

NORTH CAROLINA
SUSTAINABLE COMMUNITIES
TASK FORCE
PROGRESS REPORT
2011 – 2012



Prepared For:

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

Oct. 1, 2012

NORTH CAROLINA SUSTAINABLE COMMUNITIES TASK FORCE PROGRESS REPORT 2011 – 2012

Contents

I.	EXECUTIVE SUMMARY	3
II.	INTRODUCTION	5
III.	SUSTAINABLE COMMUNITIES TASK FORCE COMPOSITION	7
IV.	PROGRESS TO DATE	9
	Community Practices Assessment	9
	SCTF 2011 Grants – Implementation Update.	10
	Sustainable Communities Task Force Committees.....	11
V.	FEDERAL FUNDING FOR SUSTAINABLE COMMUNITIES IN NORTH CAROLINA	13
	Regional Planning Grants	13
	Community Challenge Grants	14
	Choice Neighborhoods Planning Grants	14
	Sustainable Communities Building Blocks	15
	Bus & Bus Livability Awards	15
VI.	DEMOGRAPHIC CHANGES COMING TO NORTH CAROLINA.....	16
VII.	POLICY ACTIONS AND NEXT STEPS	19
	APPENDICES	i
	A. Federal Funding Received by N.C. Municipalities and Organizations	ii
	B. State Funded Initiatives Related to Sustainable Communities	v

Executive Summary

North Carolina is experiencing rapid population growth that will propel the state from a ranking of 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 N.C. 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 ways 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.

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; Version 2 of the assessment is under development.
- ▶ **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 \$5.3 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.

During FY 2011-2012 the Sustainable Communities concept has attracted an additional \$16.2 million in federal funding for North Carolina.

The federal awards will ultimately benefit at least 45 of the counties within North Carolina.

- ▶ **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 the Lower Cape Fear Council of Government, which was granted \$1.13 million in federal funding.

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.

Focus Areas for 2012-2013

The Task Force will focus on the areas listed below for the July 2012 – June 2013 work plan while evaluating the inclusion of other areas. These areas of focus are legislatively required under section N.C.G.S. § 143B.344.35

- 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.

Introduction

The N.C. 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 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 required in N.C.G.S. § 143B-344.38. It highlights the progress of the Sustainable Communities Task Force between July 2011 and June 2012. Included in the report are:

- **an update of funding** received by North Carolina sustainable community initiatives during the year;
- **a current and projected demographic and socioeconomic outlook** of North Carolina and the implications for the development of 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, 2012

Governor Appointee

John Hodges-Copple	Planning Director, Triangle J Council of Government Nonprofit Representative (Triangle Land Conservancy)
---------------------------	---

Senate Appointees

Current Vacancy Resignation (July 2012)	Regional Collaborative Government Organization
---	--

Paul Norby	Planning Director, Winston-Salem/Forsyth County Planning Board County Government Representative
-------------------	--

Current Vacancy Building Community / Building Sector Representative
Resignation (2011)

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
N.C. Department of Transportation

Scott Farmer Director of Rental Investment
N.C. Housing Finance Agency

Dr. Ruth Petersen Section Chief, Chronic Disease and Injury
N.C. Department of Health and Human Services, Division of Public
Health

Libby Smith Senior Policy Advisor for Community Development,
Sustainability, America Recovery & Reinvestment Act &
Assistant ARC Program Manager, N.C. Department of Commerce

Staffing:

Brian Byfield is the program director and only employee for the initiative. He was hired in January 2011, and is based at the N.C. Department of Environment and Natural Resources (DENR) offices in Raleigh. Other state agency staff contributed greatly to efforts of the Task Force during the past year.

IV Progress to Date

Community Practices Assessment Self Assessment Tool being improved

NCSCTF Communities 2011 Grantees project implementation underway including reception of National Awards

Standing Committees working successfully

■ 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. 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. The CPA is currently being updated to garner a better understanding of sustainability practices throughout the state.

The CPA has two main sections: one for local governments and the other for regional agencies and/or 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 are 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 current CPA is available on the SCTF website at <http://portal.ncdenr.org/web/sctf/community-practices-assessment-overview>

■ SCTF 2011 Grants – Implementation Update

The N.C. Sustainable Communities Task Force (NCSCTF) under G.S. §143B-344.35 disbursed monies to six awardees in its Sustainable Communities Awards program. Although the awards were made prior to the FY 2011-212 they are being presented as implementation occurred through this reporting period.

