

INTRODUCED: July 27, 2020

AN ORDINANCE No. 2020-156

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to enter into the Twenty-Third Commercial Area Revitalization Effort Program Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of providing for the operation of the Commercial Area Revitalization Effort (“CARE”) Program and a business recovery grant program.

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: AUG 10 2020 AT 4 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to enter into the Twenty-Third Commercial Area Revitalization Effort Program Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of providing for the operation of the Commercial Area Revitalization Effort (“CARE”) Program and a business recovery grant program. Such Agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

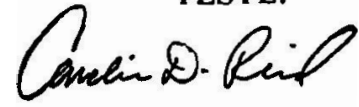
AYES: 7 NOES: 2 ABSTAIN: _____

ADOPTED: AUG 10 2020 REJECTED: _____ STRICKEN: _____

§ 2. This ordinance shall be in force and effect upon adoption.

A TRUE COPY:

TESTE:

A handwritten signature in black ink, reading "Carlin D. Reed". The signature is written in a cursive style with a large initial 'C'.

City Clerk

TWENTY-THIRD COMMERCIAL AREA REVITALIZATION
EFFORT PROGRAM COOPERATION AGREEMENT BETWEEN
THE CITY OF RICHMOND VIRGINIA AND
THE ECONOMIC DEVELOPMENT AUTHORITY

THIS TWENTY-THIRD COMMERCIAL AREA REVITALIZATION EFFORT PROGRAM COOPERATION AGREEMENT (the "Agreement") is made as of _____, 2020, by and between the **CITY OF RICHMOND, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the "City") and the **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "Authority"),

RECITALS:

WHEREAS, certain areas of the City are designated as Commercial Area Revitalization Effort ("CARE") and Extra Commercial Area Revitalization Effort ("ExtraCARE") areas which are older neighborhood commercial strips in need of revitalization and rehabilitation and where the existing physical deterioration impairs economic values and tax revenues. Currently, CARE areas are comprised of the following: the area of the City generally bounded by 26th Street on the west, Mayo Bridge on the east, the north side and the south side of Hull Street and the Hull Street periphery (the "Hull Street CARE Area"); Historic Jackson Ward bounded by the Richmond-Petersburg Turnpike (I-95/64) to the north, Broad Street (both sides of the Street) to South Broad including Grace Street from Foushee to 5th, 3rd Street to the east and Belvidere to the west, with emphasis on Broad Street from Belvidere to 4th and Grace Street from Foushee Street to 5th Street (the "Jackson Ward CARE Area"); North 25th Street, from Main Street to Nine Mile Road (the retail commercial areas both east and west of the North 25th Street periphery and both sides of Nine Mile Road (the "North 25th Street CARE Area"); Midlothian Turnpike bounded by East Belt Boulevard on the east and

Chippenham Parkway on the west and periphery (the "Midlothian Turnpike CARE Area"); Brookland Park Boulevard from Montrose Avenue to Woodrow Avenue and North Avenue to Essex (the "Brookland Park Boulevard CARE area); North Avenue primarily from the 2400 block to Poe Street (the "North Avenue CARE-Area"); Government Road from Parker Street to Williamsburg Road and Williamsburg Road from Waverly Street to the City limits (the "Fulton Hill CARE Area"); Lombardy Street from Brook Road to Chamberlayne Avenue, and Chamberlayne Avenue from Mitchell Street to Brookland Park Boulevard (the "Lombardy/Chamberlayne CARE Area"); Intersection of Meadowbridge Street and Brookland Park Boulevard and periphery (the formerly "Highland Park now Meadowbridge CARE Area"); Clopton Street on the east, 37th Street on the west, the south side of Hull Street and the north side of Hull and the periphery (the Swansboro CARE Area); Dock Street on the South, 15th Street on the West, Broad Street on the North and 23rd Street on the East and periphery (the Shockoe Bottom CARE Area); and Jefferson Davis Highway from Bellemeade to Walmsley (the Jeff Davis CARE Area) individually and collectively identified hereafter as the CARE Areas. ExtraCARE Areas are comprised of Belt Boulevard generally bounded by the railroad tracks on the east on Hull Street Road to the Belt Boulevard Exit Ramp west on Hull Street Road and Belt Boulevard south at Hull Street Road to Belt Boulevard and Old Midlothian Turnpike on the north and the Belt Boulevard periphery; and Upper Hull Street, generally bounded by Warwick on the north, Chippenham on the south, east on Hull Street Road, west on Hull Street Road and the Upper Hull Street periphery.

