three years for any North Carolina region that was awarded funding through the Housing and Urban Development's (HUD) FY2010 Sustainable Communities Regional Planning Grant Program.

These letters of support were identified by the North Carolina regional grant applicants as a key factor in the success of their applications. In addition, HUD's Director of the Office of Sustainable Communities noted North Carolina's state support of the regional applicants and the existence of the SCTF, further suggesting that they could serve as models for other states.

# Community Challenge Grants & TIGER II

HUD distributed \$40 million in Community Challenge Planning Grants to foster reform and reduce barriers to achieving affordable, economically vital and sustainable communities. These grants were awarded in conjunction with USDOT's TIGER II planning grants. Communities were allowed to apply to both programs using a single application for both the TIGER II grants and the Community Challenge Planning grants.

The U.S. Department of Transportation disbursed \$267.5 million for TIGER II grants for projects that focused on livability and sustainability improvements. North Carolina did not receive any TIGER II capital grants, but Community Challenge grants totaling \$1.55 million were awarded to *Asheville* and *Lexington*. See *Appendix A* for details.

# Choice Neighborhoods Planning Grants

The Choice Neighborhoods initiative is intended to transform distressed neighborhoods and public and assisted projects into viable and sustainable mixed-income neighborhoods by linking housing improvements with appropriate services, schools, public assets, transportation and access to jobs. The housing authorities of *Salisbury* and *Wilmington* were the North Carolina recipients; the former receiving \$170,000 and the latter \$200,000. See *Appendix A* for details.

# Sustainable Communities Building Blocks

The Sustainable Communities Building Blocks Program, administered by the Environmental Protection Agency (EPA), seeks to provide quick, targeted technical assistance to communities

using a variety of tools that have demonstrated results and widespread application. The North Carolina recipient was *Spencer*, in the amount of \$170,000.

# Urban Circulator / Bus & Bus Livability Awards

*Charlotte* will build a 1.5-mile streetcar starter route before a future 10-mile streetcar route. The operating agency already has the streetcars and will provide all of the vehicles required to operate the project. The city received \$24,990,000 from the Federal Transit Administration (FTA).

*Asheville* will upgrade its bus fleet with five new hybrid and diesel buses, improving fuel efficiency, reducing carbon emissions and improving passenger service. The city received \$428,000 from the FTA.

# VI. North Carolina's Demographic Changes

North Carolina's rapid population growth, especially in the cities, towns and suburbs of our metropolitan regions, presents an economic challenge for our communities which are already experiencing limited resources. As noted by the Urban Growth and Infrastructure Study Commission, North Carolina must be more strategic in its use of resources to plan for and accommodate this growth, if we are to successfully compete for jobs and economic development with other regions in the United States and throughout the world.

The dominant approach to housing in the last decade has contributed to the rural to urban land conversion rate of 2 acres per new large lot, disbursed, suburban housing unit. This has contributed to an increase in the vehicle miles traveled that has out-paced the state's population growth (*see Figure 1, Appendix B* on page 28). A more compact approach to development offers other traveling choices and opportunities especially for those with limited mobility options: seniors, the disabled, those who cannot or choose not to drive and/or own a motor vehicle. One such group, the senior population, is expected to disproportionately outpace any other age group in the expansion of its ranks. The state's demographic data (*Table 2, Appendix B*), shows that the senior population is expected to grow by as much as 125% between 2010 and 2030.

More modal choices, including but not limited to sidewalks and greenways, are likely to result in better air quality and more positive public health outcomes related to obesity, asthma, and diabetes. Between 2000 and 2010, the percentage of obese adults in North Carolina increased by about 30%, from an estimated 21.8% in 2000 to 28.6% in 2010. That translates to over 700,000 additionally obese adults within the state in a decade. Communities that are more conducive to physical activity is one approach to help address these health concerns and the expected rise in associated costs to government.

Population growth over the past two decades and its projected growth through 2030 is evidence of the state's desirability as a place to live and work. Growth and the associated costs will affect all North Carolina towns in rural counties, particularly those associated with transportation facilities, schools, parks, police and fire protection. To maintain the quality of life characteristics offered by rural communities that some persons desire it is important to grow in an efficient manner. The strategies provided in the six sustainable development principles serve as a good model to aid communities as they plan for the future. Between 2000 and 2010, the state's population growth rate of 18.5 percent was almost twice the national average of 9.7 percent. The state ranked 6th in population growth between 2000 and 2010. North Carolina is projected to be the 7th most populous state by 2030, with the majority of people concentrated in urban areas. Most of the growth will be along Interstates 40 and 85. According to the U.S. Census Bureau, the state's projected 2030 population of 12.2 million will mean that North Carolina will have *doubled* its population in just 40 years. This rapid growth rate highlights the importance for sound resource management to ensure a continued high standard of living for North Carolina residents.

Table 1 below highlights the decennial changes in population at the state, regional and national levels between 1980 and 2010. While the nation grew between 9 percent and 13 percent during each decade, the South grew between 14 and 20 percent. This phenomenal growth in the South is reflected in North Carolina's growth rate, which peaked at 21.4 percent between 1990 and 2000. During the 30-year period, North Carolina expanded its population at an average rate of just over 17 percent per decade, while the national figure was 11 percent and the regional figure was 16.5 percent.

	1980	1990	2000	2010
United States				
Population	226,545,805	248,709,873	281,421,906	308,745,538
% Change	11.5%	9.8%	13.2%	9.7%
South				
Population	75,372,362	85,445,930	100,236,820	114,555,714
& Change	20.0%	13.4%	17.3%	14.3%
North Carolina				
Population	5,881,766	6,628,637	8,049,313	9,535,483
% Change	15.7%	12.7%	21.4%	18.5%

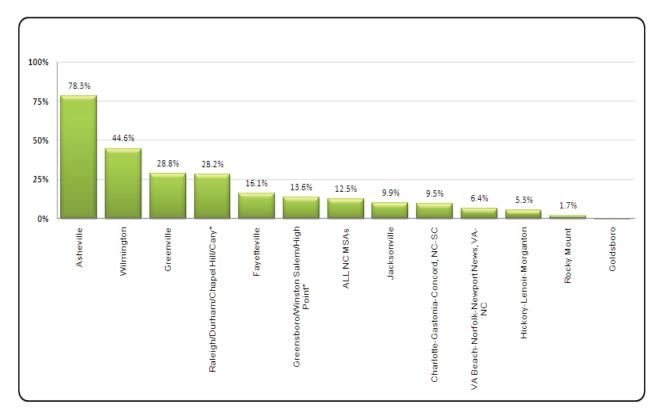
# Table 1: Comparative Decennial Population Change, 1980-2010

North Carolina's growth rate is higher than the national growth rate

Source: United States Census Bureau Data (1980 - 2010)

*Note:* The South is a defined by the US Census Bureau as a 18 state region inclusive of Delaware, the District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia, Alabama, Kentucky, Mississippi, Tennessee, Arkansas, Louisiana, Oklahoma, and Texas.

While the South's rapid population expansion and North Carolina's own growth have been well documented, little attention has been paid to the location of this growth. As Figure 1 (*page 16*) highlights, the urban areas of the state have undergone the most rapid growth. During the last decade, the Metropolitan Statistical Areas (MSAs) covering Raleigh/Durham/Chapel Hill/



#### Figure 1 - North Carolina MSA Population Growth 2000 - 2010

Source: United States Census Bureau 2000 & 2010 Decennial Census

*Note:* Between 2000 and 2010 the Raleigh-Durham MSA was split in two. The MSAs are now known as the Raleigh-Cary and the Durham-Chapel Hill MSAs. For purposes of comparison between the years, the 2000 geography is used for both.

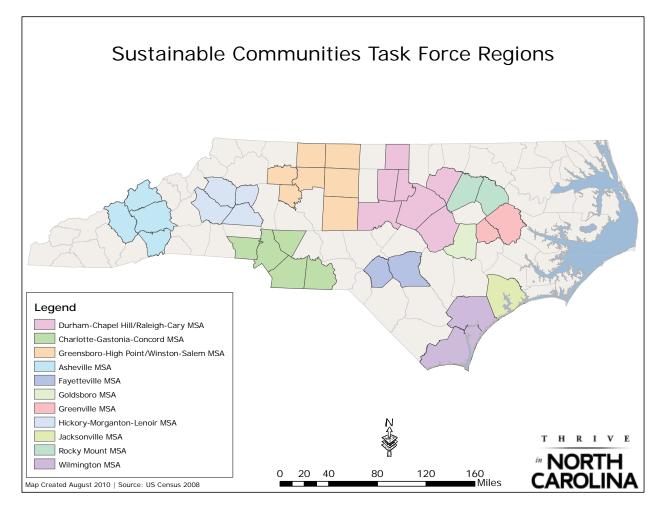
*Note:* The Virginia Beach/Norfolk/Newport News MSA includes portions of northeastern North Carolina. The data in the above figure is for the NC portion only.