Blue Ridge Road District Study

The city of Raleigh was awarded \$40,000 to prepare for development on the Blue Ridge Road corridor study, which is identified in the city's 2030 comprehensive plan. Nationally recognized institutions including the N.C. Museum of Art, the N.C. State University College of Veterinary Medicine and the N.C. State Fairgrounds anchor this western gateway to the city. The study was undertaken to develop a blueprint for collaborative planning and development along the corridor by linking land use and transportation as a primary tool for long-term economic success. The plan was endorsed by the Raleigh City Council in September 2012.

Transit & Affordable Housing Plan

The town of Morrisville was awarded \$40,000 for its proposed Transit and Affordable Housing Plan. The plan studied transit-oriented development options as they relate to a proposed regional rail system that would run through Morrisville. The town has completed a market analysis, a workforce housing study, prepared a development suitability model, identified housing prototypes, begun transportation analysis, begun preparation of the neighborhood compatibility sketch up model, all while consistently involving the general public and other stakeholders.

Catalytic Projects for Sustainable Regional Reinvestment

The Centralina Council of Governments, which serves a nine-county region around Charlotte, received \$28,000 to support development of a plan to revitalize 150,000 acres currently zoned for industrial use. The plan aims to reduce housing and transportation costs. The SCTF funding provided leverage for an additional grant of approximately \$5 million from the Housing and Urban Development Department in the form of a 2011 Regional Planning Grant.

Northeast Central Durham Livability Project

The city of Durham was granted \$38,000 to further a resident-driven initiative for Northeast Central Durham (NECD). The initiative seeks to create and improve access to jobs, affordable housing and transportation options, and to increase educational opportunities. The NECD Livability Initiative and several community partners, including the Region IV offices of the

Environmental Protection Agency (EPA) and the city of Durham's Economic Development Office, have engaged in projects since the 2011 funding of the grant. The projects included elementary school education efforts, environmental river cleanups and the start-up of an urban market. In recognition of these accomplishments, the city received an Outstanding Achievement in Local Government Innovation Award from the Alliance for Innovation at the 2012 Transforming Local Government Conference held in Kansas City, Mo., 2012.

PlanIT East Development (now EnvisionEAST 2050)

The N.C. Eastern Region Military Regional Growth Task Force used its \$4,000 grant to purchase equipment to support development of comprehensive regional plans across a nine-county region. The task force is currently developing an EnvisionEAST-2050 plan towards this end. The Triangle J Council of Government used its \$15,000 to study complex infrastructure and population development scenarios in the three-county Research Triangle Park region.

Triangle CORE Project

The Triangle J Council of Government used its \$14,380 grant to work with six local governments and the Research Triangle Park on complex development and infrastructure scenarios in the heart of the Research Triangle Region. In addition to working with the Research Triangle Park on incorporating its new master planning effort into regional growth projections, the CORE project prioritized bicycling and pedestrian infrastructure investments and engaged public and private leaders on the importance of new development patterns in the region's core. Among other outcomes, the effort is designed to inform the region's new 2040 Metropolitan Transportation Plan that will be finalized in 2013.

■ Sustainable Communities Task Force Committees

G.S. 143B-344.35 requires the N.C. Sustainable Communities Task Force 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."

Technical Assistance

SCTF formed a Technical Assistance Committee in 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. In the future, best practices may be developed to assist with progress measurement metrics and public participation. This committee is currently spearheading the development of version 2 of the community practices assessment.

Policy Committee

The Policy Committee focuses on state and local agency policies and state and federal legislation affecting sustainable community development. During 2012, the committee worked with partners to help legislators better understand the work and value of the Task Force and the role it can play in both helping local communities sustain their economies and enable state agencies to collaborate with one another and local governments.

Resources Committee

This committee took the lead in “identifying federal funding opportunities related to sustainable development in the hopes of applying for and receiving, on behalf of the State, funding from federal, public, or private initiatives, grant programs or donors that will foster sustainable development in North Carolina” (G.S. 143B 344.35). Major efforts included identification, dissemination and pursuit of available funding opportunities that could support local and regional sustainability efforts or help further the Task Force goals and objectives. More than 15 funding opportunities, for eligible entities throughout the state, were identified and disseminated.

