

**CITY OF CHARLOTTESVILLE, VIRGINIA  
CITY COUNCIL AGENDA**



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| Agenda Date:     | November 5, 2018  |
| Action Required: | Approve Allocation  |
| Presenter:       | Councilors Bellamy and Galvin   |
| Staff Contacts:  | Mike Murphy, Interim City Manager<br>John C. Blair, II, City Attorney                       |
| <b>Title:</b>    | <b>Allocation of Racial Engagement and Equity Funds to New Hill Development Corporation</b> |

**Background:**

New Hill Development Corporation (hereinafter “New Hill”) approached City Councilors Bellamy and Galvin about receiving City funding for a small area plan that incorporates the Starr Hill neighborhood. New Hill plans to partner with the Local Initiatives Support Corporation in drafting the small area plan. Additionally, New Hill Development Corporation would like to receive funding to offer financial training programs to City of Charlottesville residents.

New Hill is a non-profit corporation whose aim is to expand and strengthen Charlottesville’s African American middle class by honoring the heritage of the once vibrant Vinegar Hill community. New Hill intends to accomplish its mission by improving access to affordable housing, expanding financial literacy, and supporting economic, educational, and cultural development programs.

**Discussion:**

On December 18, 2017, the Charlottesville City Council appropriated \$1,000,000.00 to create a Council Reserve Fund for Racial Equity and Engagement (hereinafter “Equity Fund”). That fund currently contains \$1,534,000.00 in appropriated funds.

New Hill Development Corporation is requesting a \$500,000.00 allocation from the Council out of appropriated funds in the Equity Fund. The funds would provide a small area plan for the Starr Hill neighborhood. This plan would be made available to the public and can be used to identify targeted economic and community development efforts in the Starr Hill neighborhood. As a point of comparison, the City Council appropriated \$350,000.00 to the Piedmont Housing Alliance for Friendship Court master planning efforts in 2015.

Additionally, New Hill Development Corporation will provide financial training to City of Charlottesville residents which aims to improve the credit rating of participants and to identify and cultivate entrepreneurs.

The proposed allocation is subject to the terms and conditions of the attached Donation Agreement. New Hill Development Corporation will provide periodic updates of the small area planning efforts to Council with a deliverable date nine months from the execution of the Donation Agreement. New Hill Development Corporation will also provide evidence satisfactory to the Council that it provided financial services training to Charlottesville residents within twelve months from the execution of the Donation Agreement.

**Alignment with Council Vision Areas and Strategic Plan:**

This action aligns with the Council's Vision for an economically sustainable community of mutual respect which provides quality housing opportunities for all. This action aligns with the City Council's Strategic Plan Goal One: An Inclusive Community of Self-Sufficient Residents. It aligns with Objective 1.2 Prepare residents for the workforce, Objective 1.3 Increase affordable housing opportunities, Objective 1.4 Enhance financial health of residents, and Objective 1.5 Intentionally address issues of race and equity.

**Budgetary Impact:**

This action will reduce the funds available in the Council Reserve Fund for Racial Equity and Engagement from \$1,534,000.00 to \$1,034,000.00.

**Alternatives:**

The Council could decline to allocate the proposed funds to New Hill Development Corporation. The Council could also reduce the amount of its allocation to New Hill Development Corporation.

**Attachments:**

A copy of the proposed Donation Agreement between the City of Charlottesville and New Hill Development Corporation is attached.

**RESOLUTION**

**New Hill Development Corporation-Starr Hill Small Area Planning and Financial  
Training  
\$500,000**

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Charlottesville, Virginia that the sum of \$500,000 is hereby paid from currently appropriated funds in the Council Strategic Initiatives account in the General Fund to New Hill Development Corporation pursuant to the Donation Agreement between the City of Charlottesville and New Hill Development Corporation being executed by New Hill Development Corporation and the City Manager.

