

AGENDA--CITY COUNCIL MEETING  
CITY OF MARTINSVILLE, VIRGINIA

Council Chambers – Municipal Building  
**7:30 p.m. – Tuesday, October 25, 2011**

Invocation – Vice Mayor Kimble Reynolds  
Pledge to the American flag

1. [Presentation of proclamation to Extra Mile America.](#) (2 minutes)
2. [Presentation of proclamation to National College.](#) (2 minutes)
3. [Consider approval of minutes of Council meeting September 13, 2011.](#) (2 minutes)
4. [Recognition of city staff for receiving the Certificate of Achievement for Excellence in Financial Reporting for the City of Martinsville by the Government Finance Officers Association of the United States and Canada \(GFOA\) for its FY2010 Comprehensive Annual Financial Report.](#) (5 minutes)
5. [Conduct public hearing to designate the former Sara Lee property and Baldwin Block as urban development areas and to amend the Land Use Map, Comprehensive Plan and Zoning Ordinance to reflect urban development guidelines.](#) (15 minutes)
6. [Consider approval, on second reading, amendments to the Zoning Ordinance to add civil penalty for violating the ordinance.](#) (5 minutes)
7. [Consider approval of Program Design for Neighborhood Stabilization Project.](#) (10 minutes)
8. [Consider adoption of a Resolution supporting submission of Industrial Revitalization Fund grant for the Henry Hotel renovation project.](#) (15 minutes)
9. [Hear a report regarding property maintenance of backyards.](#) (30 minutes)
10. [Consider adoption of resolution authorizing a public hearing and approving related actions on Building Energy Efficiency Performance Contract.](#) (10 minutes)
11. Business from the Floor  
This section of the Council meeting provides citizens the opportunity to discuss matters that are not listed on the printed agenda. Since the Council meetings are broadcast on Martinsville Government Television, the City Council is responsible for the content of the programming. Thus, any person wishing to bring a matter to Council's attention under this Section of the agenda should:  
**(1) come to the podium, state name and address;**  
**(2) state the matter they wish to discuss and Council action requested;**  
**(3) limit remarks to five minutes;**  
**(4) refrain from making any personal references or accusations of a factually false and/or malicious nature.**

Persons who violate these guidelines will be ruled out of order by the presiding officer and asked to leave the podium. Persons who refuse to comply with the direction of the presiding officer may be removed from the chambers.

12. Comments by Council Members. (5 minutes)
13. Comments by City Manager. (5 minutes)
14. Items to be considered in Closed Session, in accordance with the Code of Virginia, Title 2.2, Chapter 37—Freedom of Information Act, Section 2.2-3711—Closed Meetings, the following:
  - A. The condition, acquisition, use or disposition of real property as authorized by Subsection 3.
  - B. Appointments to Boards and Commissions as authorized by Subsection 1.



## City Council Agenda Summary

**Meeting Date:** October 25, 2011

**Item No:** 3.

**Department:** Clerk of Council

**Issue:** Consider approval of City Council meeting minutes of September 13, 2011

**Summary:** None

**Attachments:** [September 13, 2011](#)

**Recommendations:** Motion to approve.

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The regular meeting of the Council of the City of Martinsville, Virginia, was held on September 13, 2011, in Council Chambers, Municipal Building, at 7:30 PM, with Mayor Kim Adkins presiding. Council Members present included: Mayor Kim Adkins, Vice Mayor Kimble Reynolds, Gene Teague, Mark Stroud, Sr., and Danny Turner. Staff present included: Clarence Monday, City Manager, Brenda Prillaman, Eric Monday, Linda Conover, Leon Towarnicki, Mike Rogers, Andy Lash, and Tony Turner. Representatives present from School Board included: Bill Manning, Craig Dietrich, Robert Williams, Carolyn McCraw, and J. C. Richardson.

Mayor Adkins called the Council meeting to order and Mark Stroud gave the invocation and Pledge of Allegiance to the flag.

Mayor Adkins gave a brief background on the financing of the proposed renovations at Martinsville High School and opened the floor for public input on the issue. Jessie Goode, 907 F St., encouraged Council to fund the renovation; Monty Ridenhour, 1231 Mulberry, commented on: city's capital needs, city employee salaries, tax increase inevitable, need to control debt, roofs should be included in renovations, local schools should be merged and should be put to voters. Gloria Hylton, 402 Second St., supports school project on what is needed, not just wanted basis—taxpayers cannot take on any more debt—should not put all eggs in one basket; Bennie Gray, former school board member, noted a big percentage of the money is to build new construction and it should be getting the biggest bang for the buck with the high unemployment here—noted a new elevator not needed—should do energy saving ideas with lighting/windows/HVAC & some work can be done in-house to save money; Mike Rogers, Police Chief, expressed appreciation to Mr. Ridenhour and Mrs. Hylton for their voice of reason in balancing funding all needs of the city; Ural Harris, 217 Stuart St., voiced concerns with a lot of waste in school system and urged Council not to tie up every penny of meals tax in school renovations; Tyler Millner of the county spoke in favor of funding the school renovations and voiced his displeasure with the procedures used by city administration in relaying information on the funding issues; Perry Harrold spoke in favor supporting school renovations and stated he is willing to pay more taxes if needed; Mike Rogers, again spoke noting his displeasure with Mr. Millner's comments and pointed out the City Manager will likely have to ask for a tax increase to balance the budget; Geri Ridenhour, Mulberry Rd., concerned that many of the needed renovations are not included in the "must do" proposal—she asked to see a list of school board needs for next five years and asked that Council look at the renovations prudently; Leonard Jones, 701 Starling Ave., spoke in favor of schools and in building a new gym; Tyler Millner spoke again noting his comments were not personal against Mr. Monday; Paul Jacobson, bond counsel, spoke regarding the legal requirements for the

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QSCB; Bill Manning noted that with the 10.5 million requested, the schools can get their next 5 year's capital needs in with this project and won't have to come back asking Council for more money—he also noted the school board will continue to take suggestions on the renovations to gain a level of trust, but asked that Council move forward on the \$10.5 million request; Pam Heath made remarks regarding the proposed renovations and financing and asked that Council keep the door open at \$10.5 million. Mayor Adkins then closed the public input period.

Mayor Adkins asked that Council go with the \$9.3 million amount and she highly encouraged the school board to involve citizens in the process and she wants capital expenses in the bids.

Council Member Teague voiced his praise for the good job done by the city schools but noted we cannot measure his commitment to schools by the amount spent on schools—with no dedicated funding source, there is a fundamental problem and we have to protect future needs of the city—a professional assessment was done by the city manager and that is what he was hired to do—feels the school renovation can be done with \$6 million.

Vice Mayor Kimble Reynolds noted education should be a priority and we have to be willing to invest in ourselves—needs should be balanced with wants no matter what—he voiced his support for the Mayor's suggestion of \$9.3 million.

Mark Stroud voiced his support of the renovations with no set price yet—he is leaning toward \$8.5 million. Before Mr. Stroud's comments, City Attorney Eric Monday announced that Mr. Stroud has filed a disclosure regarding any conflict of interest as his wife is employed by the school system.

A motion was made by Danny Turner, seconded by Kimble Reynolds, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Reynolds, aye; Stroud, aye; and Turner, aye, to approve the following resolution to set the public hearing on the school renovation financing for October 11:

**RESOLUTION SETTING PUBLIC HEARING AND APPROVING RELATED ACTIONS RELATED TO POTENTIAL ISSUANCE OF BONDS**

**WHEREAS**, City Council (**the "City Council"**) of the City of Martinsville, Virginia (**the "City"**) is considering financing capital improvements to Martinsville High School facilities (**the "Project"**) to be accomplished through the issuance by the City of its general obligation bond or bonds to the Virginia Public School Authority (**the "VPSA"**) in a principal amount not to exceed \$10,500,000 (**the "Bonds"**) in connection with the VPSA Qualified School Construction Bond program for the fall of 2011 (**the "QSCB Program"**).

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARTINSVILLE, VIRGINIA:**

1.The City Manager, City Attorney and other City staff, with Sands Anderson PC as Bond Counsel (**"Bond Counsel"**) and Davenport & Company LLC as financial advisor to the City (**the "Financial Advisor"**), are authorized to take actions deemed necessary and appropriate for participation in the VPSA QSCB Program to provide not more than \$10,500,000 of Bond proceeds for the Project, and such actions are hereby approved and ratified.

2.The City Manager, Assistant Finance Director, City Attorney, Bond Counsel, the Financial Advisor to the City and all other officers, employees and agents of the City are hereby authorized and directed to take such further action deemed necessary or desirable to facilitate consideration of the issuance of the proposed Bonds, including but not limited to the publication and broadcasting, as required by the City Charter, of notice of a public hearing to be held prior to final authorization by the City Council of the issuance of the Bonds. The public hearing shall be held on October 11, 2011 at 7:30 p.m. at the City Council Chambers, Second Floor, City of Martinsville Municipal Building, 55 West Church Street, Martinsville, Virginia 24112. 3.This Resolution shall take effect immediately.