Education and Outreach Committee

This committee is tasked with educating stakeholders and the general public on matters surrounding the sustainable communities concept and the work undertaken by the Task Force. In its first year of existence the committee developed the message to be shared. Its primary output was the creation of more user friendly website (www.ncscf.org). The site currently provides a central location that houses information about sustainable communities relevant to North Carolina. It hosts information including: the enabling legislation, awards and project updates of North Carolina recipients, links to national efforts, North Carolina partnerships, the current Community Practices Assessment and links to most organizations working on regional sustainability projects throughout the state.

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 \$21.1 million for North Carolina between July 1, 2011 and June 30, 2012.

These monies were received by 10 North Carolina communities and regions. The federal funding was received from five different programs:

- Regional Sustainable Community Planning Grants,
- Community Challenge Grants,
- Choice Neighborhoods Planning Grants,
- Sustainable Communities Building Blocks Program, and
- Bus & Bus Livability Awards.

These programs support the six federal livability principles and those of the North Carolina Sustainable Communities Task Force. A summary of these awards is provided below.

■ Regional Planning Grants

The **Centralina Council of Governments** was awarded \$4,907,544 to develop the CONNECT Vision: Connecting Vision to Plan. The goals of the project are to translate the adopted CONNECT Regional Vision, a values-based document, into an implementable planning document with performance metrics in a way that fully engages the full diversity of the region's population.

Core Partners include: the Catawba Regional Council of Governments, The University of North Carolina – Charlotte, The Lee Institute, Urban Land Institute, Mecklenburg County CONNECT council, City of Charlotte CONNECT council, Charlotte Housing Authority, Regional Workforce Alliance, Charlotte Regional Partnership CONNECT council, Johnson C. Smith University, Winthrop University. (See additional detail in Appendix A)

The **Lower Cape Fear Council of Governments** was awarded \$1.13 million to develop a Lower Cape Fear Regional Plan for Sustainable Development. The Regional Plan for Sustainable Development will integrate choices and decisions surrounding housing, economic

development, transportation, energy, water and environmental quality. The plan will build upon the values unique among the region's communities, and include a variety of viable options for transportation and workforce housing that works in collaboration to advance common goals. Once completed, the regional plan will be used as a guide for local and regional entities when creating or amending their plans, policies, regulations or programs and will be used to align the plans, policies and regulations that already exist in the region.

Core partners include: New Hanover County, Brunswick County, Pender County, Wilmington Metropolitan Planning Organization, Wilmington Housing Authority, Brunswick Housing Opportunities, Cape Fear Regional Community Development Corporation, City of Wilmington, Wave Transit and AMEZ Housing. (See additional detail in Appendix A)

■ Community Challenge Grants

The **city of High Point** was awarded \$239,141 for the Urban Placemaking to Develop and Transform the Economy of High Point (UPDATE High Point): Preparing for the 21st Century – An Ordinance Rewrite for a Sustainable Community project. UPDATE High Point will create a new ordinance that enhances the vibrancy and vitality of downtown High Point. The city of High Point has long been a commercial hub of central North Carolina by drawing visitors from around the globe to the downtown's semi-annual home furnishings trade show. In recent years, however, downtown High Point has seen limited economic investment and population growth due in part the city's two decade-old ordinance that encourages development on the periphery of High Point, discouraging infill and Brownfield development. The new ordinance will be drafted with significant input from the community and will be developed alongside new design standards and preferred development types that the city can use to incentivize desired development forms, such as mixed-use development.

Anticipated project benefits include :

- Incentivizing the construction of mixed-income housing developments to provide moderate and low-income High Point residents with a greater supply of equitable and affordable housing utilizing green building construction technologies
- Protecting and revitalizing the historic neighborhoods that compose downtown High Point
- Institutionalizing open space protections to ensure that residents continue to have access to park and recreational resources

Core partners include: the University of North Carolina Greensboro Center for New North Carolinians, Center for Energy Research & Technology at North Carolina A&T State University, Clarion Associates and the Piedmont Authority for Regional Transportation.

■ 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 city of Wilson, through its Housing Authority and the targeting of Whitfield Homes, was granted \$200,000.

The planning process focuses on establishing partnerships necessary to carry out neighborhood redevelopment, including the development of a financing plan and phasing model; reconnecting Whitfield Homes to downtown; strategies to make available community and supportive services to residents throughout the target area; creating momentum for the private sector to revitalize and rebuild downtown retail businesses; and establishing a strong early childhood education anchor institution that provides high-quality education to local children.