WHEREAS, the area generally bounded by Mecklenburg on the west, I-64 on the North, Mechanicsville Turnpike on the East and Whitcomb Street on the South and periphery had been designated in the past as the East/Whitcomb CARE Area; and

WHEREAS, the East/Whitcomb CARE Area consisted primarily of residential rather than commercial properties and thus was underutilized in the CARE Program; and
WHEREAS, the East/Whitcomb CARE Area has been eliminated from the CARE Program; and

WHEREAS, the primary objective of the Commercial Area Revitalization Effort (the "CARE Program" or the "Program") is to improve the environment for retail business, service or other business, mixed real estate uses in designated CARE areas; to provide incentives to property and business owners to improve the physical appearance of their property; and to provide special incentives and funding to assist in the transformation efforts being undertaken to deconcentrate poverty in the City. To that end, these incentives and funding may be provided to undertake selected activities.

WHEREAS, the City and the Authority have structured a loan and rebate incentive program in cooperation with private lenders and property owners to stimulate commercial revitalization and the rehabilitation of properties in designated CARE Areas;

WHEREAS, at the City's request, the Authority has undertaken certain loan and rebate activities in the implementation of the CARE Program incentives;

WHEREAS, the CARE Program operated in FY 19 with the use of previously and properly appropriated funds and with revolved funds generated by the Program; and

WHEREAS, the CARE and ExtraCARE programs share the same objectives and operate in the same way; and

WHEREAS, the City and the Authority wish to add the two ExtraCARE areas to the CARE program and eliminate the separate ExtraCARE program for purposes of efficiency of operations; and

WHEREAS, the CARE area is hereby modified to include the two ExtraCARE areas set forth above. and

WHEREAS, the City and the Authority recognize the financial needs of businesses and property owners due to recent civil unrest in the City; and

WHEREAS, the City and Authority desire to create a one-time city-wide (“City-wide”) Business Recovery Grant Program as a sub-program of the CARE Program and using a portion of the CARE Program funding to reimburse businesses and property owners for certain costs attributed to recent civil unrest in the City.

WHEREAS, the City has, from time to time, appropriated funds for incentives and loans:

WHEREAS, the City and the Authority agree to work together to jointly implement the CARE Program; and

NOW, THEREFORE, in consideration of the benefits to accrue to the City and its citizens from the implementation of the Program, and of the mutual covenants hereinafter set forth, the City and the Authority agree as follows:

1. DEFINITIONS. The following words and terms used in this Agreement have the following meanings unless the context clearly indicates otherwise:

- (a) **Agreement** shall mean this CARE Program Cooperation Agreement, as amended and restated, from time to time.
- (b) **CARE Area** shall mean those areas of the City as described above or as modified by the City’s Department of Housing and Community Development and the Authority from time to time.
- (c) **CARE** shall mean the incentives described herein which satisfy the conditions and requirements of this Agreement.

- (d) **CARE Loan** shall mean a loan that is part of the Loan Program and that is made by and between the Authority and a borrower for the purpose of making improvements in accordance with this Agreement and the Plan.
- (e) **CARE Program** shall mean the Commercial Area Revitalization Effort Program and all activities that the City and the Authority undertake pursuant to this Agreement to implement the CARE Program as described in this Agreement.
- (f) **City-wide** shall mean the geographic borders of the City of Richmond.
- (g) **Program Fund** shall mean that account established in accordance with this Agreement and that contains all funds from any source related to the Program.