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A substitute motion was made by Gene Teague, seconded by Mark Stroud, to cap the meal's tax portion for the school renovation at \$500,000 to free up money for other city capital projects. The substitute motion failed 2-3 with the following vote: Adkins, nay, Reynolds, nay, Turner, nay, Stroud, aye, and Teague, aye. Mr. Reynolds noted that the meals tax should not be used to fund Commonwealth Crossing. Mr. Teague noted that without capping the amount then the conversation will not be had about how it is funded.

A motion was made by Danny Turner, seconded by Kimble Reynolds, with the following 4-1 recorded vote: Adkins, aye; Teague, nay; Reynolds, aye; Stroud, aye; and Turner, aye, to approve the preliminary financing ordinance on first reading setting the maximum principal amount not to exceed \$9.3 million:

**CITY OF MARTINSVILLE, VIRGINIA**  
**AN ORDINANCE RECITING THE EXPEDIENCY OF THE ISSUANCE OF UP TO \$\_\_\_\_\_**  
**PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE CITY OF MARTINSVILLE,**  
**VIRGINIA, AND SETTING FORTH THE PURPOSE, IN GENERAL TERMS, FOR WHICH THE**  
**BONDS ARE TO BE ISSUED, THE MAXIMUM AMOUNT OF THE BONDS TO BE ISSUED AND THE**  
**MAXIMUM LENGTH OF TIME SUCH BONDS WILL BE OUTSTANDING**

**Adopted on September 13, 2011 (first reading)**

Be it Ordained by the Council of the City of Martinsville, Virginia:

**Section 1 - Findings and Determinations**

The City Council (**the "City Council"**) of the City of Martinsville, Virginia (**the "City"**) proposes to issue bonds for the purpose of assisting in the construction, expansion, renovation and equipping of Martinsville High School in the City for school purposes (**the "Project"**) and hereby finds and determines that: (i) the City is in need of funds to be used by the City for such construction and equipment needs for the Project, for costs of issuance of the Bonds (defined below) and for payment of interest on the Bonds; (ii) the obtaining of such funds will be for municipal purposes of the City, for the welfare of citizens of the City for purposes which will serve the City and its citizens pursuant to the authority of the City to provide funds for and otherwise support the City's public schools; (iii) the most effective, efficient and expedient manner in which to provide such funds to the City is through the issuance of general obligation bonds in an original principal amount not to exceed \$\_\_\_\_\_ to be issued by the City as further described herein (**the "Bonds"**) to be used for the construction and equipping of the Project and for certain costs of issuance of the Bonds; (iv) the issuance of the Bonds is within the power of the City to contract debts, borrow money and make and issue evidence of indebtedness; and, (iv) the issuance of the Bonds is in the best interests of the City and its citizens.

**Section 2 - Description of the Bonds**

The City Council finds that it is expedient for the City to borrow money and issue the Bonds for the Project in a maximum amount not to exceed \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_). The maximum length of time that the Bonds will be outstanding is twenty years from the date of issuance of the Bonds. The form and details of the Bonds which are proposed to be issued will be more specifically set forth in a City Ordinance to be entitled "ORDINANCE AUTHORIZING THE ISSUANCE OF A NOT TO EXCEED \$\_\_\_\_\_ GENERAL OBLIGATION SCHOOL BOND, SERIES 2011, OF THE CITY OF MARTINSVILLE, VIRGINIA TO BE SOLD TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF," which will be introduced before the Council and considered for passage following a public hearing on the issuance of the Bonds, as required by law.

**Section 3 - Further Actions Authorized**

The City Manager, Clerk of the Council, City Treasurer, City Attorney, Sands Anderson PC as bond counsel, Davenport & Company LLC as financial advisor to the City and all other officers, employees and agents of the City are hereby authorized and directed to take any and all such further action as shall be deemed necessary or desirable to facilitate consideration of the issuance of the Bonds. All actions of the City Manager, Clerk of the Council, City Treasurer, City Attorney, bond counsel, the City's financial advisor and all other officers, employees and agents of the City in furtherance of the issuance of the Bonds and the financing of the Project are hereby approved and ratified.

**Section 4 - Invalidity of Sections**

If any section, paragraph, clause or provision of this Ordinance shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining portions of this Ordinance.

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**Section 5 - Headings of Sections**

The headings of the sections of this Ordinance shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of such sections of this Ordinance.

**Section 6 - Effective Date and Filing of Ordinance**

Council hereby declares in the public interest that this Ordinance shall become effective immediately upon its passage. A copy of this Ordinance, certified by the Clerk of the Council, shall be filed with the Clerk of the Circuit Court of the City of Martinsville, Virginia.

Aaron Burdick of WPPPDC and Andy Lash briefed Council on the Regional Water Supply Plan and the need to conduct the public hearing at this meeting as is required by all localities in the West Piedmont Planning District Commission region in order to adopt the Water Supply Plan and adopt an ordinance which implements the Drought Response and Contingency Plan. Mayor Adkins opened the public hearing. Hearing no public comments, the Mayor closed the public hearing. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council approved the following resolution:

**A RESOLUTION APPROVING THE WEST PIEDMONT PLANNING DISTRICT COMMISSION REGIONAL WATER SUPPLY PLAN**

**WHEREAS**, Virginia State Water Control Board Regulation 9 VAC 25-780, Local and Regional Water Supply Planning, requires all counties, cities and towns in the Commonwealth of Virginia to prepare and submit a water supply plan to the Department of Environmental Quality (DEQ); and

**WHEREAS**, The City of Martinsville is a participant in the West Piedmont Planning District Commission Regional Water Supply Planning Group as reported to DEQ by letter before the November 2, 2008 deadline; and

**WHEREAS**, on September 13, 2011, the City of Martinsville held a public hearing to accept public comment on the Regional Water Supply Plan; and

**WHEREAS**, the adopted Regional Water Supply Plan will be submitted to the DEQ on or before November 2, 2011.

**NOW, THEREFORE BE IT RESOLVED** that the City Council of the City of Martinsville hereby adopts the West Piedmont Planning District Commission Regional Water Supply Plan as it pertains to the City of Martinsville. Approval and adoption of this regional plan indicates support for and general agreement with the regional planning approach, but does not indicate approval or disapproval of conclusions and recommendations presented in the plan as they pertain to other localities. The City of Martinsville reserves the right to comment on specific water supply alternatives in the future even though such alternatives may be recommended in this adopted plan. The City of Martinsville will not be limited to specific water supply alternatives in this adopted plan and reserves the right to recommend additional alternatives for consideration in the future.

**BE IT FURTHER RESOLVED** that the City Council of the City of Martinsville intends that the Regional Water Supply Plan shall be revised to reflect changes in relevant data at least once every five years and resubmitted to DEQ every ten years in accordance with the regulation and sound planning practice.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Martinsville at a meeting held on September 13, 2011.

On a motion by Gene Teague, seconded by Kimble Reynolds, the following ordinance was approved on first reading with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Reynolds, aye; Stroud, aye; and Turner, aye:

Sec. 23-4 Currently reserved, is hereby enacted as follows:

**Sec. 23-4 Water Emergencies**

A. Authority to declare water emergencies.

During the continued existence of climatic, hydrological and other extraordinary conditions the protection of the health, safety and welfare of the residents of the City of Martinsville may require that certain uses of water, not essential to public health, safety and welfare, be reduced, restricted or curtailed. As the shortage of raw or potable water becomes increasingly more critical, conservation measures to reduce consumption or curtail nonessential water use may be necessary. The definitions, water emergency criteria, and water use restrictions referenced in this ordinance are presented in greater detail in the City of Martinsville Drought Response and Contingency Plan, which is incorporated herein by reference.

The City Manager or their designee is authorized to declare a water emergency in the City restricting the use of water in any area of the City. All water stages are built upon and require compliance with previous water stages. For example when a Drought Emergency – Stage 1 is declared all provisions of a Drought Warning are in effect. Also the City Manager or their designee may declare any of the four stages; they do not have to be declared sequentially.

B. Publication of declaration.

Upon the declaration of a water emergency, the City Manager or their designee shall immediately post a written notice of the emergency at the front door of City Hall and shall place a notice in a newspaper of general circulation in the area in which such emergency has been declared.

C. Water use considerations.

Upon the declaration of a water shortage or emergency, the City Manager or their designee is authorized and directed to implement conservation measures by ordering the restricted use or absolute curtailment of the use of water for certain nonessential purposes for the duration of the water shortage or emergency in the manner hereinafter set out. In exercising this discretionary authority, and making the determinations set forth hereof, the City Manager or their designee shall give due consideration to water levels, streamflow conditions, available/usable storage on hand, draw down rates and the projected supply capability in the City; system purification and pumping capacity; daily water consumption and consumption projections of the system's customers; prevailing and forecast weather conditions; fire service requirements; pipeline conditions including breakages, stoppages and leaks; supplementary source data; estimates of minimum essential supplies to preserve public health and safety and such other data pertinent to the past, current and projected water demands.

D. Limitation of restrictions.

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The provisions of this article shall not apply to any governmental activity, institution, business or industry which shall be declared by the City Manager or their designee, upon a proper showing, to be necessary for the public health, safety and welfare or the prevention of severe economic hardship or the substantial loss of employment. Any activity, institution, business or industry aggrieved by the finding of the City Manager or their designee may appeal that decision to the City Council.