■ 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. In 2012, EPA selected 56 communities in 26 states to receive technical assistance through the Building Blocks for Sustainable Communities program; North Carolina received two such grants. The Smart Growth Guidelines for Sustainable Design and Development category included the **city of Greensboro** and the Smart Growth Zoning Codes for Small Cities and Rural Areas included **Onslow County**.

■ Bus & Bus Livability Awards

The **city of Fayetteville** was awarded \$8.015 million for the construction of a downtown multimodal transit center to enhance mobility in downtown Fayetteville. This project serves as a visible anchor for downtown revitalization and connections to intercity rail.

The **town of Concord** and the cities of **Charlotte** and **Rocky Mount** were awarded a total of \$6.8 million for bus fleet replacement.

Demographic Change Coming to North Carolina

Demographic shifts in the United States will dramatically change how we plan and manage communities in the 21st century. While North Carolina will continue to be one of the states facing growing population over the next 20 years, the Tar Heel state will not be immune from the historic demographic shifts that are trending across the country. These demographic shifts will require new state and regional approaches to ensure urban, suburban and rural areas work together to develop a more sustainable and economically prosperous future.

State Population Growth

By 2030, North Carolina is projected to pass Georgia, Ohio and Michigan to be the seventh most populated state in the United States. Between 2010 and 2030, North Carolina is expected to add approximately 2.69 million people to reach a population of roughly 12.23 million as shown in Table 1. The rate of growth is expected to exceed the nation and region.

Table 1 – Population Growth & Projection

	1980	1990	2000	2010	2030
United States					projected
Population	226,545,805	248,709,873	281,421,906	308,745,538	363,584,435
% Change	11.50%	9.80%	13.20%	9.70%	17.80%
South					
Population	75,372,362	85,445,930	100,236,820	114,555,714	134,801,014
% Change	20.00%	13.40%	17.30%	14.30%	17.70%
North Carolina					
Population	5,881,766	6,628,637	8,049,313	9,535,483	12,227,739
% Change	15.70%	12.70%	21.40%	18.50%	28.20%

Data from the N.C. OSBM 2012

Where these 2.7 million people choose to live is important to know, and the 2010 Census revealed a trend that may provide answers. Between 2000 and 2010, Charlotte, the Triangle, the Triad, Wilmington and North Carolina's portion of the Virginia Beach-Norfolk metropolitan areas grew by 25 percent or more. While some micropolitan areas in the state grew, metropolitan areas continue to attract the majority of jobs and people. As Table 2 suggests, this movement into the metropolitan statistical areas will continue.

Table 2 – MSA Growth Rates for Select N.C. Regions.

Metropolitan Statistical Areas	2007 Census Estimate	2030 Projection Using 2004-07 Growth Rate	% Change
Raleigh-Cary	1,047,600	2,040,600	94.8%
Charlotte-Gastonia-Concord (NC-SC)	1,651,600	3,025,500	83.2%
Wilmington, NC	339,500	418,500	23.3%
Durham-Chapel Hill, NC	479,600	540,400	12.7%
Greensboro-Winston Salem-High Point, NC	1,161,700	1,286,300	10.7%
Asheville, NC	404,300	443,700	9.7%
Virginia Beach-Norfolk-Newport News (VA-NC)	1,658,800	1,774,400	7.0%
Hickory-Lenoir- Morgnaton, NC	360,500	381,200	5.7%
Fayetteville, NC	348,900	348,200	-0.2%
Data not available for Greenville, Jacksonville, Rocky Mount and Goldsboro MSAs			

Aging Population

One of the most significant trends North Carolina will need to address is the graying of America. According to the U.S. Census Bureau's Interim State Population Projections (2005), the number of North Carolinians over the age of 65 is expected to increase by 124.3 percent from 2000 to 2030. That means the number of seniors over the age of 65 in North Carolina will grow from 696,403 in 2000 to 2,173,173 by 2030. By 2030, 17.8 percent or almost one in five North Carolinians will be over the age of 65. How seniors over the age of 65 and residents with disabilities get from place to place will have to be addressed.

State	Change in total population Percent	Change in Age 65 and older Number	Change in Age 65 and older Percent
United States	29.2	36,461,718	104.2
District of Columbia	-24.2	-11,660	-16.7
Florida	79.5	4,961,855	176.7
Georgia	46.8	1,122,562	143.0
North Carolina	51.9	1,204,125	124.3
South Carolina	28.3	649,126	133.7
Virginia	38.8	1,051,655	132.7
U.S. Census Bureau, Population Division, Interim State Population Projections, 2005.			