Cary, Greenville, Wilmington and Asheville have expanded their populations at a rate exceeding the state's growth rate. See Figure 2 (*facing page*) for MSAs in North Carolina.

While the population growth in North Carolina is expected to continue at this rapid pace, the real significance is the impact it will have on our communities. Sustainable community practices must be encouraged and facilitated to absorb the current rate of change and ensure that North Carolina will continue to be an attractive residential and economic destination.

Additional details about the current and future changes with their possible impacts are found in *Appendix B*, where they are matched to the six principles guiding the Sustainable Communities Task Force.





# VII. Policy Actions and Next Steps

In establishing the SCTF, the legislature recognized the challenge communities face in rapidly developing areas due to limited resources. The SCTF realizes that given the current fiscal outlook, there will likely be limited resources to incentivize more sustainable development. This underscores the importance of state, local and federal partners being more creative, aligning existing resources, collaborating to find efficiencies and reducing barriers, and leveraging the limited resources.

# Program Inventory

In the fall of 2010, the six state agencies represented on the SCTF prepared an inventory of existing state programs that currently or potentially impact the ability of communities to implement sustainable development. That report is available on *www.onencnaturally.org/PDFs/SCTF\_OCT2010\_Report.pdf*.

This year, the SCTF updated that list of programs by evaluating existing state funding programs pursuant to G.S. 143B-344.38(8). An overview of each program, funding levels (past, current, next year), and an explanation of how each funding program impacts sustainable development is found in *Appendix C*.

# SCTF in 2012 & Beyond

The Sustainable Communities Task Force identified three focus areas for the coming year.

## 1. Increasing Education and Awareness of Sustainable Community Principles

This effort will include activities such as disseminating best practices; working to establish training programs through partnerships with universities, community colleges and others; improving the Sustainable Communities Practices Assessment; or working directly with communities in a hands-on event.

The SCTF is currently working to improve the Sustainable Communities Practices Assessment. In addition to possibly being used as an evaluative tool in funding as discussed

above, it could serve as a good resource to raise awareness and educate communities about sustainable development practices. Awareness and education should include state, local and regional governments, the general public, and elementary and secondary education.

#### 2. Identifying Opportunities for Enhancement of Existing Programs

This will include activities such as evaluating existing funding programs to help support implementation of the sustainable development principles. For example, the Community Practices Assessment will be evaluated to determine if this assessment can be used as criteria for existing funding programs to incentivize more sustainable development. In addition, the SCTF will identify and evaluate opportunities for state services to be provided in a more integrated and efficient manner through partnerships between state, regional and local entities.

#### 3. Exploring Strategies for Integrating Health Benefits and Impacts into Decision Making

The SCTF will work with the Division of Public Health and stakeholders to further understand and identify possible options to address this issue. It is important that the link between community design and health be better understood and considered in land use and infrastructure investment decisions as the state seeks to integrate health benefits and impacts into decision making.

As North Carolina experiences a steady population growth that is expected to take us from the 10th most populous state to the 7th by 2030, the task force is positioning North Carolina to manage this growth in a way that protects the health of our economy, our environment and our people.

These sustainable development activities will impact the bottom line of North Carolina's economy by better positioning the state to receive federal funding, by creating more efficiency and effectiveness among agencies and by implementing measures proven to increase health protective behaviors that decrease health care costs and increase workforce productivity. The work of the task force is essential for accommodating North Carolina's population growth in a manner that ensures the health of North Carolina's economy, environment and people today and for future generations.

# NORTH CAROLINA SUSTAINABLE COMMUNITIES TASK FORCE PROGRESS REPORT

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## Appendix A

# State and Federal Funding Received By NC Municipalities and Organizations

# North Carolina Sustainable Communities Task Force 2011 Grant Awards

The Sustainable Communities Task Force made the following awards:

# • The City of Raleigh

A \$40,000 grant was awarded for proposed work on the Blue Ridge Road corridor, which is identified in the Raleigh 2030 Comprehensive Plan. The city will produce a development plan for the Blue Ridge Road Corridor, a focal point in west Raleigh. The area is anchored by nationally recognized institutions including the North Carolina Museum of Art, the N.C. State University College of Veterinary Medicine and the N.C. State Fairgrounds. It is expected to be a multi-modal corridor with direct linkage to a future regional rail transit system. It will provide the city, property owners and residents a coordinated blueprint to guide the future improvements. All awarded funds were disbursed to this recipient.

# • The Town of Morrisville

A \$40,000 grant was awarded for its proposed Transit and Affordable Housing Plan. The town and its partners will conduct a Market Reconnaissance Study, an Affordable Housing Needs Assessment, a Development Suitability Analysis and a Neighborhood Compatibility Sketch-Up Model for a Transit-Oriented Development (TOD) along a planned regional transit rail line. Due to loss of carryover unds, only \$39,542 was disbursed to this recipient.

# • The Centralina Council of Governments

A \$40,000 grant was awarded to revitalize 150,000 acres currently zoned for industrial use. The plan aims to reduce housing and transportation costs for residents and local governments. The COG serves a nine-county region around Charlotte. This portion of the regional effort that was funded is a component of the wider CONNECT program which sought federal funding from the federal Partnership for Sustainable Communities (see below). The goal of Catalytic Projects for Sustainable Regional Revitalization is the creation of the basis of a sustainable regional reinvestment/redevelopment plan. This is being done by developing replicable processes and tools to identify potential redevelopment target areas and projects in five regional industrial corridors with strong public engagement and consensus. Due to loss of carryover funds, only \$15,791.59 was disbursed to this recipient.

# • The City of Durham

A \$40,000 grant was awarded to further a resident-driven initiative for Northeast Central Durham. The initiative seeks to create and improve access to jobs, affordable housing and transportation options, and increase educational opportunities. Due to loss of carryover funds, only \$38,000 was disbursed to this recipient.

# • The Triangle J Council of Governments

A \$31,000 grant to study complex infrastructure and population development scenarios in the three-county Research Triangle Park region. The main goals of the project are to provide guidance on land use development for communities in the middle of the Research Triangle Region and to generate consensus around investments in connectivity — road, transit and bicycle/pedestrian for inclusion in the 2040 Long Range Transportation Plans of the region's two metropolitan planning organizations (MPOs). Due to loss of carryover funds, only \$14,380 was disbursed to this recipient.

# • The Town of Fuquay-Varina

A \$15,000 grant was awarded to help establish guidelines that address development at all scales. The town will establish a form-based (development) code. This will replace the current ordinance adopted in 1965. It will be a singular guidance for growth at all scales of development. With a 127 percent population growth since 2000, the town has experienced several challenges, most notably matching the rapid growth with the current 1965 vintage conventional zoning and subdivision code. Due to loss of carryover funds, no money was disbursed to this recipient.

## • The City of Wilmington's Metropolitan Planning Organization

A \$15,000 grant was awarded to incorporate transportation planning activities associated with bicycle, pedestrian and transit initiatives in a four-county region. The project will develop a transportation user program to increase the efficiency of the existing and future transportation networks by reducing the number of vehicle trips while maximizing the movement of people and goods throughout the Lower Cape Fear Sustainable Communities Consortium's region. Due to loss of carryover funds, only \$4,400 was disbursed to this recipient.

# • The N.C. Eastern Regional Military Regional Growth Task Force (MGTF)

A \$13,000 grant was awarded to support development of comprehensive regional plans across county lines. The MGTF exists to serve the counties impacted by sudden and substantial growth of the three Marine Corps' eastern NC installations. The project — entitled PlanetIT EAST — exists to provide a forum in which stakeholders can explore growth and development alternatives. The approach being undertaken in this effort is concomitant with the principles guiding the SCTF. This effort is part of the wider federal application submitted in 2010 to the Federal Sustainable Communities Partnership. (As is noted below, the application was given preferred status for future federal applications.)