### E. Water conservation measures.

Upon a determination by the City Manager or their designee of the existence of the following conditions, the City Manager or their designee shall take the following actions that shall apply to all water users in the City:

(a) Drought Watch: When moderate but limited supplies of water are available and a drought watch is declared in accordance with the Drought Response and Contingency Plan, the City Manager or their designee shall, through appropriate means, call upon the general population to employ prudent restraint in water usage. Public outreach activities shall be identified to inform the general population of the potential for drought conditions to intensify and potential water conservation activities that may be utilized.

(b) Drought Warning: The drought warning stage includes voluntary water conservation actions due to imminent onset of a significant drought event. When a drought warning exists, the following voluntary water restrictions are requested:

- ◆ Voluntary, commercial, manufacturing, institutional and residential conservation measures will be strongly encouraged and recommended including the following:
  - Inspect and repair all faulty and defective parts of faucets and toilets.
  - Use shower for bathing rather than bathtub and limit shower to no more than five minutes.
  - Do not leave faucets running while shaving, rinsing dishes, or brushing teeth.
  - Limit use of clothes washers and dishwashers and when used, operate fully loaded.
  - Limit lawn watering to that necessary for plant survival.
  - Water shrubbery the minimum required, reusing household water when possible.
  - Limit vehicle washing.
  - Do not wash down outside areas such as sidewalks, patios, driveways, etc.
  - Install water flow restrictions in showerheads and other water saving devices.
  - Use disposable and biodegradable dishes where possible.
  - Install water saving devices in toilets, such as early closing flapper valves.
  - Do not fill swimming pools.
- ◆ An extensive publicity campaign will be initiated using public media and specialized methods to inform the public of an impending water shortage.
- ◆ Water supply line pressure should be reduced where feasible to reduce water consumption if it will not affect operation of fixtures, equipment or public safety devices.
- ◆ Conservation in public buildings, institutions, dormitories, and similar facilities is encouraged by reducing pressure at plumbing fixtures and by installation of restricting devices.
- ◆ All residents, business, and institutions are requested to delay new landscape work until the water shortage has ended.
- ◆ Water conservation should be followed during all phases of construction related activities. Where appropriate, water needed should be obtained from supplemental sources and construction related activities, which require water, should be delayed until such time as the water emergency has ended.

All industrial, manufacturing, and commercial enterprises shall reduce consumption to any degree feasible with a goal of a reduction of 10%.

(c) Drought Emergency – Stage 1: As drought conditions continue to worsen, a drought emergency – stage 1 may be declared by the City Manager or their designee in accordance with the Drought Response and Contingency Plan. When a drought emergency – stage 1 exists, the following will be prohibited:

- ◆ Watering lawns, grass, shrubbery, trees, flower, and vegetable gardens except by hand held hose, container, or drip irrigation system, except persons regularly engaged in the sale of plants will be permitted to use water for irrigation of their commercial stock and golf courses may water greens;
- ◆ Filling of newly constructed swimming pools and/or wading pools or refill swimming and/or wading pools, which have been drained;
- ◆ Operating water-cooled air conditioners or other equipment that does not recycle cooling water, except when health and safety are adversely affected;
- ◆ Washing automobiles, trucks, trailers, boats, airplanes, or any other type of mobile equipment, except persons regularly engaged in the business of washing motor vehicles and any commercial car wash facility will be permitted to use water for such purposes;
- ◆ Washing down outside areas such as streets, driveways, service station aprons, parking lots, office buildings, exteriors or existing or newly constructed homes or apartments, sidewalks, or patios or to use water for similar purposes;
- ◆ Operation of ornamental fountain, pool, or pond or other structure making similar use of water;
- ◆ Serving drinking water in restaurants, cafeterias, or other food establishments, except as requested by the customer;
- ◆ Using public or private fire hydrants for any purpose other than fire suppression or other public emergency or Utility Department need ;
- ◆ Using water for dust control or compaction; and
- ◆ Using water for any unnecessary purpose or intentionally waste water.

All industrial, manufacturing, and commercial enterprises shall reduce consumption to any degree feasible with a goal of a reduction 10-15%.

(d) Drought Emergency – Stage 2: As drought conditions continue to worsen, a drought emergency – stage 2 may be declared by the City Manager or their designee in accordance with the Drought Response and Contingency Plan. When a drought emergency – stage 2 exists, in addition to the restrictions imposed under the drought emergency – stage 1, the following will be prohibited:

- ◆ Watering lawns, grass, shrubbery, trees, or flowers, except persons regularly engaged in the sale of plants shall be permitted to use water for irrigation of their commercial stock and golf courses may water greens;
- ◆ Watering any vegetable garden, except by hand held hose, container, or drip irrigation system;
- ◆ All nonessential use of water for commercial or public use;
- ◆ Using water outside a structure for any use other than an emergency use involving fire or as needed by the water utility to maintain the water system;
- ◆ Operating an evaporative air conditioning unit which recycles water, except as may be required for health and safety; and
- ◆ Other restrictions as may be deemed appropriate and adopted by the City Council.

All industrial, manufacturing, and commercial enterprises shall reduce consumption to any degree feasible with a goal of a reduction of at least 15-25%.

### F. Penalty and enforcement.

(a) Any person who violates any provision of this article shall be subject to the following civil penalties:

- (1) For the first offense, violators shall receive a written warning delivered in person or posted by a representative of the City.

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(2) For the second offense, violators shall be fined fifty dollars (\$50.00), the fine to be imposed on the violator's next water bill, or in the case of violators not on the public water system, in a written notice.

(3) For the third and each subsequent offense, violators shall be fined one hundred dollars (\$100.00) for each offense, the fine to be imposed on the violator's next water bill, or in the case of violators not on the public water system, in a written notice.

(4) Each violation by a person shall be counted as a separate violation by that person, irrespective of the location at which the violation occurs.

(b) Persons who have been assessed a penalty shall have the right to challenge the assessment by providing a written notice to the City Manager or their designee within ten (10) days of the date of the assessment of the penalty. The City Manager or their designee shall determine that the penalty was properly assessed and notify the complaining person in writing of his determination.

(c) The City Manager or their designee may waive the penalty if he determines that the violation occurred due to no fault of the person.

G. Notification of end of water emergency.

The City Manager or their designee, following discussions with the Authority, shall notify the City Council when, in his opinion, the water emergency situation no longer exists. Upon concurrence of the City Council, the water emergency shall be declared to have ended. When this declaration is made, the information shall be conveyed to the general public through the news media.

Leon Towarnicki, Assistant City Manager/Public Works Director, briefed Council on the litter issues. At the August 22, 2011 City Council meeting, Mr. Reid Young spoke during business from floor on the issue of littering throughout the community and the need for a more aggressive and pro-active approach. Due to time limitations at that meeting, Mr. Young was invited to have the item placed on a future Council agenda for additional discussion. Mr. Towarnicki presented information on current practices used for cleanup efforts, education, and enforcement. He noted he would take these litter issues to the Gateway Board for consideration.

Mayor Adkins gave a brief overview of the Neighborhood Tour and Neighborhood meeting held September 12, at Forest Hills Presbyterian Church. Citizen concerns included: right of way grass issues, backyard inspections, verbal FOIA request for spreadsheet on school renovations, and graffiti issues.

Community Development Director Wayne Knox briefed Council on proposed amendments to the Zoning Ordinance to add civil penalties for violations:

At present, the City of Martinsville has a criminal penalty for violating the Zoning Ordinance, but no civil penalty. The need for a civil penalty was brought up for discussion by the Planning Commission due to the numerous sign violations that are occurring in the City. After consultation with the City Attorney, the Commission learned that a civil penalty could be added to the current ordinance. The civil penalty enforcement will require fewer taxpayer dollars by requiring less administrative time (for documentation, photography of each site, and other field work); and postage/supplies. This proposed amendment would be to assess a civil penalty of not more than fifty dollars (\$50.00) for the initial summons and no more than two hundred dollars (\$200.00) for each additional summons. The Planning Commission held a duly advertised public hearing on August 30, 2011. There was one person in attendance at the public hearing. That person did not voice opinion in favor or against the proposed amendment. Planning Commission voted unanimously (5—0) to send this amendment to City Council for their consideration. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council agreed to set the public hearing for October 11, 2011.

Wayne Knox briefed Council on the need to amend the Land Use Map, Comprehensive Plan, and Zoning Ordinance to reflect urban development area guidelines to designate the former Sara Lee property and the Baldwin Block as urban development areas:

As a way to address some of the negative effects of suburban sprawl and strip development, particularly on traffic and transportation, new legislation was adopted in 2007 as Virginia Section 15.2-2223.1 of the Code of Virginia, requiring certain high-growth localities to amend their comprehensive plans to incorporate one or more Urban Development Areas (UDAs). The City of Martinsville received a grant to 1) Amend the Comprehensive Plan to reflect the addition of Urban Development Areas and 2) Amend the Zoning Ordinance to add the UDA overlay district(s). The UDA(s) must be sized to meet projected residential and commercial growth in the locality for the ensuing period of at least 10 years, but not more than 20 years. In addition, federal,

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state and local transportation, utility, economic development, and other public funding should, to the extent possible, be directed to the UDA(s). UDAs should be established in areas that are appropriate for higher density development due to (a) their proximity to transportation facilities, (b) the availability of public water and sewer infrastructure, and (c) their proximity to existing developed areas.