Households Type and Family Composition

The United States is also experiencing an historic shift in household and family composition. It is difficult to predict how these national trends will affect North Carolina, but planners and policy makers should place close attention. These trends will affect the housing market, migration patterns, the local tax base and economic development strategies.

According to the U.S. Census Bureau, by 2025, the number of single-person households will equal family households. By 2050, the overwhelming majority of households in the United States will be single. At the same time, more children in the United States are being born to unwed mothers. In 2010, the National Center for Health Studies reported that 41 percent of all children born in the United States in 2009 were born to unwed mothers. In 1960, the number was 5.3 percent. At the same time, marriage rates have been dropping consistently since the 1960s. What does this all mean? The traditional family in 2030 will look very different than it does today. What type of community will these new families want to live in? What will they be looking for in a place to live?

Implications of these changes and why North Carolina needs a plan now

The implications from these demographic trends are significant and will affect cities, counties and regions differently. These demographic trends will affect demand for different housing options, transportation choices and regional approaches. Now is the time for North Carolina to plan for the future to ensure the strongest economic and sustainable future as possible.

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.

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, limited resources likely will be available 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. The Task Force continues to implement the plan developed in July 2011 and will evaluate progress in December 2012.

■ State-Funded Initiatives Update

A 2011-2012 update of funding initiatives used to support housing infrastructure, water quality and land preservation is provided herein. The list of programs evaluated include 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 B*.

■ SCTF 2012-2013

The Sustainable Communities Task Force continues to focus on three previously identified areas;

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; and updating the Sustainable Communities Practices Assessment.

The SCTF is currently working on Version 2 of the Sustainable Communities Practices Assessment. The self-assessment tool will be circulated statewide to various municipalities, counties and regional organizations to gauge the North Carolina state of practice. A report will be produced at the conclusion of data collection.

2. Identifying Opportunities for Enhancement of Existing Programs

The SCTF will continue to include activities such as evaluating existing funding programs to help support implementation of the sustainable development principles. The task force will continue to explore the possibility of using the Community Practices Assessment criterion 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 continue work with the Division of Public Health and stakeholders, including the Healthy Environments Collaborative, 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, the Task Force is positioning North Carolina to manage this growth. 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

2011 – 2012

Appendices

A. Federal Funding Received by N.C. Municipalities and Organizations	ii
B. State-Funded Initiatives Related to Sustainable Communities	v
■ Clean Water Management Trust Fund	vi
■ Parks and Recreation Trust Fund	viii
■ Agricultural Development and Farmland Preservation Trust Fund	x
■ Natural Heritage Trust Fund	xi
■ Housing Trust Fund	xii
■ Low Income Housing Tax Credit Funds	xiii
■ North Carolina Green Business Fund	xiv
■ Tax Credits for Renewable Energy Property, Historic Rehabilitation and Mill Rehabilitation	v
■ North Carolina Main Street Program and Main Street Solutions Fund	xvi
■ Historic Rehabilitation Credits	xix
■ Highway Trust Fund	xx
■ Highway Fund	xxi

Federal Funding Received By N.C. Municipalities and Organizations

■ Regional Planning Grants

Centralina Council of Government

The Centralina Council of Governments was awarded \$4,907,544 to develop the CONNECT Vision: Connecting Vision to Plan. The goals of the project are to translate the adopted CONNECT Regional Vision, a values-based document, into an implementable planning document with performance metrics in a way that fully engages the full diversity of the region's population.

These goals will be realized through interjurisdictional collaboration that reaches beyond government to engage residents, businesses and diverse stakeholders with the end result of a Regional Plan for Sustainable Development. The achievement of this plan will produce reduced growth in vehicle miles traveled, reduced unemployment rates, reduced housing and transportation costs for families, and support economic and housing revitalization efforts in the small cities and towns around the region.

Anticipated project benefits include:

- Robust public engagement in choosing the regional preferred development scenario, establishing implementation strategies and recommending priorities and performance metrics.
- Creation of a regional planning database and a process for keeping it current.
- Creation of regional performance metrics, allowing appointed officials, business leaders and members of the community to gain a working understanding of sustainability planning and assessing progress towards locally defined goals.