2. **FUNDING.** Any expenditures of properly appropriated money, prior to the execution of this Cooperation Agreement and pursuant to the CARE program in FY 2019 are ratified hereby.

3. **CARE LOAN PROGRAM.** The CARE Loan Program consists of loans made to property owners in accordance with this Section 3. The Authority shall administer the CARE Loan Program in accordance with the following requirements.

- A. **Public/Private Loan Package** - The Authority may finance rehabilitation projects with or without a private loan component in accordance with established underwriting guidelines.
- B. CARE Loan Program loans shall be in an amount not to exceed \$50,000 per project and shall not exceed \$100,000 per applicant. Further, outstanding CARE Loan Program loan balances are included in the \$100,000 maximum.

- C. CARE Loan Program loans shall be supported by an equity component of at least ten percent (10%).
- D. CARE Loan Program loans will be fully amortized over a 60 to a 180 month period. The term of the loan may not exceed the useful life of the improvements.
- E. CARE loans will bear interest at a rate of four percent (4.0%).

4. CARE COMMERCIAL LEASEHOLD IMPROVEMENT LOANS. The Authority may finance leasehold improvements to properties located in designated CARE areas. Loans and rebates are available to tenants of properties within the area who have a valid lease acceptable to the Authority. Lease options may be considered in the term of the loan if the lease and option terms are acceptable to the Authority and aggregate no less than five (5) years. The proceeds may be used to make leasehold improvements to the interior and exterior of the property, to the mechanical systems, or to bring the property in compliance with local and state building codes. The terms and conditions of the CARE Commercial Leasehold Improvement Loans are presented as follows:

- A. Loan Amount: Qualified tenants may receive loans of no more than \$10,000 and no less than \$2,500.
- B. Financing Structure: Minimum Tenant contribution equivalent to 10% of improvements being financed.
- C. CARE Commercial Leasehold Loans will be fully amortized over a 24-month to 60-month period. The term of the loan may not exceed the useful life of the improvements or the remaining term of the lease.
- D. CARE Commercial Leasehold Loans will bear interest at a rate of four percent (4%).
- E. CARE Commercial Leasehold Loans may be secured by a deed of trust on the residence of the tenant or other security acceptable to the Authority.

5. LOAN PACKAGE ELIGIBILITY. The Authority agrees that it will make no CARE Loan or CARE Commercial Leasehold loan unless it is part of the loan package described herein which meets the following criteria:

- A. Proposed improvements shall comply with all City zoning laws.
- B. Generally, upon completion of the improvements, the property will comply with all applicable local and state laws and regulations.
- C. The City's Department of Housing and Community Development shall approve the character of all facade improvements.

6. AWARD OF LOANS. All loans will be awarded on a competitive basis according to the following criteria:

- A. The extent to which the project meets the Authority's underwriting criteria.
- B. The extent of the project's visual impact.
- C. The extent to which the project is located in close proximity to other rehabilitated properties or to properties that will be funded under the CARE Loan Program or CARE Commercial Leasehold Loan Program.
- D. The extent to which any upper floors will be used for residential purposes upon completion of the project.
- E. The extent to which the project eliminates blight.
- F. Loans must adhere to prudent lending practices.

7. AUTHORITY RECORDS. The Authority shall keep a record of all loans including names of borrowers, loan terms and amounts, and nature of improvements funded. The City shall monitor the Authority records, and the Chief Administrative Officer and the City Attorney, and their designees shall have access to such records during normal business hours upon reasonable notice. The City Auditor, pursuant to City Code Section 2-187,

as same may be amended from time to time, shall have access to any and all records on demand and without notice.