## • The Town of Robbinsville/Graham County

A \$13,000 grant was awarded to develop a comprehensive master plan that will integrate housing and transportation decisions and increase the capacity to improve land use planning. Due to loss of carryover funds, no money was disbursed to this recipient.

# Regional Planning Grants

#### • Piedmont Triad

The Piedmont Triad effort under the Piedmont Area Regional Transportation (PART) organization was awarded \$1.6 million to aid in the development of a Sustainable Communities Regional Plan. The Western North Carolina Livable Communities Initiative also received an award of \$1.6 million for its planned three-year project to foster regional and local strategies for sustainable development, economic prosperity and quality growth. The effort is being led by the area's council of government, the Land of Sky Regional Council (LOSRC).

As was mentioned previously, three regions in North Carolina were given preferred status for future federal funding opportunities related to sustainable communities or any program supporting the six livability principles. They are:

#### • Centralina Council of Government (CCOG)

The CCOG and its sister organization in South Carolina, the Catawba Regional COG (CRCOG), applied on behalf of the CONNECT Consortium formed in the Greater Charlotte Bi-State Region. The application was for \$3.39 million.

## • Triangle J Council of Government

The Triangle J COG applied for funding in the amount of just over \$4.6 million for its PRISM Project — a Plan for a Regional, Integrated, Sustainable Metropolitan Research Triangle region.

## NC East Region

The PlanIt EAST Consortium applied for funding of the federal Sustainable Communities Regional Planning Grant (SCRPG) program to support the development of a Regional Plan for Sustainable Development (RPSD).

# Community Challenge Grants & Tiger II

#### • Asheville

Asheville's East Riverside Sustainable Multi-Modal Neighborhood received \$850,000. The project will revise codes and regulations to create sustainable development in the River District, where affordable housing, jobs and a multi-modal transportation network will be created. A Land-Bank will support affordable housing.

## • Town of Lexington

The Town of Lexington will develop a multi-modal transportation station area plan for \$700,000. The project will plan for a multi-modal transit station to connect Winston-Salem and surrounding municipalities to the Raleigh-Charlotte rail corridor planned for service in 2015.

# Choice Neighborhoods Planning Grants

#### • Housing Authority of Salisbury

The Housing Authority of the City of Salisbury partnered with the City of Salisbury to create a transformation plan targeting the West End neighborhood and Civic Park Apartments, a 72-unit public housing complex within West End. The City considers West End as its most distressed neighborhood.

#### • Housing Authority of Wilmington

The Housing Authority of Wilmington partnered with its planning coordinators to develop a transformation plan targeted the Southside section of Wilmington, which includes the Hillcrest Housing Development. Hillcrest is a distressed public housing site. The Southside section of Wilmington is located just south of downtown Wilmington and was once the state's largest major commercial area.

## Appendix B

# Socio-Economic Data and Their Relationship to the Six Guiding Principles of the SCTF

Inclusive of population, employment, building permits and other demographic elements

As North Carolina continues to experience constant and rapid change to its population, ever increasing demands are being put on the state's resources. How and where the state grows is becoming more and more important. The following sections highlight some of these demands and their implications for each of the six guiding principles of the Sustainable Communities Task Force, as described on pages 3-4:

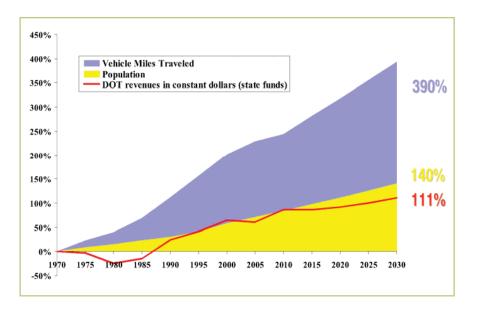
#### **Principles of Sustainable Development**

- Better transportation choices
- Equitable and affordable housing
- Enhanced economic competitiveness
- Support of existing communities
- Coordination and leverage of State policies and involvement
- Recognize and support communities and neighborhoods

# Better Transportation Choices

In addition to operating the nation's largest state-maintained highway system, the State of North Carolina (through NCDOT) also participates in the delivery of rail, aviation, ferries, public transportation, bicycle and pedestrian transportation services in partnership with public and private governments and providers.

The NCDOT is responsible for more than 79,000 miles of state operated roadways in North Carolina, 75 percent of the 105,000 miles of the state's public roadways. Over the past several decades the percentage increase in vehicle miles traveled has far outpaced the population growth (see *Figure 1* on page 28). These trends are projected to continue. In addition, NCDOT expects that the rate of revenue growth will lessen and create additional challenges for meeting the transportation needs of our state's growing population.



# Figure 1 - Vehicle Miles Travled, Population and NC Population Growth

Vehicle miles traveled outpace population growth

The *NCDOT 2040 Plan: Challenges & Opportunities* also highlights the many issues facing the state and their relationship to sustainable transportation.

- Six inter-city passenger trains operated by Amtrak currently serve cities in North Carolina, and NCDOT operates trains between Raleigh and Charlotte. Ridership has climbed steadily in recent years, with a 39 percent increase from 2007 to just over 803,000 riders using North Carolina stations in 2010, an average of more than 2,600 passengers per day. As part of the Southeast High-Speed Rail program, the State is currently upgrading the corridor between Raleigh and Charlotte to increase train speeds, reduce travel time, increase train frequency, and improve safety and reliability.
- At a regional level, passenger rail is found in Charlotte, where the first light rail line the 9.5-mile-long LYNX light rail service – opened in 2007. There are also existing public agency plans to develop light rail or commuter rail service in the Raleigh-Durham, Charlotte and Greensboro-Winston-Salem areas.
- Freight rail service is provided in 86 of the state's 100 counties, with most of the 3,345-mile rail system owned, operated and maintained by the private sector. As North Carolina grows, so does the need to anticipate and prepare ongoing response to freight movement and logistics needs of commerce in the state. This includes both added capacity needed to handle expected increase in freight volume, whether through expanded infrastructure or operational efficiencies, and changing logistics patterns as the state's economy evolves. An evolving North Carolina economy will have markedly different freight movement needs than the economy of today.

- The North Carolina State Ports Authority owns and operates North Carolina's Ports of Wilmington and Morehead City, plus inland terminals in Charlotte and in the Piedmont Triad at Greensboro. Total shipments of processed tonnage in and out of both seaports have increased in the past decade. The State's ports are critical for economic growth and international competitiveness.
- North Carolina has 72 publicly owned and nearly 300 privately owned airports. Of the 72 publicly owned airports, 11 have scheduled service and the remaining 61 are for general aviation. The scheduled service airports serve more than 47 million passengers annually. Although air freight makes up less than 2 percent of the weight of cargo shipments in the state, it makes up approximately 10 percent of the value of North Carolina cargo shipments. More than 98 percent of all air cargo originations and destinations in North Carolina are handled by the three airports: Raleigh/Durham, Charlotte, and Piedmont Triad.
- Public transportation systems in North Carolina provide mobility options for residents who cannot or choose not to drive. They are operated directly by local and regional transit agencies in all 100 North Carolina counties. In 2010, nearly 68 million one-way transit trips were provided by these systems, with most by urban systems.
- An examination of transportation choices by residents in 2009 is illustrated in *Figure 2*, below. The highest use of public transportation in any MSA within North Carolina is 3.7 percent of the working population, while the lowest usage of single occupancy vehicles is 61.8%. The current usage patterns, if continued, are likely to have negative impacts in the

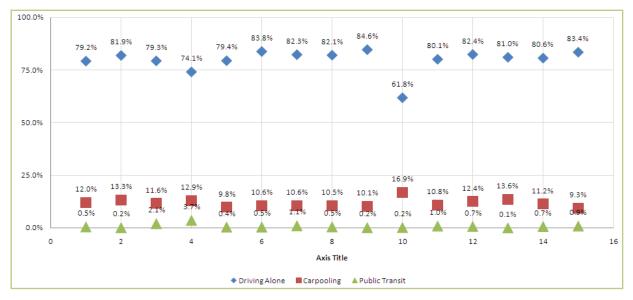


Figure 2 - Means of Transportation to Work by MSA 2009

Source: American Community Survey 2009, 5 Year data. United States Census Bureau

urban areas experiencing rapid growth. Increased vehicular congestion and reduced accessibility are two likely outcomes. Increased congestion is a known contributor to reduced productivity and decreased quality of life experiences. Reduced accessibility without additional transportation choices will disproportionately affect the elderly and poor.