Core partners: Catawba Regional Council of Governments, The University of North Carolina – Charlotte, The Lee Institute, Urban Land Institute, Mecklenburg County CONNECT council, City of Charlotte CONNECT Council, Charlotte Housing Authority, Regional Workforce Alliance, Charlotte Regional Partnership CONNECT council, Johnson C. Smith University, Winthrop University.

Lower Cape Fear Council of Government

The Cape Fear Council of Governments was awarded \$1.13 million to develop a Lower Cape Fear Regional Plan for Sustainable Development. The Regional Plan for Sustainable

Development will integrate choices and decisions surrounding housing, economic development, transportation, energy, water and environmental quality. The plan will build upon the values unique among the region's communities, and include a variety of viable options for transportation and workforce housing that work in collaboration to advance common goals. Once completed, the regional plan will be used as a guide for local and regional entities when creating or amending their plans, policies, regulations or programs and will be used to align the plans, policies and regulations that already exist in the region.

Anticipated project benefits include:

- The plan will enable the Lower Cape Fear region to meet the challenges of economic competitiveness with revitalization.
- The plan will enable the region to meet the challenges of rapid population growth with social equity, inclusion and access to opportunity.
- The plan will enable the region to meet the challenges of climate change and energy use in a manner that minimizes impacts to public health and the environment.

Core partners: New Hanover County, Brunswick County, Pender County, Wilmington Metropolitan Planning Organization, Wilmington Housing Authority, Brunswick Housing Opportunities, Cape Fear Regional Community Development Corporation, City of Wilmington, Wave Transit, AMEZ Housing

■ Community Challenge Grants

City of High Point

The city of High Point will be awarded \$239,141 for the Urban Placemaking to Develop and Transform the Economy of High Point (UPDATE High Point): Preparing for the 21st Century – An Ordinance Rewrite for a Sustainable Community project. UPDATE High Point will create a new ordinance that enhances the vibrancy and vitality of downtown High Point. The city of High Point has long been a commercial hub of central North Carolina by drawing visitors from around the globe to the downtown's semi-annual home furnishings trade show. In recent years, however, downtown High Point has seen limited economic investment and population growth due in part the city's two decade-old ordinance which encourages development on the periphery of High Point, discouraging infill and Brownfield development. The new ordinance will be drafted with significant input from the community and will be developed alongside new design standards and preferred development types that the city can use to incentivize desired development forms, such as mixed-use development.

Anticipated Project Benefits:

- Incentivize the construction of mixed-income housing developments to provide moderate and low-income High Point residents with a greater supply of equitable and affordable housing utilizing green building construction technologies

- Protect and revitalize the historic neighborhoods that compose Downtown High Point
- Institutionalize open space protections to ensure that residents continue to have access to park and recreational resources

Core partners: University of North Carolina Greensboro Center for New North Carolinians, Center for Energy Research & Technology at North Carolina A&T State University, Clarion Associates, Piedmont Authority for Regional Transportation.

■ Choice Neighborhoods Planning Grants

City of Wilson

The city of Wilson through its Housing Authority and the targeting of Whitfield Homes was granted \$200,000.

Key Partners: TCG Development Services, LLC (Planning Coordinator), Wilson Community College, Barton College, St. Johns Community Development Corporation, Wilson Public Schools, Wilson Community Credit Union, Diversified Opportunities, JSL Development Center Inc., Bridgestone Americas, Salvation Army/ Boys and Girls Club, Wilson County Partnership for Children/Smart Start, Imagination Station, J&L Summerville Academy, Families in Action, Upper Coastal Plains, Opportunities Industrialization Center, Carolina Family Health Centers

In the Center City neighborhood, Whitfield Homes is the only large multifamily public housing property and is isolated from the rest of the community. Center City has a poverty rate of more than 50 percent and an unemployment rate of 46 percent. Despite the neighborhood distress, the many area assets including new residential and commercial developments, a planned park and greenway that will tie the Whitfield site to a major new recreational area traversing much of the city, the city Transit Center and Amtrak station, a recreation center, early education center, community college and the planned Whirligig Park.

The Choice Neighborhoods planning process will focus on establishing partnerships necessary to carry out neighborhood redevelopment, including the development of a financing plan and phasing model; reconnecting Whitfield Homes to downtown; strategies to make available community and supportive services to residents throughout the target area; creating momentum for the private sector to revitalize and rebuild downtown retail businesses; and establishing a strong early childhood education anchor institution that provides high-quality education to local children.