8. CARE Rebates. CARE Rebates shall be available only to the extent that funding is available. CARE rebate assistance shall not exceed Sixteen Thousand Five Hundred Dollars (\$16,500.00) on any one building, and no applicant (owner and or owner in a partnership or corporation) shall receive more than Twenty-five Thousand Dollars (\$25,000) total of rebates in a twenty-four month period No applicant shall be eligible to receive the maximum allowable rebate amount until completion of the renovation of the commercial space as evidenced by issuance of a Certificate of Occupancy. The City's Department of Housing and Community Development staff shall review and approve rebate requests which shall include providing approved rebate checks and maintaining accounting records. Rebates are available through the CARE Program for the following purposes:

- A. Rebates For Water Service Lateral Lines And Sprinkler System. Rebates shall be available for 100% of the total actual combined costs not to exceed \$7,500, of providing any water lateral line from the tap on the street water main up to and including the meter vault for the property to serve sprinkler systems that are necessary for a proposed rehabilitation and/or the cost of installing or improving a sprinkler system or fire suppression system to meet the requirements of the Virginia Uniform Statewide Building Code.
- B. Interior Rehabilitation Rebates. Rebates shall be available for up to fifty percent (50%) or \$3,000, whichever is less, of the cost of rehabilitating the interior of the property in the CARE Area.
- C. Security Rebate Program. Property owners in the CARE Area are eligible for rebates up to fifty percent (50%) or \$3,000, whichever is less, of the cost of new security improvements.

D. Exterior Rehabilitation Rebates. Rebates are available to repair, restore, and improve the exteriors of blighted properties in the CARE Area of up to fifty percent (50%) of the costs or \$3,000, whichever is less. To be eligible, the improvements must meet the standards of CARE Area Revitalization Plans where applicable, and maintain the historic integrity of the property and district.

9. BUSINESS RECOVERY GRANTS. Business Recovery Grants shall be available only to the extent that funding is available and shall not exceed \$500,000. The maximum Business Recovery Grant award allocated for a physical address, building, or property is \$10,000. Business Recovery Grants will be paid on a reimbursement basis to eligible and approved businesses, property owners, and non-profit organizations based on guidelines and eligibility criteria developed jointly by the Department of Housing and Community Development, Department of Economic Development, and Office of Minority Business Development. The City's Department of Housing and Community Development, Department of Economic Development, and Office of Minority Business Development shall review and approve Business Recovery Grant applications. The City's Department of Housing and Community Development staff shall issue grant payments and maintain accounting records.

10. INFORMATION SHARING. The Authority agrees to provide the Chief Administrative Office or his designee with copies of all correspondence relating to its activities to be performed under this Agreement and will keep the Chief Administrative Officer fully and timely informed of all developments relating to the preparation and planning of the project.

11. BUDGET AND AUTHORITY EXPENSES. The budget shall contain existing appropriations, any unencumbered amounts within the Program Fund and anticipated revenues from activities undertaken for the current Fiscal Year. Funds in the amount of \$600,000 have been appropriated to and will be transferred from the budget of the Department of Housing and Community Development in fiscal year 2020 to carry out the purposes of this Agreement. The Authority is authorized to use an amount not to exceed \$13,000.00 to cover the Authority's direct expenses in administering this Agreement.

12. GENERAL PROJECT FUND. The Authority agrees that funds transferred by the City to the Authority from time to time for the Program shall be deposited by the Authority in a designated Program Fund to be used only in accordance with this Agreement. The Authority agrees to transfer to the Program Fund any funds received from any source as a result of this Program, including, but not limited, to income and interest earned against the Program Fund.

13. AUTHORITY LIABILITY. It is the intent of the parties not to impose upon the Authority any responsibility other than what may be required to implement the Plan under this Agreement. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated herein. Should any liability accrue to the Authority which is not specifically addressed in this Agreement, the Authority shall not be required to expend its funds derived from sources other than the Program Fund to discharge such liability. The Authority is hereby authorized to expend such funds from the Program Fund as may be necessary to protect the assets of the Authority and to prevent the entry of a default judgment against the Authority. If a lawsuit involving the Program is filed or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and Chief Administrative Officer. The parties acknowledge that the

Authority has no general fund revenue and that each Program the Authority undertakes is subject to such program's own independent financial resources and limitations.