The Cox Company was retained by VDOT to be the City's Consultant for the UDA study and work. Working with the City, stakeholders, and property owners, the Cox Company identified the Baldwin Block area and the Sara Lee Property as two Urban Development Areas in the City of Martinsville. This designation will encourage mixed-use development and denser residential that is allowed in this district. A duly advertised Public Hearing was held Tuesday, August 30, 2011 during the Planning Commission meeting. One person was present and she spoke about her concerns that whatever was built on the Baldwin Block would reflect the heritage of the community and to keep in mind the national marker already installed that comments on the history. After the hearing, the Planning Commission voted unanimously (5-0) to send the recommendation to City Council to designate the former Sara Lee property and the Baldwin Block as urban development areas and to amend the Land Use Map, Comprehensive Plan and Zoning Ordinance to reflect urban development area guidelines.

When researching the possibility of locations for the UDAs, staff talked to stakeholders, developers, and property owners to learn where the types of development recommended in UDAs would best fit. The research led to the Baldwin Block and the Sara Lee properties, where mixed use work was hoped to be done in the near future (less than 10 years away). Therefore, staff recommends that City Council consider setting a public hearing for September 27, 2011 to designate the former Sara Lee property and the Baldwin Block as urban development areas and to amend the Land Use Map, Comprehensive Plan and Zoning Ordinance to reflect urban development area guidelines.

On a motion by Gene Teague, seconded by Danny Turner, with a 5-0 vote, Council agreed to set the requested public hearing for October 11, 2011.

City Attorney Eric Monday gave an update to Council regarding current FOIA changes.

On a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council approved the following consent agenda:

<b>BUDGET ADDITIONS FOR 9/13/11</b>				
<b>ORG</b>	<b>OBJECT</b>	<b>DESCRIPTION</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b><u>FY11</u></b>				
<b><u>GENERAL FUND</u></b>				
01101917	442810	Categorical Other State - Highway Projects		6,122
01413151	503140	Thorofare Construction - Prof. Service Engineering state reimbursements-Liberty St.	6,122	
01100904	442401	Local Confiscated Assets - Police		515
01311085	506118	Police Dept - Local Confiscated Assets	515	
		Local Confiscated Assets		
01102926	443157	Categorical Federal - Safe Routes to Schools		14,827
01413146	503140	Street Marking/Signs - Prof Serv Eng & Arch Safe Routes to Schools Project	14,827	
01100904	442402	Local Confiscated Assets - Comm. Attorney		515
01221082	506118	Comm. Atty - Local Confiscated Assets	515	
		Local Confiscated Assets		
<b>Total General Fund:</b>			<b>21,979</b>	<b>21,979</b>
<b><u>CAPITAL RESERVE FUND</u></b>				
16101918	416507	State Grant - VDEM Homeland Security Program		10,056
16572362	508075	Tools/Equipment - Police Dept SHSP Grant	10,056	
<b>Total Capital Reserve Fund:</b>			<b>10,056</b>	<b>10,056</b>

<b>BUDGET ADDITIONS FOR 09/13/11</b>				
<b>ORG</b>	<b>OBJECT</b>	<b>DESCRIPTION</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b><u>FY12</u></b>				
<b><u>GENERAL FUND</u></b>				
01100908	440402	Donations/Hooker Field		1,555
01725422	505508	Mustangs - Meals for Team	234	
01720420	506014	Hooker Field - Materials & Supplies	1,322	
		50/50 & donations		
1100909	490134	Recovered Costs - Parks & Recreation		214
1711210	506091	Parks & Recreation - Special Events/Cruise In	214	
		Costs recovered from various sponsors		
<b>Total General Fund:</b>			<b>1,769</b>	<b>1,769</b>

September 13, 2011

Council comments: Turner-extended sympathy to Chester Lane family; Reynolds-extended sympathy to Ron Matthews' family; Stroud-emphasized that all capital needs of the city will start being addressed.

City Manager Clarence Monday reported that 12 applications have been received for Finance Director position and interviews are scheduled. City Attorney Eric Monday reported he attended the VA Local Government Attorneys Association meeting and was elected to the Board of Directors.

In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Teague, seconded by Stroud, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Reynolds, aye; Stroud, aye; and Turner, aye, Council convened in Closed Session, for the purpose of discussing the following matter: (A) Appointments to boards and commissions as authorized by Subsection 1.

At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during Session. On a motion by Kimble Reynolds, seconded by Mark Stroud, with the following recorded 5-0 vote: Adkins, aye; Reynolds, aye; Teague, aye; Stroud, aye; and Turner, aye, Council returned to Open Session. The following actions were taken on appointments:

Blue Ridge Regional Library Board—motion by Reynolds, seconded by Teague, with 5-0 vote, to appoint William L. Kirby, 1115 Cherokee Trail, to an unexpired term ending 6/30/15.

Human Relations Advisory Committee—motion by Reynolds, seconded by Teague, with a 5-0 vote, to appoint Veraine Randolph, 1414 S. Askin St., to the Human Relations Advisory Committee; motion by Adkins, seconded by Teague, with a 5-0 vote, to appoint William Randolph, 1414 S. Askin St., to the Human Relations Advisory Committee; motion by Turner, seconded by Teague, with a 5-0 vote, to appoint Alicia Solomon, 1014 Oakwood Ct., to the Human Relations Advisory Committee; motion by Adkins, seconded by Stroud, with a 5-0 vote, to appoint Sidney Lee, 127 Sellers St. to the Human Relations Advisory Committee.

There being no further business, the meeting adjourned at 10:12 PM.

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Clarence Monday  
Clerk of Council

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Kim Adkins  
Mayor



## City Council Agenda Summary

**Meeting Date:** October 25, 2011

**Item No:** 1.

**Department:** City Council

**Issue:** Presentation of proclamation recognizing November 1, 2011 as Extra Mile Day.

**Summary:** The Extra Mile American Foundation is a nonprofit organization that empowers individuals and organizations to “go the extra mile” in their community and the City of Martinsville was asked to support this campaign. The proclamation will be mailed to the organization after formal presentation by Council.

**Attachments:** [Proclamation](#)

**Recommendations:** No action required



*Martinsville*  
A CITY WITHOUT LIMITS



## **Extra Mile Day Proclamation November 1, 2011**

**WHEREAS**, Martinsville, Virginia is a community that acknowledges that a special vibrancy exists within the entire community when its individual citizens collectively “go the extra mile” in personal effort, volunteerism, and service; and

**WHEREAS**, Martinsville, Virginia is a community that encourages its citizens to maximize their personal contribution to the community by giving of themselves wholeheartedly and with total effort, commitment, and conviction to their individual ambitions, family, friends, and community; and

**WHEREAS**, Martinsville, Virginia is a community that chooses to shine a light on and celebrate individuals and organizations within its community who “go the extra mile” in order to make a difference and lift up fellow members of their community; and

**WHEREAS**, Martinsville, Virginia acknowledges the mission of the Extra Mile America Foundation to create 200 Extra Mile cities and states in America and is proud to support “Extra Mile Day” on November 1, 2011

**NOW THEREFORE**, I, Kim Adkins, Mayor/City Council of Martinsville, Virginia, do hereby proclaim November 1, 2011 to be Extra Mile Day. I urge each individual in our community to take time on this day to not only “go the extra mile” in his or her own life, but to also acknowledge all those around who are inspirational in their efforts and commitment to make their organizations, families, community, country, or world a better place.

Kim Adkins  
Mayor



## City Council Agenda Summary

**Meeting Date:** October 25, 2011

**Item No:** 2.

**Department:** City Council

**Issue:** Presentation of proclamation for National College's 125<sup>th</sup> Anniversary Year.

**Summary:** Michael Goehle, Community Resource Coordinator, of National College will be present to accept the proclamation.

**Attachments:** [Proclamation](#)

**Recommendations:** No action required



## PROCLAMATION National College 125<sup>th</sup> Anniversary Year

**WHEREAS**, National College was founded in 1886 in Roanoke, Virginia, and is one of the oldest career-oriented private colleges in the United States; and

**WHEREAS**, National College is dedicated to the training and educating of men and women for a full life and successful career in a number of general and particular fields; and

**WHEREAS**, National College has educated students from across the country and across the world in the greater Southern and Eastern regions of the United States; and

**WHEREAS**, National College, Martinsville Campus, is an integral part of the Martinsville community; and

**WHEREAS**, National College is a partner in education and a consistent supporter of Martinsville and Virginia's economic, educational and charitable programs; and

**WHEREAS**, National College educates some 12,000 students annually institution wide and about 350 students at the Martinsville Campus.

**Therefore**, I, Kim Adkins, Mayor of Martinsville, Virginia, do hereby proclaim 2011 as **National College's 125<sup>th</sup> year**, and encourage all citizens to recognize the institution as a vital member of the community.

Kim Adkins  
Mayor

**Meeting Date:** October 25, 2011

**Item No:** 4.

**Department:** City Manager

**Issue:** Recognition of city staff for receiving the Certificate of Achievement for Excellence in Financial Reporting for the City of Martinsville by the Government Finance Officers Association of the United States and Canada (GFOA) for its FY2010 Comprehensive Annual Financial Report.