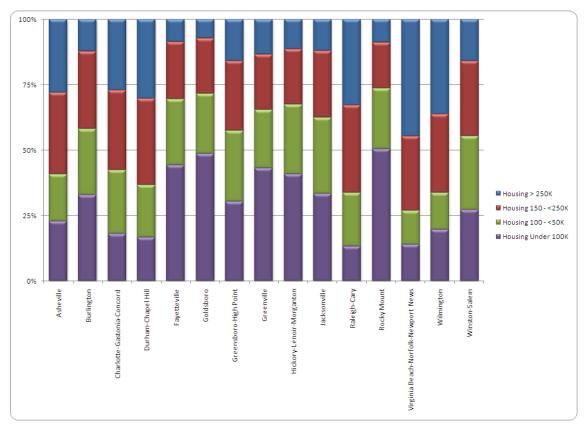
North Carolina will be faced with transportation challenges as it relates to enhanced economic opportunity and environmental sustainability. Of particular note are four challenges related to the provision of growing and changing personal mobility needs:

#### Challenges to meeting growing and changing personal mobility needs

- 1. The increase in population will create the need for more housing, employment, and services, leading to substantial impacts on travel patterns and demand and increased strain on the state's transportation infrastructure health.
- 2. The continued concentration of population in the state's six major metropolitan areas leads to the threat of increased traffic congestion, increased land consumption, and inadequate transportation infrastructure.
- 3. More diversity creates challenges for transportation systems delivery, particularly regarding access to economic opportunities. Lower auto ownership rates and more rural residency create a challenge of getting workers to critical activities such as jobs, medical services, and educational facilities.
- 4. The aging of North Carolina's population will challenge efforts to provide mobility for this age sector and to ensure safety of motorists. Many of these seniors will continue to drive, but increasingly, they will look to public transportation services to meet their mobility needs.

# Equitable and Affordable Housing

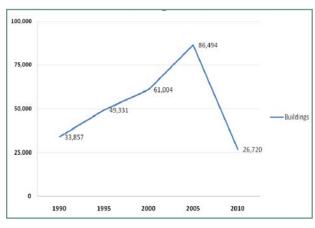
As the various regions of the state seek to house their expanding populations, the data in *Figure 3*, below, can provide a guide to needs vis-à-vis the current stock. The Rocky Mount MSA 2009 data indicates that more than half of its housing stock is valued at under \$100,000, while the Raleigh/Cary MSA has just 13.3% of this level of housing. The Fayetteville MSA has only 8.6% of housing above \$250,000 and the NC portion of the Virginia Beach MSA exhibits almost 45% of housing costing over \$250,000. The data below serves as a guide to understanding the housing mix currently available to residents. By comparing local projected population changes (job type and growth) to existing housing stock, regions will be able to understand whether or not they are appropriately meeting the housing needs of its constituents.



#### Figure 3 - 2009 MSA Housing Stock by Value

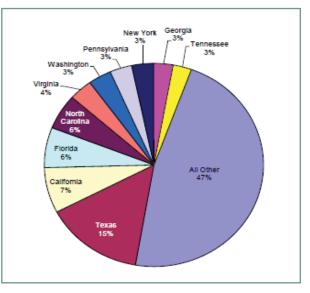
Source: American Community Survey 2009, 5 Year data. United States Census Bureau

*Figure 4* (page 32) shows the constant rise in building permits issued in the state between 1990 and 2005 (an increase of 155%) followed by the dramatic decrease in five years to 2010. This 69% decrease returned permits to pre-1990 levels. However, this data must be viewed in relation to the information shown in *Figure 5* (page 33) which indicates that even with this dramatic downturn, North Carolina still had 6% of total housing building permit requests in the country.



# Figure 4 North Carolina Building Permits 1990-2010

*Source:* United States Census Bureau, September 2011 (http://www.census.gov/const/www/permitsindex.html)



## Figure 5 Total Housing Units Authorized by State 2010

Source: United States Census Bureau, September 2011 (http://www.census.gov/const/www/2010statepiechart.pdf

This 6% total must be viewed in the context that the state only represents 3% of the nation's population and was led only by the Texas, California and Florida.

Even with the downturn in the housing market across the nation, North Carolina is still seen as an attractive choice for residential destination and as such construction activity. Our development choices must therefore be cognizant of the pressures being put on our land space and resources by these demands for housing.

# Enhanced Economic Competitiveness

This guiding principle in the legislation underlines the need for expanding business access to markets and improving the state's economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs of workers. This section highlights the current situation and what needs to be improved to maintain the state's economic competitiveness. Global competitiveness through economic and business development system will continually position North Carolina for a sustainable and growing economy and creates a permanent competitive advantage.

The University of North Carolina *Tomorrow Commission* has highlighted what needs to be done to keep the state economically competitive:

- The *fastest growing* high-wage job sectors in North Carolina include medical professions and computer engineers. The *fastest shrinking* job sectors include farmers, word processors, and computer operators
- By 2014, North Carolina will need: 41,000 more nursing professionals; 34,000 more public school teachers; 23,000 more computer and technology professionals; 10,000 more accountants and auditors; and 3,300 more Social Workers
- By 2014, North Carolina will need: Over 400,000 new workers with at least a bachelor's degree. North Carolina's colleges and universities (both public and private) are expected to produce only 254,000 of these workers. Higher education would have to produce over 15,000 more graduates each year to fill this gap.
- About 60% of available jobs in the U.S. require skills possessed by only 20% of the workforce. By 2015, about 85% of new jobs will require education beyond high school. About 33% of North Carolina's college-age students are enrolled in college.
- Minority students make up 43% of total public school enrollment in our state and 85% of the enrollment in North Carolina's 50 lowest performing public schools.

North Carolina still has a high dependence on manufacturing employment, according to data from the NC Employment Security Commission, but the national movement is away from that type of employment — despite North Carolina's manufacturing being more resilient than at the national level. As manufacturing becomes less important to the state over the next few years, economic development policies adopted by the state's regions must be geared towards understanding this coming change. *Table 1*, below, emphasizes the projected percentage changes in employment by sector.

## Table 1: Estimated Employment in North Carolina, By Sector, 2010-2030

Sector	2010	2020	2030	Change 2010-2030
Goods-Producing Industries	610,000	724,000	712,000	16.7%
Manufacturing	432,000	461,000	491,000	— 7.0%
Construction	172,000	258,000	306,000	78.0%
Service-Providing Industries	3,292,000	3,887,000	4,446,000	35.0%
Military	146,000	158,000	171,900	17.8%
Total Non-Farm	3,903,000	4,611,000	5,158,000	32.0%

Manufacturing is declining in North Carolina, as in the national economy

*Source:* Global Insight (modified); taken from 2040 NC *Statewide Transportation Plan: Challenges and Opportunties* (NCDOT, June 2011 Draft)



#### Figure 6 - Top Employment Occupations in NC, Annual Median Wages & Unemployment, 2010

According to the North Carolina's 2011 *Economic Index* report, the top five North Carolina occupations in terms of employment are: office and administrative support; sales; food preparation and serving; production; and transportation and materials moving. Each of these occupations earns less than \$31,000 annually.

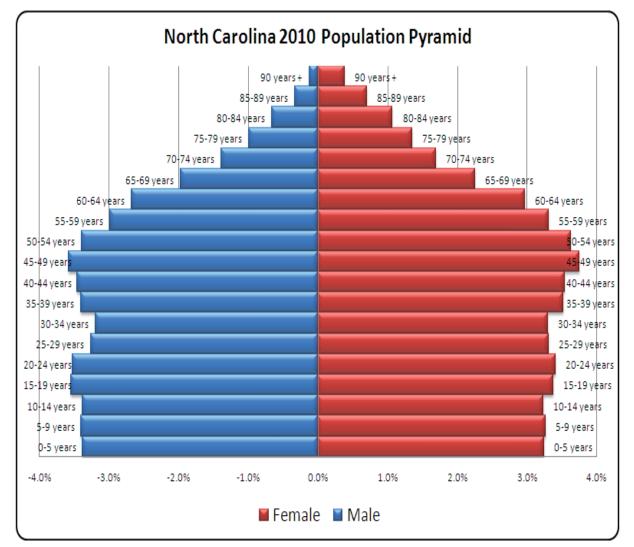
While the well-paying managerial, professional and technical occupations in the state are growing significantly, they are primarily located in North Carolina's urban regions. This suggests that sustainable community planners must pay attention to among other matters, affordable housing choices and the ease of affordable transportation choices for access to the available jobs.