14. ENVIRONMENTAL SITE ASSESSMENT. The Authority shall require from the borrower an appropriate level of environmental inquiry. Whenever the results of a Phase I site assessment indicates a need to perform a Phase II site assessment, the Authority shall so advise the borrower and City, shall provide the City with a copy of the Phase I site assessment and shall receive the City's written approval before requesting a Phase II site assessment from the borrower. The City shall be provided a copy of the Phase II site assessment results.

The City and the Authority shall not be responsible for abating and remediating any environmental condition or nuisance of any kind which may be created, caused or, to the extent exacerbated or contributed to by the Project activities.

15. ACCOUNTING AND AUDIT. The Authority shall keep records of its financial transactions, if any, for the projects described herein in accordance with generally accepted accounting principles. The City and the Authority agree that the Authority may engage the services of an independent auditor to conduct an annual audit of the financial transactions, if any, undertaken for the projects described herein. Such audit shall comply in all respects with generally accepted accounting principles. The City Auditor shall have access to the independent auditor's work papers. In addition, the City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to assure that the independent external auditor and the City Auditor are granted access to all books and records of any party necessary to complete such audits, and will require appropriate provisions in furtherance of this objective in any contracts required under this Agreement. The Authority shall provide an

annual audited report on the Program Fund to the within three months after the end of its fiscal year. Failure to provide an annual audited report shall be considered a material breach of this Agreement and provide cause for termination of the Agreement.

16.AUTHORITY CONTRACTS. The Authority may, within the approved budget, contract without the City's prior approval for services deemed by the Authority to be necessary to undertake and carry out its responsibilities under this Agreement.

17.NO DISCRIMINATION. The City and the Authority agree not to discriminate, in carrying out this Agreement, against any employee or applicant because of race, color, religion, sex or national origin.

18.AUTHORITY BOND. The Authority shall not be required to furnish the City a blanket corporate fidelity bond surety covering all officers and employees of the Authority capable of authorizing disbursements of funds or handling funds received or disbursed by the Authority from the City or any other party involved in any activities undertaken pursuant to this Agreement.

19.GOVERNING LAW. This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the Commonwealth of Virginia.

20.NOTICES. Any notices required to be given under this Agreement shall be sufficient if in writing and sent by first class, registered or certified mail, return receipt requested; if to the Authority, to its Chairman at 2401 W. Leigh Street, Richmond, Virginia 23220 or if to the City, to Lenora Reid, Acting Chief Administrative Officer at City Hall, 900 East Broad Street, Richmond, Virginia 23219 with a copy to the City Attorney, 900 East Broad Street, Suite 300, Richmond, Virginia 23219. Either party may change its

address for purposes of notice by giving notice to the other in accordance with this paragraph.

21. NO ASSIGNMENT. This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties hereto; provided, however, that in no event may this Agreement or any of the rights, benefits, duties or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give.

22. NO THIRD PARTY RIGHTS. No third party rights are created by this Agreement.

23. TERMINATION. Either party may terminate this Agreement with or without cause at any time upon reasonable written notice. Upon termination, the Authority shall transfer to the City all assets held under this Agreement, including receivables, and shall cooperate in transferring any outstanding loans to the City.

Witness the following signatures and seals:

CITY OF RICHMOND, VIRGINIA,
A municipal corporation of the Commonwealth
of Virginia,

By: _____
Lenora Reid,
Acting Chief Administrative Officer

Date: _____

Approved as to Form:


Assistant City Attorney

A municipal corporation of the Commonwealth
of Virginia,

By: _____
Lenora Reid,
Acting Chief Administrative Officer

Date: _____

Approved as to Form:


Assistant City Attorney
Deputy

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF RICHMOND, VIRGINIA,**
A Political Subdivision of the Commonwealth of
Virginia