**Summary:** The Certificate is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. This achievement was attained through the collective efforts of the Finance Department staff, the full cooperation of other city departments and our auditing firm, Robinson, Farmer & Cox.

The GFOA is a nonprofit professional association serving approximately 17,000 government finance professionals.

**Attachments:** None

**Recommendations:** Formal recognition of the Finance Department Staff and present the award to staff in attendance

**Meeting Date:** October 25, 2011

**Item No:** 5.

**Department:** Community Development

**Issue:** Conduct a public hearing to designate the former Sara Lee property and the Baldwin Block as urban development areas and to amend the Land Use Map, Comprehensive Plan and Zoning Ordinance to reflect urban development area guidelines.

**Summary:** As a way to address some of the negative effects of suburban sprawl and strip development, particularly on traffic and transportation, new legislation was adopted in 2007 as Virginia Section 15.2-2223.1 of the Code of Virginia, requiring certain high-growth localities to amend their comprehensive plans to incorporate one or more Urban Development Areas (UDAs). The City of Martinsville received a grant to 1) Amend the Comprehensive Plan to reflect the addition of Urban Development Areas and 2) Amend the Zoning Ordinance to add the UDA overlay district(s). The UDA(s) must be sized to meet projected residential and commercial growth in the locality for the ensuing period of at least 10 years, but not more than 20 years. In addition, federal, state and local transportation, utility, economic development, and other public funding should, to the extent possible, be directed to the UDA(s). UDAs should be established in areas that are appropriate for higher density development due to (a) their proximity to transportation facilities, (b) the availability of public water and sewer infrastructure, and (c) their proximity to existing developed areas.

The Cox Company was retained by VDOT to be the City's Consultant for the UDA study and work. Working with the City, stakeholders, and property owners, the Cox Company identified the Baldwin Block area and the Sara Lee Property as two Urban Development Areas in the City of Martinsville. This designation will encourage mixed-use development and denser residential that is allowed in this district. A duly advertised Public Hearing was held Tuesday, August 30, 2011 during the Planning Commission meeting. One person was present and she spoke about her concerns that whatever was built on the Baldwin Block would reflect the heritage of the community and to keep in mind the national marker already installed that comments on the history. After the hearing, the Planning Commission voted unanimously (5-0) to send the recommendation to City Council to designate the former Sara Lee property and the Baldwin Block as urban development areas and to amend the Land Use Map, Comprehensive Plan and Zoning Ordinance to reflect urban development area guidelines.

**Attachments:** [Planning Commission Letter](#)  
[Urban development areas proposed map](#)  
[Presentation by the Cox Company](#)

**Recommendations:** Conduct public hearing and a motion to designate the former Sara Lee property and the Baldwin Block as urban development areas and to amend the Land Use Map, Comprehensive Plan and Zoning Ordinance to reflect urban development area guidelines.



September 2, 2011

Mayor Kim Adkins  
Members of City Council  
City of Martinsville  
P. O. Box 1112  
Martinsville, VA 24114

RE: Urban Development Areas (UDAs)

Dear Mayor and City Council Members:

The Planning Commission, at its meeting on August 30, 2011, conducted a duly advertised Public Hearing on a request by the City of Martinsville, for a proposed amendment to designate the former Sara Lee property and the Baldwin Block as Urban Development Areas (UDAs) and to amend the Land Use Map, Comprehensive Plan and Zoning Ordinance to reflect urban development area guidelines.

At meetings discussing this idea, it was noted that this request could impact economic development. To take vacant, huge buildings or lots and prescribe a formula that would encourage a larger number of residential units per acre than is normally allowed, as well as sticking with Traditional Neighborhood Development by inviting retailers and other small business on the ground floors would be attractive to developers crunching the numbers to get the best value out of their investments.

At the public hearing, Frank Cox of The Cox Company discussed how UDAs were attractive to the marketplace, contained pedestrian friendly streets, interconnected streets and sidewalks, encouraged parks and civic spaces, became friendly neighborhoods, used mixed housing types, required reduced building setbacks (thus less of a "sea" of parking, reduced street widths to allow for large sidewalks and calmed traffic, used lower maintenance and infrastructure costs, enhanced land values and tax base. There was only one citizen present at the public hearing. That person's only concern was that any development that occurs in the Baldwin Block would continue to celebrate the history relating to the block and that developers be cognizant of the National Landmark sign that is in place.

Following evidence heard at the public hearing, the Planning Commission voted unanimously (5-0) to recommend the proposed amendment to City Council. The Planning Commission respectfully submits the recommendation for further consideration.

Yours Truly,

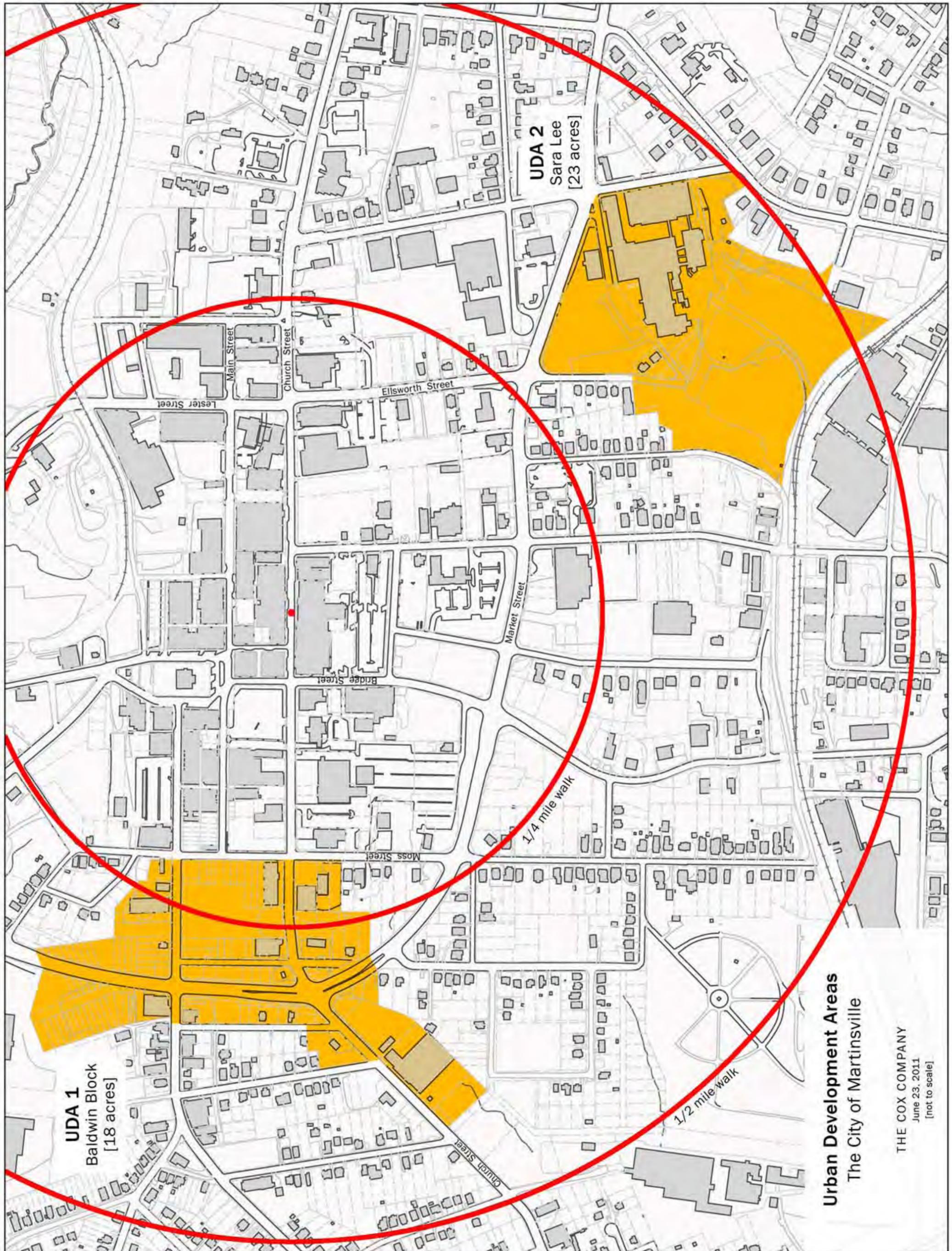
Barbara Cousin, Secretary



Wayne D. P. Knox  
Director of Community Development

WDPK

cc: Timothy D. Martin, Chairperson  
Barbara Cousin, Secretary



**UDA 1**  
Baldwin Block  
[18 acres]

**UDA 2**  
Sara Lee  
[23 acres]

**Urban Development Areas**  
The City of Martinsville

# URBAN DEVELOPMENT AREA STUDY

## *The City of Martinsville*



PLANNING COMMISSION WORK SESSION

August 30, 2011



THE COX COMPANY



## URBAN DEVELOPMENT AREAS LEGISLATION

- ◆ The Virginia General Assembly has adopted legislation that requires certain localities to adopt Urban Development Areas into their Comprehensive Plans.