## Support of Existing Communities

The 2010 North Carolina population pyramid shown below (Figure 4) exhibits the typical shape of developed society. It highlights many facts which should serve as a guide to how we build our sustainable communities.

Elements of a constrictive pyramid are present; one in which there is high over-all education and good access to good health care. This leads to low death rates as life expectancy continues to improve resulting in a graying population. North Carolina will, in the near future, have a significant population of older residents who will need housing and easy access to other social services including health care and public transportation. This North Carolina population will be

Source: Economic Modeling Specialists, Inc.



## Figure 7 - North Carolina 2010 Population Pyramid

Source: U.S. Census Bureau 2010 data

larger than at any other period in the state's history. *Table 2* (page 36) highlights the increase in the cohorts by 2030.

Additional insight provided by the population pyramid is the economic dependency ratio. How many people are dependent on the working age group population for their economic survival? The state currently finds itself in good position with approximately every person (outside of the working age) dependent on two people for their survival (0.48:1 ratio). The position is even better when child and elderly dependency ratios are separated. For every child there are just over three people contributing to their well being (0.29:1 ratio). Each aged person currently has about five persons supporting them (0.19:1).

		-	0 0		
Age Group	2000 Census	2010 Census	2020	2030	Change 2010-2030
0-24	2,769,000	3,221,000	3,578,000	3,974,000	44%
25-64	4,310,000	5,080,000	5,640,000	6,075,000	41%
65 and Up	969,000	1,218,000	1,657,000	2,144,000	121%
75 and Up	435,000	546,000	675,000	942,000	117%
85 and Up	106,000	156,000	188,000	240,000	126%
Total	8,047,000	9,519,000	10,874,000	12,193,000	52%

## Table 2: North Carolina Population Projection Change by Cohort

Older persons in North Carolina will increase faster than other age groups

*Source:* North Carolina State Data Center, Global Insight (modified); taken from 2040 NC Statewide Transportation Plan: Challenges and Opportunties (NCDOT, June 2011 Draft)

However, based on a smaller youth population and a large cohort of baby boomers getting ready for retirement, the current situation will be significantly different over the next 10 to 20 years. Sustainable community planning within North Carolina must factor these changing dynamics into any planning effort.

These conclusions are supported by the U.S. Census Bureau which also finds that as the baby boom generation reaches retirement age, the growth of the elderly population is expected to accelerate rapidly. The proportion of North Carolina's population classified as elderly is expected to increase 21.4 percent in 2025. The state with the 31st highest proportion of elderly in 1995 will have the 11th highest proportion of elderly in 2025.

As shown in *Figure 8*, below two of the state's most populous counties, Mecklenburg and Wake, are expected to account for fully 30 percent of the state's growth between 2000 and 2030. Wake

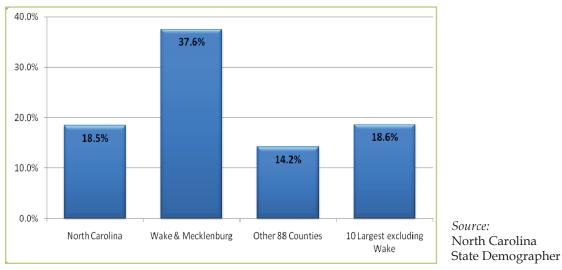


Figure 8 - County Population Percentages in 2030

County's net addition of over 700,000 residents will be greater than its total population in 2000, and Wake County may replace Mecklenburg County as the most populous in the state. Mecklenburg and Wake are expected to become the first counties in North Carolina to each have over 1 million residents.

Data from the United States Agriculture Department also highlights the declining portion of population in rural North Carolina. While the total rural population is increasing, it is not occurring at the rate of the urban population, yielding a growing disparity between urban and rural community populations. In 2010, North Carolina's rural population was just under 30 percent, while in 1980 this portion was over 35 percent. Data from the North Carolina state demographer indicates growth will continue in the state's metropolitan areas.

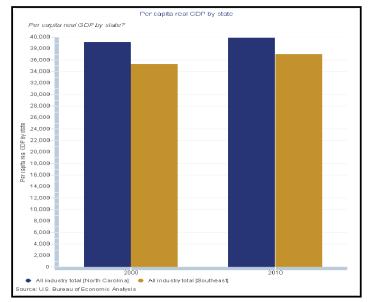
## Coordination and Leverage of State Policies and Investment

The NC Department of Commerce notes that the state's gross domestic product (GDP) is currently \$380.6 billion — the 9th largest in the country and 20th in the world. The state has good proximity to major national and international markets. It has an extensive transportation infrastructure and is within a 700-mile radius of more than 170 million U.S. and Canadian consumers with global connections via deep water ports and international flights. Any sustainable community development effort should seek to leverage these infrastructure investments.

The current 2009-2012 Statewide Strategic Economic Development Plan has three major goals; creating a world class system that engenders a permanent competitive advantage; establishing North Carolina as a global leader in innovation and technology; and promoting community and business development to improve the prosperity of disadvantaged populations and communities. Education, entrepreneurship and minority-focused economic development are key elements that support and foster the three main goals of the economic development plan.

As the state moves away from being dominated by manufacturing activities related to tobacco, furniture and textiles, it is important that the workforce be appropriately educated to capture and encourage the development of growth sectors. To leverage the state's focus on competitive advantage and innovation and technology, we must ensure at a minimum the regional advantage of highly trained individuals will not only develop new ideas but be able to convert them into profitable ventures. Efforts in sustainable community development practice must address this element.

Per capita gross domestic product data shows that during the last decade, North Carolina has only been outperformed in the Southeast by Virginia. Since 2000 the state has surpassed Georgia to become second in the region. *Figure 9* (page 38) uses the Bureau of Economic Analysis's data to show North Carolina's performance versus the Southeast as a whole. To ensure the continued improvement in worker productivity, sustainable community investments and decisions must support increased worker productivity.



#### Figure 9 - Per Capita GDP by North Carolina vs. Southeast, 2000 and 2010

The December 2010 unemployment data from the Bureau of Labor Statistics defines the situation in North Carolina and reinforces the need to support the NC Department of Commerce's initiative to build entrepreneurship opportunities among the young and minority populations; as a means to ending the chronic unemployment in these specific cohorts. As seen in *Figure 10*, below, the situation is different depending on the sub-group. Young men in general are more acutely affected by unemployment while African-American men in particular are most affected.

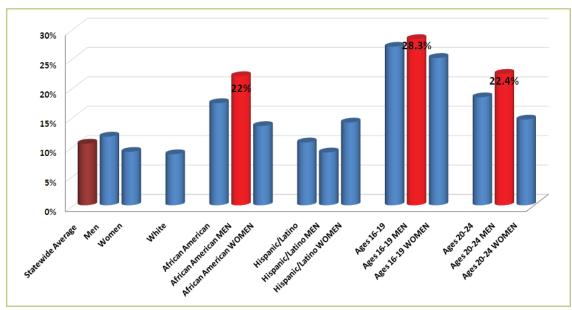
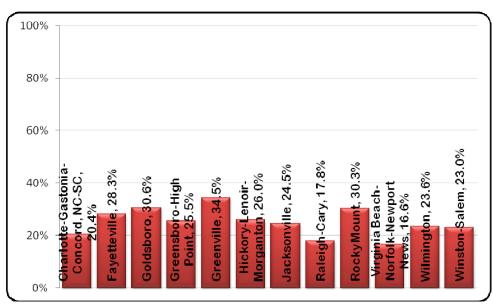


Figure 10 - North Carolina December 2010 Unemployment Percentages by Sub-Group

Source: U.S. Bureau of Labor Statistics, January 2011 Monthly Report

## Recognize and Support Communities and Neighborhoods

The U.S. Census Bureau data for the North Carolina Metropolitan Statistical Areas (MSAs) highlights the current economic profiles. As the poverty data in *Figure 11* shows, all MSAs have between 17 and 30 percent of the population living below 150 percent of the federally determined poverty line for 2009. Those living at or below this level are said to be functionally poor. Sustainable community development efforts should bear this in mind when considering planning for growth.