By: _____
John Molster ,
Chairman

Date: _____



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

O&R REQUEST

DATE: June 29, 2020

EDITION: 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor *LMStoney* 7/17/2020

THROUGH: Lenora G. Reid, Acting Chief Administrative Officer *lgr*

THROUGH: John B. Wack, Director of Finance *JBW*

THROUGH: Jay Brown, Director, Department of Budget and Strategic Planning *JAB*

FROM: Sharon L. Ebert, Deputy Chief Administrative Officer of Economic Development and Planning

RE: Establishing the Twenty-third Cooperation Agreement by and between the City of Richmond and the Economic Development Authority (EDA) of the City of Richmond to administer the Commercial Area Revitalization Effort (CARE), the Extra CARE Programs, and the one-time Business Recovery Grant Program.

ORD. OR RES. No. _____

PURPOSE: To authorize the Chief Administrative Officer (CAO) to enter into the Twenty-third CARE Cooperation Agreement with the Economic Development Authority (EDA) of the City of Richmond for the purpose of administering the CARE, Extra CARE Programs, and the one-time Business Recovery Grant Program.

REASON: To allow for the continuation of the CARE and Extra CARE Programs and establishing the Business Recovery Grant Program.

RECOMMENDATION: Administration recommends approval.

BACKGROUND: The Commercial Area Revitalization Effort (CARE) Program was established in 1992, as a comprehensive program for revitalizing the Hull Street commercial corridor between Commerce Road and Cowardin Avenue. The Program has since been expanded to twelve areas which includes: Jackson Ward, North 25th Street, Brookland Park Blvd. Hull Street, Midlothian Turnpike, Fulton Hill, Lombardy/Chamberlayne, Meadowbridge, North Avenue,

Shockoe Bottom, Swansboro, and Jefferson Davis as CARE commercial corridors. From time to time changes are made to the CARE Program to include other incentives beyond the loan rebate components.

The need also exists to create a one-time grant program to help respond to the financial needs of businesses and property owners who had unplanned expenses and financial losses due to recent civil unrest in the City. Unspent funds in the CARE and Extra CARE program have been identified to address this need.

FISCAL IMPACT / COST: There will be no additional costs to the City beyond the FY 20 allocation of \$600,000 to the CARE, Extra CARE Program, and Business Recovery Grant Program.

FISCAL IMPLICATIONS: The adoption of this paper will allow the continuation of financial incentives and or loans to eligible businesses located within the designated corridors. These incentives and or loans are designed to stimulate private investment in the respective businesses and the properties housing the businesses, and to increase private investment in residential, commercial and industrial properties. As a result, the City will benefit from the retention of jobs, the creation of new jobs and, increased residential, commercial and business taxes.

The adoption of this paper also allows for the creation of a one-time grant program to reimburse businesses, property owners, and non-profit organizations for unplanned expenses and financial losses and assist them with resuming their business operations. As a result, the City will benefit from the retention of jobs, and commercial and business taxes.

BUDGET AMENDMENT NECESSARY: No

REVENUE TO CITY: Increased taxes

DESIRED EFFECTIVE DATE: July 27, 2020

REQUESTED INTRODUCTION DATE: July 6, 2020

CITY COUNCIL PUBLIC HEARING DATE: July 27, 2020

REQUESTED AGENDA: Consent Agenda

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development Standing Committee

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: The Economic Development Authority (EDA)

AFFECTED AGENCIES: Budget and Strategic Planning, Housing and Community Development, Department of Economic Development

RELATIONSHIP TO EXISTING ORD. OR RES.: This Ordinance will supersede Ordinance No. 2018-132

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Exhibit A, Twenty-third CARE Cooperation Agreement

STAFF: Michelle Peters, Housing and Community Development (804) 646-3975
Keisha Birchett, Housing and Community Development (804) 646-3171
Carolyn McLane, Housing and Community Development (804) 646-7981
Leonard Sledge, Economic Development (804) 646-7576
Rick Winston, Economic Development (804) 646-5036