*(Virginia Code 15.2-2223.1) - amended April 2010*





## URBAN DEVELOPMENT AREAS

UDAs are designated City areas that are appropriate for higher density development due to their:

- Proximity to transportation facilities
- Proximity to existing development
- Availability of public services
- Attractiveness to the marketplace
- Potential for economic success





## UDA Study Tasks & Status:



- Sett physical boundaries of UDAs ✓
- Conduct public engagement (survey) ✓
- Assess UDA land use, transportation, and other existing conditions ✓
- Conduct market and demographic analysis ✓
- **Adopt UDA plan and Land Use map**
- **Adopt a TND Overlay for By-Right Development**





What did the Community desire?

Citizen Survey

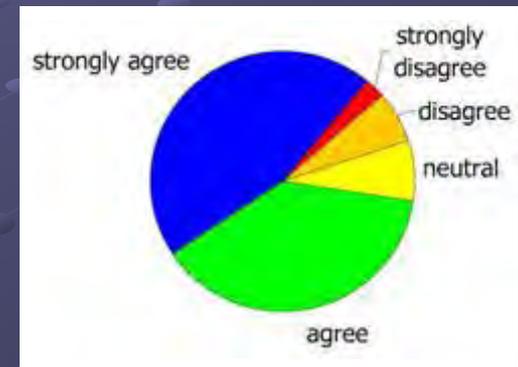


# Citizen Survey

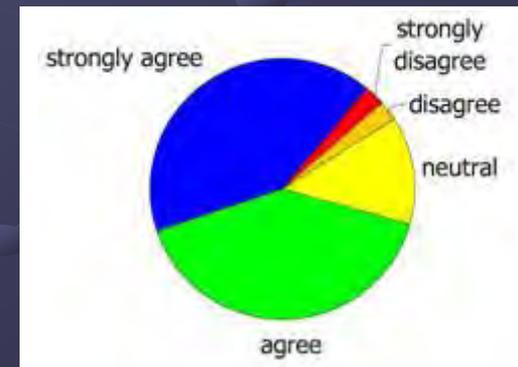


- Dec. 14, 2010 to Jan. 28, 2011
- 82 responses

1. Future growth should be concentrated near existing developed areas in order to avoid the expense of extending roads and utilities.



2. Traditional Neighborhood Development is a more preferred form of community development than separating residential and commercial uses into separate areas of the city.





# Citizen Survey



3. The Uptown area is the heart of Martinsville, and the area where new growth should be most encouraged and concentrated.



5. What are the three most important issues facing Uptown in the future? *(most frequent answers)*

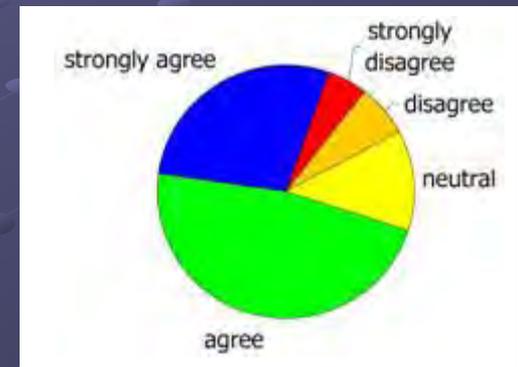
1. Employment (45)
2. Shopping (29)
3. Housing (25)



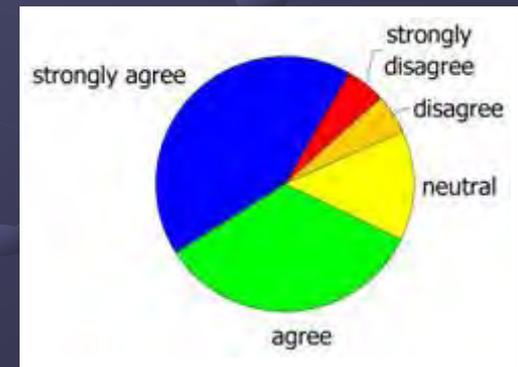
# Citizen Survey



6. New residences, and not just commercial buildings, are a priority in Uptown and should be encouraged.



9. It would be nice to have more shops, restaurants, or recreation options within walking distance of my home.





## The Last Hurdle :

Traditional Neighborhood Development Policies and Rules  
&  
How to Get There ...

=  $f$  (Planning + Zoning + Site Design)



# 1. Planning



- attractive to the marketplace
- pedestrian friendly streets
- interconnected streets and sidewalks
- parks and civic spaces
- friendly neighborhoods
- mixed housing types
- reduced building setbacks
- reduced street widths
- lower maintenance and infrastructure costs
- enhanced land values and tax base

Implementation requires a different  
planning and zoning approach

= **TND Overlay District for By-Right  
Development**





# Planning = UDA Comprehensive Plan Goals



1. Establish appropriate locations in the Martinsville Uptown UDAs for residential and commercial land uses with development densities that promote TND growth.
2. Establish a blended mix of residential and non-residential land uses that reflect TND planning objectives.
3. Create a variety of housing types, including affordable and workforce housing, to meet the range of anticipated family income distributions of future residential growth.
4. Encourage better spatial organization through the reduction of building setbacks, lot widths, and front and side yards, and the incorporation of smaller lot sizes.
5. Incorporate pedestrian-friendly road and street designs.
6. Reduce subdivision street widths and turning radii at streets intersections, and provide standards for enhanced street landscaping, pedestrian improvements, and pavement design.



# Planning = UDA Comprehensive Plan Goals



7. Establish connectivity between internal road and pedestrian networks within TND projects, providing a grid rather than cul-de-sac street pattern.
8. Promote the interconnection of new TND streets with existing streets and roads.
9. Ensure the preservation of natural areas and open space in conjunction with the TND master planning process.
10. Plan for the phasing of new TND development within the City's designated development and redevelopment areas consistent with anticipated population and employment growth.
11. Explore strategies and initiatives to concentrate financial and other incentives that encourage development within the UDAs rather than scattered throughout the City.
12. Evaluate the potential for the UDAs to serve as receiving areas for any future TDR program established by the City.
13. Prioritize funding for housing, economic development, public transportation, and infrastructure projects within the UDAs.

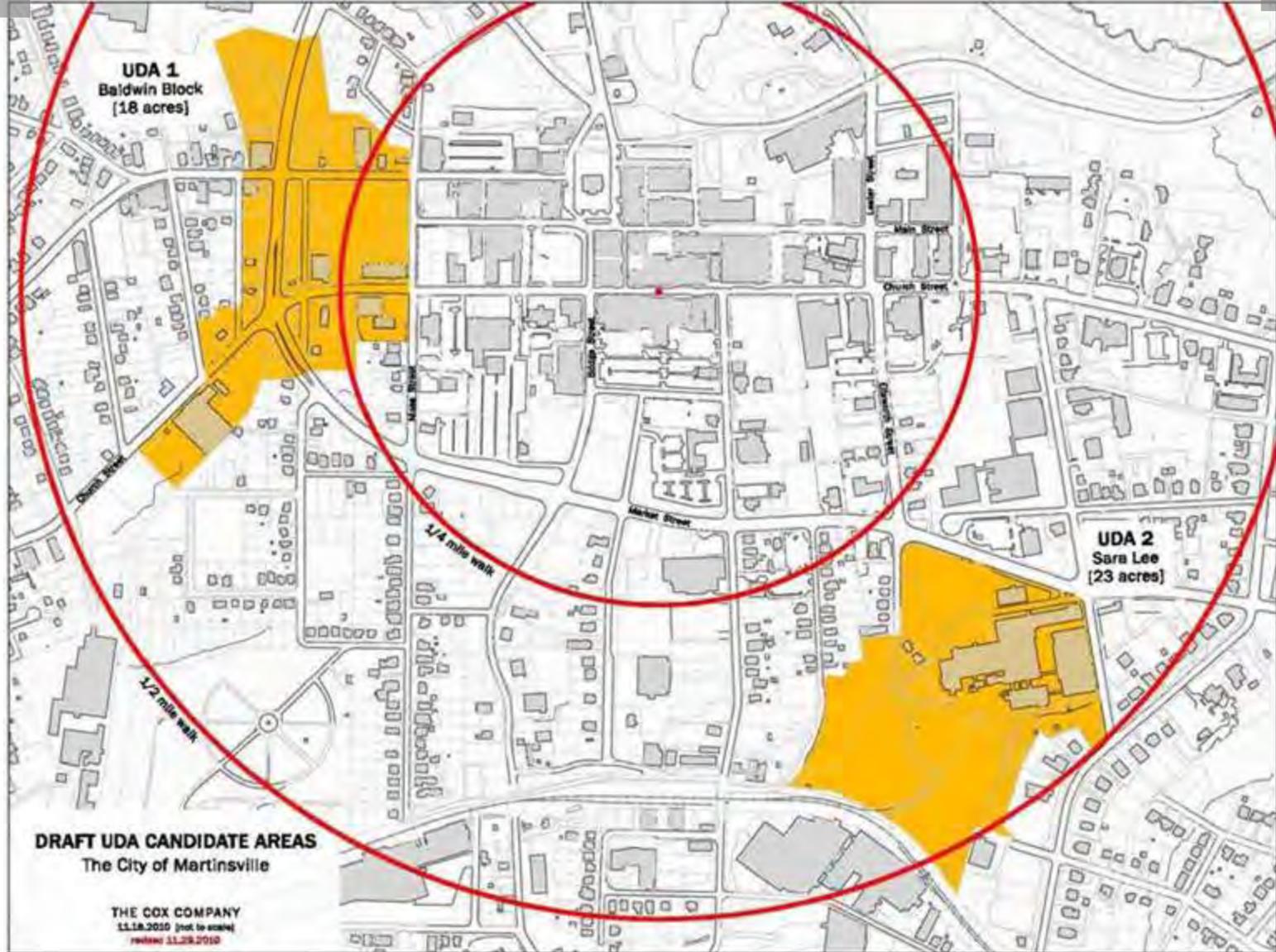


# Planning = Evaluate the City Locations





# Planning = Select the UDA Locations



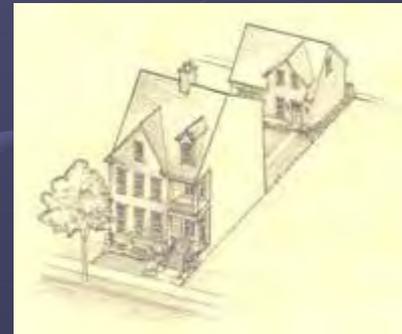


## 2. Zoning = Encourage Density and Mixed Use



The TND-O District establishes minimum and maximum Densities:

- Residential in the City Core Areas:
  - Single Family: 4-6 units per acre
  - Townhouses: 6-14 units per acre
  - Multifamily: 14-36 units per acre
- Commercial and Employment:
  - 0.4 - 4.0 FAR (floor area ratio)





Crozet, VA



**TND Residential – 4 units per acre**



Crozet, VA



**TND Town Homes – 8 units per acre**



Albemarle, VA



**TND Apartment / Condo – 16 units per acre**



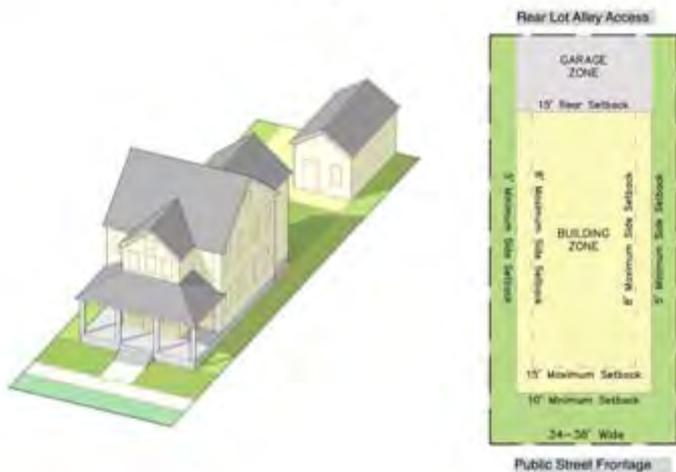
Crozet, VA



**TND Commercial – 0.4 FAR**

# 2. Zoning = Flexibility in Lot Types

*Cottage Lot:*



*Cottage Lot Dimensions:*

Lot Width:	24 - 36'
Lot Depth (min.):	60'
Front Yard Setback (min.):	10'
Front Yard Setback (max.):	15'
Side Yard Setbacks (min.):	5'
Side Yard Setbacks (max.):	8'
Rear Yard Setback:	15'

*Live-Work Lot:*



*Live-Work Lot Dimensions:*

Lot Width:	18 - 32'
Lot Depth (min.):	85'
Front Yard Setback (min.):	5'
Front Yard Setback (max.):	15'
Side Yard Setbacks (cul unit - min.):	5'
Side Yard Setbacks (cul unit - max.):	12'
Rear Yard Setback:	25'



## 2. Zoning = Effective Design for “Complete Streets”





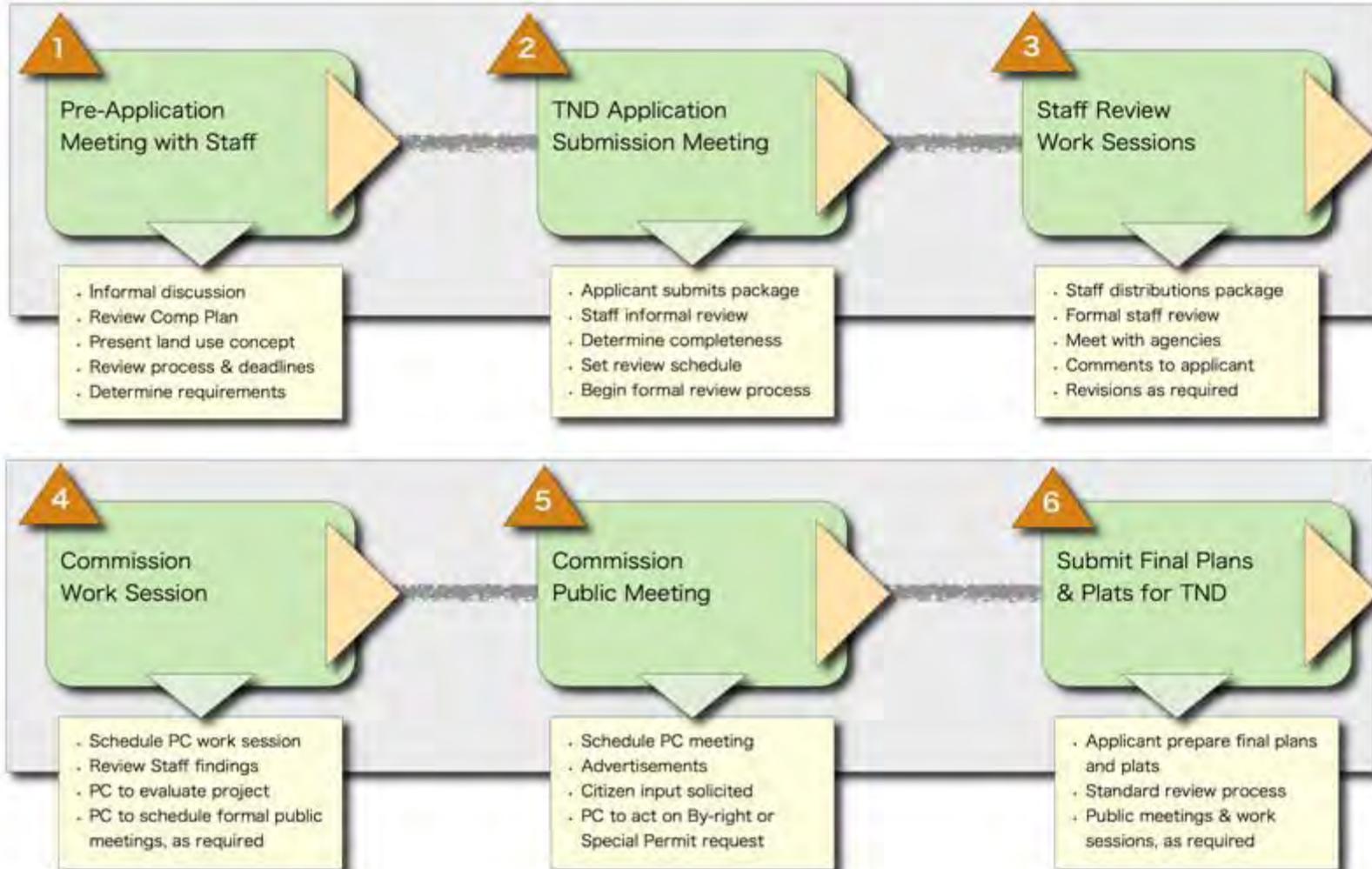
## 2. Zoning = Submission Requirements TND Application Ensures Feasibility

1. TND Master Plan
2. Lot Types, Building Types, and Mix of Uses
3. Street ROW Plan and Parking Plan
1. Schematic Plan for Water, Sewer, and Storm Drainage
2. Impacts on Adjoining Properties
3. Traffic Study
4. Development Conditions and Agreements





## TND Overlay District Application and Review Process





### 3. Site Design = Encourage TND Opportunities in City





### 3. Site Design = Coordinate Public Improvements





### 3. Site Design = Encourage Creative Revitalization





### 3. Site Design = Promote Mixed Use Activities





*Martinsville*

A CITY WITHOUT LIMITS

**Meeting Date:** October 25, 2011  
**Item No:** 6.  
**Department:** Community Development

**Issue:** Consider approval, on second reading, of amendments to the Zoning Ordinance to add a civil penalty for violating the ordinance.

**Summary:** At present, the City of Martinsville has a criminal penalty for violating the Zoning Ordinance but no civil penalty. The need for a civil penalty was brought up for discussion by the Planning Commission due to the numerous sign violations that are occurring in the City. After consultation with the City Attorney, the Commission learned that a civil penalty could be added to the current ordinance. The civil penalty enforcement will require fewer taxpayer dollars by requiring less administrative time (for documentation, photography of each site, and other field work); and postage/supplies. This proposed amendment would be to assess a civil penalty of not more than fifty dollars (\$50.00) for the initial summons and no more than two hundred dollars (\$200.00) for each additional summons.