#### Figure 11 - 2009 Poverty Data, All North Carolina MSAs

Source: Amercain Community Survey 2009 Five-Year Data, U.S. Census Bureau

The NC Department of Commerce data analysis additionally highlights the differences between urban and rural poverty. Mecklenburg, Wake and Orange counties have the highest concentrations of wealth. High wage, new economy jobs are located in the urban counties, while nearly 40 percent of the state has per capita incomes between \$16,000 and \$20,000 — at or below the federal poverty line for a three-person household.

Minority groups have had varying experiences during the 2000-2010 decade. The black population represented 21 percent of the state's population in 2000. Though the number of blacks has grown in the last decade, they represent a stable 21 percent of the state's population as a whole.

In contrast, the Hispanic/Latino population is only 8.4 percent of the state's total, but this population group has more than doubled from 380,000 to more than 800,000 in the last decade. At a national level the Pew Hispanic Center notes births have surpassed immigration as the main driver of the dynamic growth in the nation's Mexican-American population (the largest

Hispanic group). From 2000 to 2010, the Mexican-American population grew by 7.2 million as a result of births and 4.2 million as a result of new immigrant arrivals. This is a departure from the previous two decades when the number of new immigrants either matched or exceeded the number of births. Hispanics are the fastest growing minority in the state of North Carolina and present a unique phenomenon to sustainable community planners.

All plans must factor in the changing demographics of the state as sustainable community practices are undertaken.

Appendix C

# State-Funded Initiatives Related to Sustainable Communities

Clean Water Management Trust Fund	42
Parks and Recreation Trust Fund	44
Agricultural Development and Farmland Preservation Trust Fund	46
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Highway Fund	57

## Clean Water Management Trust Fund

North Carolina's Clean Water Management Trust Fund (CWMTF) was established by the General Assembly in 1996 (Article 18; Chapter 113A of the North Carolina General Statutes). CWMTF receives a direct appropriation from the General Assembly in order to issue grants to local governments, state agencies and conservation non-profits to help finance projects that specifically address surface water quality. The 21-member, independent CW-MTF Board of Trustees has full responsibility over the allocation of money from the Fund.

CWMTF will fund projects that (1) enhance or restore degraded waters, (2) protect unpolluted waters, and/or (3) contribute toward a network of riparian buffers and greenways for environmental, educational, and recreational benefits. Specifically, CWMTF grants will meet these goals by funding;

- the acquisition of land and/or conservation easements for riparian buffers to protect surface water quality and urban drinking water supplies and for a network of riparian greenways;
- the restoration of previously degraded lands to reestablish their ability to protect water quality;
- the repair of failing wastewater collection systems and wastewater treatment works;
- the repair and elimination of failing septic tank systems and the elimination of illegal drainage connections;
- stormwater management projects and
- planning efforts that target water pollution reductions.

#### Funding

FY 2009-10: \$ 50 million (50% reduction from 2008-2009)

- FY 2010-11: \$50 million
- FY 2011-12: \$ 12.5 million appropriated (75% reduction from 2010-2011 and 88% reduction from 2008-2009)

#### **Sustainable Development**

CWMTF finances a variety of projects including infrastructure (wastewater, stormwater, and restoration), land acquisition, greenway and planning that support some of the six principles of sustainable development outlined in SCTF legislation.

CWMTF funds greenway acquisition and planning projects that provide for alternative transportation options and promote public health. CWMTF has funded almost 100 greenway projects. The CWMTF helps local communities repair failing wastewater infrastructure systems and connecting on-site systems to wastewater treatment plants. This includes systems in economically distressed communities. CWMTF estimates 16,000 jobs were created. Additionally, greenway and acquisition projects have facilitated the development of waterbased recreation and tourism opportunities. Agriculture has also benefitted from the CWMTF. The CWMTF has leveraged non-state funding through its 1,400 grant awards. Fifty percent of total project costs were provided by private, local and federal matching funds. Some examples of the funding CWMTF has leveraged:

Project/Program	CWMTF Funding	Estimated Leveraged Match Funding
CREP Program	\$ 21.8 million	\$ 73.7 million
Swine Buyout Program	\$ 18.7 million	\$ 51.9 million
Carolina Thread Trail	\$ 4.0 million	\$ 34.4 million
Little Sugar Creek	\$ 3.7 million	\$ 55.0 million

#### Clean Water Management Trust Fund

## Parks and Recreation Trust Fund

The North Carolina Parks and Recreation Trust Fund (PARTF) was created in 1994 to provide funding for capital improvements and land acquisition in the state parks system, for a local government matching grants program, and for the coastal beach access program.

The Fund is a non-reverting special revenue account consisting of revenue from three main sources: the excise stamp tax on real estate transfers; fees from personalized license plates; and investment earnings credited to the assets of the fund. To allocate funds from PARTF to the state parks and to local governments, the General Assembly created the North Carolina Parks and Recreation Authority, a fifteen-member board appointed by the Governor, Speaker of the House and President Pro Tem of the Senate.

Pursuant to G.S. 133-44.15, the monies from PARTF are to be allocated as follows:

- 65 percent for the state parks system for capital projects and land acquisition;
- 30 percent to provide matching funds to local governmental units for local parks;
- 5 percent for the Coastal and Estuarine Water Beach Access Program; and
- Up to 3 percent for operating expenses.

#### Funding

FY 2007-08:	\$ 52.2 million (- 8%)
FY 2008-09:	\$ 30.8 million (- 41%)
FY 2009-10:	\$ 26.9 million (- 13%)
FY 2010-11:	\$ 25.5 million (- 4%)
FY 2011-12:	Projected \$ 25.5 million
	Less \$8.435 million diverted to General Fund
	Less \$6 million diverted to state park operations
	2011 -2012 Total: \$27.37 million

#### **Sustainable Development**

The Parks and Recreation Trust Fund has provided resources for development across the state that promote public health, leverage and coordinate governmental resources, and support local economies and jobs:

- More than 650 grants to local governments for parks and recreation projects.
- Grants in 99 of the state's 100 counties.
- 342 local governments have received a PARTF grant.
- Half of the communities receiving grants have fewer than 5,000 residents.

- 43,000 acres protected with the Parks and Recreation Trust Fund
  - Local governments have acquired more than 5,000 acres of park land.
  - Capital improvement projects visitor centers, exhibit halls, campgrounds, picnic areas, boating facilities, trails and swimming beaches.
- 9,880 construction jobs created from \$520 million in state and local funding.
- Tourist expenditures in state parks annual economic impact greaterthan \$400 million for local economies:
  - \$289 million in sales
  - \$120 million on residents' income
  - 4,924 full-time equivalent jobs
- Local parks stimulate spending in communities.
  - The Parks and Recreation Trust Fund assisted local governments to provide over 475 athletic fields.
    - *Raleigh* \$9 million from soccer tournaments *Greensboro* – \$13 million from a major regional soccer tournament *Rocky Mount* – \$7 million from 62,000 tourists at sports tournaments
- State grants have been over-matched with \$270 million from local governments (\$1.95 of local funds for \$1.00 of PARTF funds).
- The Parks and Recreation Trust Fund has provided nearly 350 trail projects and greater public access to state and local parks.

## Agricultural Development and Farmland Preservation Trust Fund

The ADFP Trust Fund finances projects that encourage the preservation of agricultural, horticultural and forest lands while fostering the growth, development and sustainability of family farms. The Trust Fund was established by the General Assembly in 2005 with an initial \$50,000 appropriation. A 19-member Advisory Committee, chaired by the Commissioner of Agriculture, advises the NC Department of Agriculture and Consumer Services on the administration of grant funds provided to county governments and non-profit conservation organizations. Grants are provided for the removal of development rights through perpetual and term easements. Grants are also provided for agricultural development projects and plans.

## Funding

FY 2007-08: \$ 8 million
FY 2008-09: \$ 4 million
FY 2009-10: \$ 2 million
FY 2010-11: \$ 2 million (Reverted \$2,173,989 by OSBM Request)

The Agricultural Development and Farmland Preservation Trust Fund has awarded:

- \$13.7 million the first 3 grant cycles
  - With a match of more than \$29.3 million from federal, county and private resources.
- Cycle IV grant contract placed on hold on State Budget reallocation
  - \$2,173,989 which includes the \$2 million allocation for fiscal year 2010-11 and existing reserves sent back to the Office of State Budget and Management.
  - Cycle IV has 46 applicants requesting \$12.6 million with estimated matching resources of \$26.5 million.
- 4,232 Acres in perpetual agricultural easements at end of FY 2010-2011
- Term agricultural easements on 1, 1,177 acres
- 2,206 acres are also under contract for a perpetual easement
- 81 of 100 NC counties have established Voluntary Agricultural District and/or Enhanced Voluntary District programs up from an estimated 35 programs in 2005.
- County Farmland Protection Plans developed and adopted by 35 NC county governments since inception of the ADFP Trust Fund.