State-Funded Initiatives Related to Sustainable Communities

State-Funded Initiatives Related to Sustainable Communities

■ Clean Water Management Trust Fund	vi
■ Parks and Recreation Trust Fund	viii
■ Agricultural Development and Farmland Preservation Trust Fund	x
■ Natural Heritage Trust Fund	xi
■ Housing Trust Fund	xii
■ Low Income Housing Tax Credit Funds	xiii
■ North Carolina Green Business Fund	xiv
■ Tax Credits Preservation, Historic and Mill Rehabilitation	xv
■ North Carolina Main Street Program and Main Street Solutions Fund	xvi
■ Historic Rehabilitation Credits	xix
■ Highway Trust Fund	xx
■ Highway Fund	xxi

■ 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 nonprofits to help finance projects that specifically address surface water quality. The 21-member, independent CWMTF Board of Trustees has full responsibility over the allocation of money from the Fund.

CWMTF helps finance projects that specifically address water pollution problems and focuses on upgrading surface waters, eliminating pollution and protecting, preserving and conserving unpolluted surface waters, including enhancement or development of drinking water supplies. CWMTF funds can also be used to build a network of riparian buffers and greenways for environmental, educational, and recreational benefits and to preserve lands that could be used for water supply reservoirs. In 2012 CWMTF received 160 applications requesting \$124 million to protect and restore surface water quality through wastewater and stormwater infrastructure projects, stream restorations and acquisition projects.

Funding

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

FY 2010-11: \$ 50 million

FY 2011-12: \$11.25 million

FY 2012-13: \$10.75 million (projected)

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 more than 16,000 jobs were created.

Additionally, greenway and acquisition projects have facilitated the development of water-based recreation and tourism opportunities. Agriculture has also benefitted from the CWMTF. The CWMTF has leveraged non-state funding through its 1,500 grant awards.

CWMTF grants have reduced the number of failing septic systems and straight pipes directly discharging waste into state streams. CWMTF grants have protected more than 473,000 acres of important watersheds and more than 5,000 miles of riparian buffers. CWMTF has awarded \$98.4

million to fund 175 stream and wetland restoration projects.

■ Parks and Recreation Trust Fund

The N.C. 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 15-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: \$27.3 million
FY 2012-13: 30 million (projected)

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 greater than \$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. An 18-member Advisory Committee, chaired by the Commissioner of Agriculture, advises the N.C. 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)

FY 2011-12: \$ 2 million (Reverted \$300,000 by OSBM Request)

FY 2012-13: \$ 1.7 million (Reverted \$34,000 by OSBM Request)

The Agricultural Development and Farmland Preservation Trust Fund has awarded:

- More than \$15 million during the first four grant cycles with matching funds totaling more than \$36 million from federal, county and private resources, for a total grant impact of \$51 million.
- 7,031 acres in perpetual agricultural easements and 1,267 acres in term agricultural easements at the end of FY 2011 – 2012.
- Cycle V had 31 applicants, requested more than \$5 million with estimated matching resources of \$6.5 million. Twenty applicants were selected for Cycle V grants. \$1,651,466 was funded for easements for 939.10 acres and \$408,725 was funded for projects and plans.
- Eighty-four of 100 N.C. 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 39 N.C. 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 N.C. 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 receives 25 percent of the state's portion of the deed stamp tax on real estate transfers. The trust fund also receives a portion of the fees for personalized license plates and investment earnings credited to the assets of the fund. These sources now generate about \$13 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 300,000 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: \$ 20.8million
FY 2008-09: \$ 14.3million
FY 2009-10: \$ 13.1 million
FY 2010-11: \$ 12.5 million
FY 2011-12: \$ 5.0 million
FY 2012-13: \$ 13 million

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 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

FY 2012-13: \$0 expected

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 percent 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 = per capita amount was \$2.20 with a total allocation of \$21,244,082.

FY 2012-13 = no anticipation of reduction (amounts typically announced in December)

Sustainable Communities

- The program serves households below 60 percent of area median income, with new construction and rehab of existing apartments and additional incentives for serving households at 30 percent, 40 percent and 50 percent of area median income.
- The program provides support for housing in safe, stable communities near shopping and amenities; integrated into existing neighborhoods; and compatible with the surrounding land uses. Safe transportation routes (pedestrian and vehicular), and access to public transportation are 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 N.C. General Assembly established the North Carolina Green Business Fund (GBF) in the 2007 session (GS143B-437.4). Currently, all available N.C. Green Business Fund monies have been awarded. No further funds have been allocated for the program and no future solicitations are anticipated.