\$500,000

Fund: 105

Cost Center: 10110010000

## **DONATION AGREEMENT**

**THIS DONATION AGREEMENT** is made and entered into this \_\_\_\_ day of November, 2018, by and between the **CITY OF CHARLOTTESVILLE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (hereinafter “the City”) and **NEW HILL DEVELOPMENT CORPORATION**, a Virginia not-for-profit corporation, and its successors and assigns (hereinafter “New Hill”).

**WHEREAS**, New Hill is a not-for-profit corporation operated exclusively for charitable and educational purposes; and

**WHEREAS**, New Hill’s charitable mission is to expand and strengthen Charlottesville’s African American middle class by honoring the legacy and heritage of the once vibrant Vinegar Hill community by improving access to affordable housing, expanding financial literacy, and supporting economic, educational, and cultural development programs for City of Charlottesville residents; and

**WHEREAS**, New Hill aims to develop a small area plan for the Starr Hill neighborhood to maintain the neighborhood’s vitality and prevent neighborhood deterioration; and

**WHEREAS**, New Hill intends to develop a financial training program for Charlottesville residents.

### **NOW, THEREFORE, THE PARTIES AGREE TO THE FOLLOWING DONATION TERMS AND CONDITIONS:**

**1. AUTHORITY.** The contribution by the City to New Hill as provided in this Agreement is made pursuant to Virginia Code §15.2-953. The City, through its City Council, is enabled by Virginia Code §15.2-953 to appropriate public funds to charitable institutions if such institutions provide services to residents of the locality and to nonprofits that maintain communities and prevent neighborhood deterioration. New Hill is a nonprofit charitable institution that is eligible to receive public funds pursuant to Virginia Code §15.2-953 and such funds are to be used solely for the purposes provided for in this Agreement.

**2. CITY DONATION.** The City agrees to contribute to New Hill a total of \$500,000.

**3. PURPOSES.** The City’s contribution shall be used solely for the following items and services:

New Hill shall develop, in tandem with the Local Initiatives Support Corporation, a community vision and a small area plan for the Starr Hill Neighborhood which incorporates the former historical community of Vinegar Hill. The boundaries of the Starr Hill Neighborhood are Preston Avenue to the north, Ridge/McIntire street to the east, the CSX railroad to the south, and the Norfolk Southern railroad to the west. The total area of the Starr Hill neighborhood is approximately 47.7 acres. The small area plan shall include chapters detailing land use, economic development and redevelopment, housing, and historic preservation and urban design.

New Hill shall also develop and provide a financial training program for Charlottesville

residents that provides instruction for entrepreneurs and residents located within the City of Charlottesville. The program shall include a curriculum that addresses both credit and money management as well as small business origination.

**4. TIMING.** New Hill shall present copies of the community vision and small area plan to the Charlottesville City Council within nine months of the execution of this Agreement. New Hill shall present two updates to the City Council on the development of the community vision and small area plan within three and six months of the execution of this Agreement. New Hill shall also provide a report of its financial training program detailing the program's curriculum, the number of Charlottesville residents served by the program, and the precise services provided to Charlottesville residents to the Charlottesville City Council within one year of execution of this Agreement. Copies of the community vision and small area plan shall be made available to the public on a website developed and maintained by New Hill. The City, at its discretion, may also make a copy of the community vision and small area plan available on its website.

**5. RETURN OF CITY FUNDS.** If New Hill does not provide the Charlottesville City Council a copy of the community vision and a small area plan meeting the requirements of Section 3 of this Agreement within nine months of this Agreement's execution, New Hill shall return the entirety of the City's \$500,000.00 donation.

If New Hill does not provide the Charlottesville City Council with evidence, satisfactory to the Council, that New Hill implemented and provided a financial training program serving Charlottesville residents meeting the requirements of Section 3 of this Agreement within one year of this Agreement's execution, New Hill shall return the entirety of the City's \$500,000.00 donation.