#### **Sustainability Benefits**

- Improved marketing opportunities and profits for farmers by adding additional value to the products.
- Projects enhance the competitiveness of North Carolina agriculture products.
- Supply citizens with local products.

## Natural Heritage Trust Fund

The North Carolina Natural Heritage Trust Fund was created in 1987 to provide supplemental funding to select state agencies for the acquisition and protection of important natural areas, to preserve the state's ecological diversity and cultural heritage and to inventory the natural heritage resources of the state. The trust fund is supported by a portion (25%) of the state's excise stamp tax on real estate transfers; by a portion of the fees for personalized license plates; and investment earnings credited to the assets of the fund. These sources now generate about \$12 million each year.

Since its creation, the trust fund has contributed more than \$328 million through 518 grants to support the conservation of more than 297,000 acres. Grants have been awarded for:

- The purchase of representative tracts of land in state's ecological diversity for recreational, scientific, educational, cultural and aesthetic purposes;
- The purchase of lands for parks, state trails, aesthetic forests, wild and scenic rivers, fish and wildlife management areas and other natural areas for the beneficial use and enjoyment of the public; and
- The development of a balanced state program of historic properties.

#### Funding

FY 2007-08:	\$ 52.2 million
FY 2008-09:	\$ 30.8 million
FY 2009-10:	\$ 26.9 million
FY 2010-11:	\$ 25.5 million
FY 2011-12:	Projected \$ 12.4 million
	Less \$8 million diverted to General Fund
	Less \$0.8 million to cover Fund-Shifted Positions

#### **Contributions to Sustainable Development**

NHTF supports most of the staff in the Office of Conservation Planning and Community Affairs (OCPCA). The OCPCA is charged with working to promote the goals of the Sustainable Communities Task Force.

**Economic Competitiveness and Supporting Communities:** NHTF funds the protection of lands with significant cultural, historical, and/or natural resources. These community assets can be and are then used for economic development (e.g., tourism).

**Protecting Open Space and Rural Landscapes:** Regional planning is now targeting areas for growth and areas with significant natural and/or cultural heritage for protection. The lands funded by NHTF provide for state game lands, parks and trails that protect open space and rural landscapes (Principle #4) which can, in turn, support these regional plans in some areas.

#### Housing Trust Fund

The Housing Trust Fund, created by the General Assembly in 1987, is North Carolina's only state-funded and state-designed resource for affordable housing. It provides home ownership opportunities for low-income families, apartment developments for families, seniors and people with disabilities, and finances home repairs and accessibility modifications for the elderly and disabled persons. The Trust Fund also finances supportive housing for homeless families, victims of domestic violence, and people with mental illness, developmental and other disabilities.

#### Funding

FY 2009-10: \$10 million FY 2010-11: \$10 million FY 2011-12: \$7.9 million

#### **Sustainable Communities**

- The Housing Trust Fund serves households at or below 80% of area median income.
- The fund finances supportive housing for the homeless, victims of domestic violence, persons with mental illness, and others with special needs.
- The fund finances emergency repairs and accessibility modifications that allow elderly and disabled low-income homeowners.
- Programs emphasize sustainable building practices and the reduction of energy costs for the residents.

## Low-Income Housing Tax Credit Program

Authorized by Congress in 1987, the federal Low-Income Housing Tax Credit Program (Housing Credit) now finances virtually all the new affordable rental housing being built in the United States. Housing Credit rental properties are privately owned and privately managed. In exchange for the financing provided through the tax credit, owners agree to keep rents affordable for 30 years for families and individuals with incomes at or below 60% of the local median income. Major financial institutions, such as banks, insurance companies and government-sponsored enterprises make equity investments in exchange for receiving the tax credits.

#### Funding

(based on a per capita allocation as determined by the IRS)

FY 2009-10:per capita amount was \$2.10 with a total allocation of \$19,699,856.FY 2010-11:per capita amount was \$2.15 with a total allocation of \$20,501,288.

FY 2011-12: no anticipation of reduction (amounts typically announced in December)

#### **Sustainable Communities**

- The program serves households below 60% of area median income, with new construction and rehab of existing apartments and additional incentives for serving households at 30%, 40% and 50% of area median income.
- The program provides support for housing in safe, stable communities near shopping and amenities; integrated into existing neighborhoods; compatible with the surrounding land uses. Safe transportation routes (pedestrian and vehicular), and access to public transportation also evaluated.
- The program leverages funds: all projects must follow specific design standards and energy efficiency requirements that emphasize sustainable building practices and reduce energy costs for the residents.

## North Carolina Green Business Fund

The North Carolina Green Business Fund (GBF) was established by the NC General Assembly in the 2007 session (GS143B-437.4). The program provides competitive grants to encourage expansion of small to medium-sized businesses that have innovative commercial technologies, products and services to help grow a green economy in the state. Over 200 applications have been received for each round of funding, with less than 10 percent of those applications being funded after a rigorous external review.

#### Funding

FY 2007-08:	\$1 million in non-recurring State Appropriations
FY 2008-09:	\$1 million in non-recurring State Appropriations
FY 2009-10:	\$10 million (American Recovery and Reinvestment Act)
FY 2010-11:	\$10 million (American Recovery and Reinvestment Act)
FY 2011-12:	None the Recovery Act funding ends in April, 2011)

#### **Sustainable Communities**

- GBF awarded 45 grants to 22 counties.
- Half of those funded projects (totaling about \$1 million) have been completed.
  - Entailed the creation of 58 jobs
  - Generated 20 patents (projected lifetime commercial value of \$45 million)
  - More than 8 licenses (projected lifetime commercial value of \$77 million)
  - In excess of \$229 million in projected first-year sales
- Seed money provided to North Carolina businesses allowing them to secure additional funding and bring their product to market and create additional jobs.
  - *FLS Energy, Asheville.* Established in 2006 with 3 employees, awarded \$75,000 grant in 2008 to develop an easy solar kit, and a \$30,000 grant in 2009 for large-scale solar hot water heater implementation. It is now a 75-person company in Nofrth Carolina and has expanded into seven states with plans to expand into California.
  - *PlottWatt, Durham.* Formed in 2008, received a \$40,000 grant in 2009 to commercialize smart home energy usage. Recently, the company won a GE technology competition to secure an additional \$1 million in follow-on funding.
  - Microcell Corporation, Raleigh. Formed in 2000, received a \$80,000 GBF grant in 2009 to commercialize production of their energy-efficient, clean, portable power systems. Company has started manufacturing systems in Robeson County, negotiated partnerships with the North Carolina Electric Membership Corporation to place their backup fuel cells in locations around the state, and grown from 18 employees to more than 30 employees in 2011.

## Historic Preservation Rehabilitation Tax Credits

The reuse of North Carolina's existing structures supports both historic preservation and environmental sustainability principles and makes good economic sense. In addition to the powerful economic benefits of historic preservation, the North Carolina rehabilitation tax credits encourage the reuse of existing buildings, reducing the need to expand public services and infrastructure, which saves taxpayers' dollars. Historic structures such as schools, textile mills, and tobacco warehouses are reclaimed for housing, retail, and office use. Historic building construction methods and materials often maximized natural sources of heating, lighting and ventilation reflecting North Carolina's diverse climate ranging from the coast to the mountains. The most sustainable building may be the one that already exists and North Carolina's historic preservation tax credits support the continued, and efficient, use of the built environment.