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 ended in April 2011)
FY 21012-13: Not applicable

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 eight 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 three 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 North 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 its energy efficient, clean, portable power systems. Company has started manufacturing systems in Robeson County, negotiated partnerships with the N.C. Electric Membership Corporation to place its 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.

Completed Projects, 2009-2011

Year	Tax Credit Program	Number	Amounts
2009	Commercial Historic Preservation Tax Credit	56	\$ 60,068,627
	Homeowner Historic Preservation Tax Credit	134	\$ 26,871,503
	Mill Historic Preservation Tax Credit	1	\$ 13,455,971
	Total 2009	191	\$100,396,101
2010	Commercial Historic Preservation Tax Credit	26	\$ 57,333,321
	Homeowner Historic Preservation Tax Credit	136	\$ 24,729,895
	Mill Historic Preservation Tax Credit	2	\$ 22,340,068
	Total 2010	164	\$104,403,284
2011	Combined Preservation Tax Credit	158	\$ 152,697,566

■ Main Street Programs (N.C. 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:** The purpose of the fund is to provide maximum support to small businesses in designated micropolitan areas located in Tier 2 and Tier 3 counties and/or in designated North Carolina Main Street communities. The grants will be used to assist planning agencies and small businesses with efforts to revitalize downtowns by creating jobs, funding infrastructure improvements and rehabilitating buildings.

In round one of the Main Street Solutions Fund program, six communities were awarded grant funds. For every dollar invested by the state, an additional \$5.89 will be invested by the local community. Twenty-three small businesses will directly benefit from Main Street Solutions grants. Those businesses will create or retain a minimum of 147 permanent full-time and part-time jobs.

In round two of the Main Street Solutions Fund program, 13 communities were awarded grant funds. For every dollar invested by the state, an additional \$4.41 will be invested by the local community. Thirty-four small businesses will directly benefit from Main Street Solutions grants. Those businesses will create or retain a minimum of 242 permanent full-time and part-time jobs.

Impact of the Main Street and Small Town Main Street Programs

	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 Solutions Fund Program Per Year

	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

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

FY2012-13: unknown

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 apartments 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 interest 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, multimodal 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 & Mill 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 percent credit for the qualifying rehabilitation of income-producing historic properties. Since 1998 North Carolina has provided a 20 percent credit for those taxpayers who receive the federal credit, providing investors with a combined 40 percent credit against eligible project costs. In addition, the state provides a 30 percent 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, more than 2,000 completed “certified rehabilitation” projects have been reviewed by the N.C. State Historic Preservation Office, representing more than \$1 billion 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.

Historic Rehabilitation Credits

	2010	2011
<i>Eligible Expenditures/Expenses</i>		
Income-Producing Property	\$ 5,143,449	\$ 5,033,772
Non Income-Producing Property	\$ 6,614,016	\$ 5,775,196
Total Expenditures/Expenses	\$ 11,757,465	\$ 10,808,968

Source: Policy Analysis and Statistics Division, N.C. Department of Revenue

Note: Expenditure reflects amount for tax years 2010 and 2011.

Mill Rehabilitation Credits

	2010	2011
<i>Eligible Expenditures/Expenses</i>		
Income-Producing Property	\$ 1,221,436	\$ 2,568,465
Non Income-Producing Property	\$ 397,997	\$ 663,308
Total Expenditures/Expenses	\$ 1,619,433	\$ 3,231,773

Source: Policy Analysis and Statistics Division, N.C. Department of Revenue

Note: Expenditure reflects amount for tax years 2010 and 2011.

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

Funding

FY 2010-11: \$ 928.7 million

47.9 percent from Highway Use Tax
42.4 percent from Motor Fuels Tax
9.6 percent from Fees
0.1 percent from Investment Income

FY 2011-12: \$ 1.032 billion

46.8 percent from Highway Use Tax
44.2 percent from Motor Fuels Tax
8.8 percent from Fees
0.1 percent from Investment Income

FY 2012-13 \$1.055 billion, anticipated funding up 2.3 percent

46.4 percent from Highway Use Tax
44.7 percent from Motor Fuels Tax
8.8 percent from Fees
0.1 percent from Investment Income

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 billion

FY 2010-11: \$ 1.793 billion

FY 2011-12: \$ 1.963 billion

FY 2012-13: \$ 2.016 billion (anticipated)

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