**6. NO GOODS OR SERVICES RECEIVED BY THE CITY.** The donation made by the City pursuant to this Agreement is solely to enable New Hill to develop and compose a mission statement and a small area plan for the Starr Hill neighborhood located within the City of Charlottesville and to provide a financial training program for Charlottesville residents. This small area plan is to be used by New Hill and the general public to direct resources and efforts into development and redevelopment opportunities identified within the plan. New Hill's financial training program shall serve the residents of the City of Charlottesville. The charitable purposes described herein are not a description of goods or services being procured by the City through this Agreement pursuant to the City's earmarked and designated charitable donation of public funds.

**7. NO AGENCY RELATIONSHIP CREATED.** Neither New Hill nor its agents, employees, or subcontractors shall be deemed employees or agents of the City by virtue of this Agreement. New Hill shall have sole responsibility of for its employees, volunteers, and subcontractors including their work, conduct, directions, and compensation.

**8. SEVERABILITY.** In the event any term, provision, or condition of this Agreement, or the application thereof to any person or circumstance shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement and the application of any term, provision or condition contained herein to any person or circumstance other than those to which it has been held invalid or unenforceable, shall not be affected thereby.

**9. CITY ACCESS TO RECORDS.** New Hill agrees that duly authorized representatives of the City shall have access to any books, documents, papers and records which

are directly pertinent to this Agreement upon forty eight hours advanced request by the City.

**10. INDEMNIFICATION.** To the extent permitted by law, New Hill agrees to defend, indemnify and save the City (including its officers, agents, officials, employees and agents) harmless from and against any and all liability loss, claim, suit, damage, charge or expense which the City may suffer, sustain, incur which may arise out of, results from, or is in any way connected with actions taken by New Hill in the performance of its obligations under this Agreement, or which occurs as a consequence of any negligence, omission or misconduct of New Hill and any of New Hill's subcontractors, agents, volunteers, or employees in New Hill's performance of its obligations pursuant to this Agreement.

**11. NON DISCRIMINATION.** During the performance of this Agreement, New Hill agrees that it will not discriminate against any employee or applicant for employment or in the provision of its services against any employee, applicant for employment, or service recipient on the basis of race, religion, color, sex, sexual orientation, national origin, age, disability or any other basis prohibited by law. New Hill agrees to post in conspicuous places, available to employees, applicants for employment, and applicants for services notices setting forth the provisions of this nondiscrimination clause. New Hill shall state that it is an equal opportunity employer in all solicitations or advertisements for employment.

**12. TERMINATION.** Either party may terminate this Agreement by giving written notice to the other party of the termination with at least thirty days notice. Upon termination of this Agreement, New Hill shall return any unexpended funds to the City and will provide a complete repayment of funds to the City if it has not achieved both of the purposes on the aged upon timelines described in Sections 3 and 4 of this Agreement.

**13. NO WAIVER OF RIGHTS.** Any failure on the part of the City to enforce any of this Agreement's terms and conditions shall not be construed as or deemed to be a waiver of the right to enforce such terms and conditions. No waiver by the City or any default or failure to perform by New Hill shall be construed as or deemed to be a waiver of any other and/or subsequent default or failure to perform. The acceptance of the performance of all or any part of this Agreement by the City, for or during any period following a default or failure to perform by New Hill shall not be construed as or deemed to be a waiver by the City of any of its rights pursuant to this Agreement.

**14. ENTIRE AGREEMENT.** This Agreement states all of the covenants, promises, agreements, conditions, and understandings between the City and New Hill regarding the City's donation of funds.

**15. GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia and any proceeding concerning this Agreement shall be commenced in courts having jurisdiction within the City of Charlottesville, Virginia.

**16. AMENDMENTS.** This Agreement may be amended by a written amendment signed by the authorized representatives of both parties.

WITNESS the following authorized signatures:

**NEW HILL DEVELOPMENT CORPORATION**

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Yolunda Harrell, President and Chief Executive Officer

**CITY OF CHARLOTTESVILLE, VIRGINIA**

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Michael Murphy, Interim City Manager

Approved as to Form:

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John C. Blair, II, City Attorney