Year	Tax Credit Program	Number	Amounts
	Commercial Historic Preservation Tax Credit	56	\$ 60,068,627
2000	Homeowner Historic Preservation Tax Credit	134	\$ 26,871,503
2009	2009 Mill Historic Preservation Tax Credit		\$ 13,455,971
	Total 2009	191	\$100,396,101
	Commercial Historic Preservation Tax Credit	26	\$ 57,333,321
2010	Homeowner Historic Preservation Tax Credit	136	\$ 24,729,895
2010	Mill Historic Preservation Tax Credit	2	\$ 22,340,068
	Total 2010	164	\$104,403,284

#### Completed Projects, 2009-2010

# Main Street Programs (NC Department of Commerce, Urban Development Division)

The Urban Development Division serves as the state's leading resource in downtown revitalization. This is accomplished by offering comprehensive technical assistance and resources through its Main Street and Small Town Main Street programs to small and medium-sized communities in all economic regions of the state. The division manages the North Carolina Main Street Center, charged with administering the National Trust for Historic Preservation Main Street program for the state, an economic development initiative within the context of historic preservation that was established in North Carolina in 1980; and the division administers the Main Street Solutions Fund grant program, a small business assistance program intended to spur private investment and create and retain jobs.

- North Carolina Main Street: Established in 1980, it helps communities under 50,000 in population that have downtown managers to establish and develop a downtown revitalization program (61 designated communities).
- Small Town Main Street: Established in 2002, it helps communities under 7,500 in population that do not have downtown managers to establish and develop a downtown revitalization program (34 designated communities).
- Main Street Solutions Fund Program: Established in 2009, it provides economic development planning assistance and coordinated grant support to designated micropolitans located in Tier 2 and 3 counties and to active North Carolina Main Street communities (17 communities awarded grants).

	Fiscal Year 2009-2010 Economic Impact of Programs		Cumulative Economic Impact of Programs	
	Main Street Small Town Main Street		Main Street (1980-2010)	Small Town Main St (2003-2010)
Private Investment	\$ 134,941,482	\$ 643,898	\$ 888,195,592	\$ 18,675,352
Public Investment	\$ 79,025,705	\$ 2,969,720	\$ 772,696,556	\$ 772,696,556
Total Investment	\$213,967,187	\$ 3,613.618	\$ 1,660,892,148	\$ 29,065,497
Net Gain Businesses	203	56	3,546	186
Net Gain Jobs	835	173	14,612	430
Building Renovations	324	49	3,658	146

#### Impact of the Main Street and Small Town Main Street Programs

	Fiscal Year 2009-2010 Economic Impact of Program (8 Grants Awarded)	Fiscal Year 2010-2011 Economic Impact of Program (9 Grants Awarded)
Grant Funds Awarded	\$ 1,950,000	\$ 1,211,020
Public and Private Investment Leveraged	\$ 9,217,829	\$ 4,600,927
Number of Businesses Directly Benefitting	28 businesses	29 businesses
Number of Jobs Created or Retained	233 permanent full-time and part-time employees	208 permanent full-time and part-time employees

#### Impact of the Main Street Solutions Fund Program Per Year

#### Funding

FY 2010-11: \$ 590,189 Main Street and Small Town Main Street

FY 2009-10: \$ 2,000,000 Main Street Solutions Fund Program (added State allocation) FY 2010-11: \$ 1,500,000 Main Street Solutions Fund Program (added State allocation) FY 2011-12: \$ 0

#### **Sustainable Development**

The Urban Development Division serves as the state's leading resource in downtown revitalization. The division offers planning and technical assistance, training and education and an extensive network of resources and partnership development, designed to build local capacity for sustainable development.

Strong downtown districts throughout North Carolina offer well maintained public infrastructure. Downtown districts are seeing an increase in transportation-related entrepreneurial investment, government subsidized transportation options and public and private investment in infrastructure.

Downtown districts are ideal locations for a variety of housing opportunities including but not limited to: upper-story commercial building redevelopment projects for a partments and condominiums; live-work units; mill and school redevelopment projects for a mix of uses including housing; urban infill development projects; hotels; bed-and-breakfast accommodations; and hostels and temporary housing including shelters. In addition, downtowns throughout North Carolina are experiencing increased interested in renovating the residential historic districts that are often adjacent to the downtown districts.

Downtown districts offer a mix of retail, service, professional, institutional and governmental uses that provide a vast array of employment, educational and goods and service opportunities, including but not limited to farmers and artists markets, shops restaurants, arts and cultural facilities and more. Support through the North Carolina SBC's and SBTDC's, University and Community College campuses, and public/private partnerships that are designed to strengthen and improve economic capacity are stabilizing and positioning downtowns to serve as primary employment, enterprise, social and cultural and entertainment centers throughout the state.

Downtown revitalization initiatives build a strong, denser and more cohesive business and employment center. Historic preservation of downtown commercial buildings, repair rather than replacement of original building materials, streetscape initiatives, multi-modal transportation centers, mixed-use development and governmental centers reduce sprawl and promote sustainability.

Downtown districts and the surrounding residential neighborhoods are ideal locations to incorporate historic preservation initiatives, streetscape improvements, mixed-use development, enhanced transportation initiatives and sustainable practices.

## Historic Rehabilitation Credits

Income tax incentives for the rehabilitation of historic structures are important tools for historic preservation and economic development in North Carolina. A federal income tax credit for the rehabilitation of historic structures first appeared in 1976 and today consists of a 20% credit for the qualifying rehabilitation of income-producing historic properties. Since 1998 North Carolina has provided a 20% credit for those taxpayers who receive the federal credit, providing investors with a combined 40% credit against eligible project costs. In addition, the state provides a 30% credit for the rehabilitation of non income-producing historic properties, including private residences. New State Mill Rehabilitation Tax Credits provide even greater credit amounts for qualifying former industrial sites.

Since 1976, over 2,000 completed "certified rehabilitation" projects have been reviewed by the NC State Historic Preservation Office, representing over one billion dollars of investment in historic properties. The spin-off from all this activity includes job creation, downtown and neighborhood revitalization, improved community appearance and greater community pride. Historic preservation is smart growth, and smart investment.

	2009	2010			
Number of Returns	2,949	792			
Eligible Expenditures/Expenses	Eligible Expenditures/Expenses				
Income-Producing Property	\$ 38,275,255	\$ 48,843,990			
Non Income-Producing Property	\$ 64,269,561	\$ 66,624,989			
Total Expenditures/Expenses	\$ 102,544,826	\$ 115,468,979			
Credits Taken					
Income-Producing Property	\$ 3,386,546	\$ 5,143,449			
Income-Producing Property	\$ 5,982,906	\$ 6,614,016			
Total Credits Taken	\$ 9,369,452	\$ 11,757,465			

#### **Historic Rehabilitation Credits**

*Source:* Policy Analysis and Statistics Division, NC Department of Revenue *Note:* Expenditure total reflect amounts from tax year 2003 to tax year 2008.

## Highway Trust Fund and Highway Fund

North Carolina's Highway Trust Fund Bill passed in July, 1987. The goals were to:

- Complete the "Intrastate Highway System."
- Build multi-lane connector or "loop" roads near seven major urban areas (Asheville, Charlotte, Durham, Greensboro, Raleigh, Wilmington and Winston-Salem).
- Pave state-maintained dirt roads.
- Increase by 50% the Street Aid to Municipalities allocation (Powell Bill Funds).

Funds in the Trust Fund are annually appropriated to the Department of Transportation. A sum — not to exceed 4.2% of the amount of revenue deposited in the Trust Fund — may be used each fiscal year by the Department for expenses to administer the Trust Fund. The rest of the funds are to be allocated and used as follows:

- 61.95% to plan, design and construct Intrastate Highways;
- 25.05% to plan, design and construct the Urban Loops;
- 6.5% to supplement the appropriation to cities for city streets; and
- 6.5% for secondary road construction.

#### Funding

FY 2009-10: \$881.3 million

47.8% from Highway Use Tax41.9% from Motor Fuels Tax9.6% from Fees0.2% from Investment Income

FY 2010-11: \$928.7 million

47.9% from Highway Use Tax42.4% from Motor Fuels Tax9.6% from Fees0.1% from Investment Income

#### FY 2011-12: \$1.115 billion anticipated funding

The Highway Trust Fund enhances economic competitiveness through expanding business access to markets and reliable and timely access to employment centers, educational opportunities, services, and other basic needs of workers.

## **Highway Fund**

In the 1990s, the fund began supporting public transportation and rail programs.

## Funding

FY 2009-10:\$ 1.737 billionFY 2010-11:\$ 1.793 billionFY 2011-12:\$ 2.049 billion (anticipated)

The program contributes to sustainable development by contributing over half to maintain North Carolina highways and almost 9% is used for transit projects. In 2012, \$12.1 million is funded for Spot Safety projects and \$26.7 million for rail projects.