The Planning Commission held a duly advertised public hearing on August 30, 2011. There was one person in attendance at the public hearing. That person did not voice opinion in favor or against the proposed amendment. Planning Commission voted unanimously (5—0) to send this amendment to City Council for their consideration.

The Planning Commission recommends amending the Zoning Ordinance to add a civil penalty for violating the ordinance.

**Attachments:** [Planning Commission Letter](#)  
[Proposed Amendment to the Zoning Ordinance](#)

**Recommendations:** Consider a motion to approve amendments to the Zoning Ordinance on second reading.



September 2, 2011

Mayor Kim Adkins  
Members of City Council  
City of Martinsville  
P. O. Box 1112  
Martinsville, VA 24114

RE: Amendment to the Zoning Ordinance (Civil Penalties)

Dear Mayor and City Council Members:

The Planning Commission, at its meeting on August 30, 2011, conducted a duly advertised Public Hearing on a request by the City of Martinsville, for a proposed amendment to the Martinsville Zoning Ordinance to add civil penalties for violating the ordinance.

At the public hearing, it was noted that this request would add a civil penalty provision to the current ordinance that would allow the Zoning Administrator or his designee to issue a civil summons (ticket) as provided by law for a violation of the Zoning Ordinance. The proposed amendment would assess a civil penalty of not more than fifty dollars (\$50.00) for the initial summons and no more than two hundred dollars (\$200.00) for each additional summons. There was only one citizen present at the public hearing. That person voiced no opinion on the matter.

Following evidence heard at the public hearing, the Planning Commission voted unanimously (5-0) to recommend the proposed amendment to City Council. The Planning Commission respectfully submits the recommendation for further consideration.

Yours Truly,

Barbara Cousin, Secretary

Wayne D.P. Knox  
Director of Community Development

WDPK

cc: Timothy D. Martin, Chairperson  
Barbara Cousin, Secretary

## PROPOSED AMENDMENTS – ZONING ORDINANCE

(~~Strikethrough~~ indicates deletion; ***italicized bold*** indicates addition)

### SECTION XXII: VIOLATION AND PENALTIES

#### A. General.

All employees, officials and departments of the city, which are vested with the duty or authority to issue permits or licenses, shall issue permits for uses, building or purposes only when they are in harmony with the provisions of this ordinance. Any such permit, if issued in conflict with the provisions of this ordinance, shall be null and void.

#### B. Penalties.

**1.** Any person, firm or corporation whether as principal, agent, employed or otherwise, violating, causing or permitting the violation of this ordinance, shall be guilty of a misdemeanor, punishable by a fine of not less than ten dollars (\$10.00) nor more than one thousand dollars (\$1,000.00). Failure to remove or abate a zoning violation within the specified time period set by the court upon conviction, shall constitute a separate misdemeanor offense punishable by a fine of not less than ten dollars ten dollars (\$10.00) nor more than one thousand dollars (\$1,000.00), and any such failure during any succeeding thirty-day period shall constitute a separate misdemeanor offense for each thirty-day period punishable by a fine of not less than ten dollars (\$10.00) nor more than one thousand dollars (\$1,000.00).

**2.** *Any person, firm or corporation whether as principal, agent, employed or otherwise, violating, causing or permitting the violation of this ordinance, shall be assessed a civil penalty in the amount of fifty dollars (\$50.00) for the initial summons and not more than two hundred dollars (\$200.00) for each additional summons. The assessment of a civil penalty shall not preclude the institution of a civil action by the zoning administrator pursuant to this ordinance, but no such violation shall, unless it results in injury to any person, be prosecuted as a criminal misdemeanor, provided however that when such civil penalties total five thousand dollars (\$5,000.00) or more, the violation may be prosecuted as a criminal misdemeanor.*

**3.** *The zoning administrator or his or her designee may issue a civil summons as provided by law for a violation. Any person summoned or issued a ticket for a violation may make an appearance in person or in writing by mail to the city treasurer prior to the date fixed for trial in court. Any person so appearing may enter a waiver of trial, admit liability, and pay the civil penalty established for the offense charged. Such persons shall be informed of their right to stand trial and that a signature to an*

*admission of liability will have the same force and effect as a judgment of court. If a person charged with a scheduled violation does not elect to enter a waiver of trial and admit liability, the violation shall be tried in the general district court in the same manner and with the same right of appeal as provided by law. In any trial for a violation, it shall be the burden of the zoning administrator or his or her designee to show the liability of the violator by a preponderance of the evidence. If the violation remains uncorrected at the time of the admission of liability or finding of liability, the court may order the violator to abate or remedy the violation in order to comply with the zoning ordinance. Except as otherwise provided by the court for good cause shown, any such violator shall abate or remedy the violation within a period of time as determined by the court, but not later than six months of the date of admission of liability or finding of liability. Each day during which the violation continues after the court-ordered abatement period has ended shall constitute a separate offense. An admission of liability or finding of liability shall not be a criminal conviction for any purpose.*

*4. Each day during which the violation is found to have existed shall constitute a separate offense. However, specified violations arising from the same operative set of facts shall not be charged more frequently than once in any ten-day period, and a series of specified violations arising from the same operative set of facts shall not result in civil penalties which exceed a total of five thousand dollars (\$5,000.00).*

**Date:** October 25, 2011

**Item No:** 7.

**Department:** Community Development

**Issue:** Consider approval of Program Design of Neighborhood Stabilization Program (NSP3).

**Summary:** The Neighborhood Stabilization Program – 3 (NSP), funded by the Congress in the Dodd–Frank Wall Street reform and Consumer Protection Act of 2010, utilizes the Community Development Block Grant framework to provide the general guidelines for NSP3. This is the third round of funding under that legislation, and the City of Martinsville is the only locality that is eligible for funding. This program is intended to assist localities in restoring residential properties that have been foreclosed on and are now vacant. The Housing Program for the City of Martinsville will operate under written program design. It will be managed by a team of local residents and staff, along with city council representation, local real estate related agencies, a rehab specialist and management consultant. Funding for this program will cover all costs of the program.

As part of the requirements for implementing an NSP3 program, the actual program design, must be approved by City Council.

**Attachments:**

[NSP3 Program Design for Martinsville](#)

[NSP3 Management Team Roster](#)

[NSP3 Management Timeline](#)

**Recommendations:** Motion to approve the Program Design and authorize the city manager to execute contract with DHCD.

| NEIGHBORHOOD STABILIZATION PROGRAM-3  
PROGRAM DESIGN

CITY OF MARTINSVILLE, VIRGINIA

APPROVED BY CITY COUNCIL \_\_\_\_\_, 2011

ASSISTANCE BY:  
COMMUNITY PLANNING PARTNERS, INC.  
COMMUNITY DEVELOPMENT CONSULTANTS

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## **PROGRAM OVERVIEW**

The Neighborhood Stabilization Program-3 (NSP), funded by the US Congress in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, utilizes the Community Development Block Grant framework to provide the general guidelines for NSP3. The specific guidelines relating to the Martinsville NSP3 are set forth in this document to provide guidance to the Management Team during the implementation of the program. The Housing Program for the Martinsville NSP will operate according to these written guidelines which have been established as local policies and procedures for the implementation of the project. Every applicant will be treated with fairness and consistency. The adopted program standards will apply equally to each program applicant.

## **PROGRAM PURPOSE AND OBJECTIVE**

The objective of the Martinsville City Council, City staff and the Martinsville Neighborhood Stabilization Program Management Team is to stabilize those neighborhoods hardest hit by the recent foreclosure crisis. The program will achieve this objective by acquiring foreclosed and abandoned properties in eligible areas, rehabilitating them, and selling them to eligible and qualified low-to-moderate-to-middle (LMMI) income households as their primary residence.

## **NEIGHBORHOOD STABILIZATION PROGRAM STAFF**

The successful implementation of the Martinsville Neighborhood Stabilization Program will require the expertise and actions of all program staff. Individual project tasks are assigned to one 'responsible party' with additional support provided by other program staff members. The Martinsville Neighborhood Stabilization Program will be implemented by the following persons:

### **City Manager**

*Mr. Clarence Monday*, will serve as the Certified Federal Official for the project as well as supervise all project activities. Mr. Monday will also keep the Martinsville City Council informed of project activities.

### **Project Manager**

*Mr. Wayne Knox*, Director of Community Development, will serve as the NSP Project Manager and will be responsible for the overall implementation, management, budget, and file maintenance for the project. Mr. Knox will complete pre-contract activities; arrange for the procurement of the rehab specialist, project realtor, management consultant and any other required assistance; lead management team meetings; attend NSP workshops; monitor project budget, DHCD contract, and drawdowns; ensure Equal Opportunity and Fair Housing compliance; serve on Acquisition Team; order appraisals; coordinate marketing and outreach; activate utilities in acquired properties; issue Notices to Proceed; and provide

overall coordination of all program members. All positions involved in the project will report directly to the Project Manager.

### **City Council Representative**

*Mr. Kimble Reynolds*, has been identified as the representative from City Council to serve on the NSP Management Team.

### **Management Consultant**

\_\_\_\_\_, will assist the Project Manager with the coordination of project activities and compliance with local, state and federal regulations that are necessary for the successful and timely implementation of the Martinsville NSP.

\_\_\_\_\_, is the assigned management consultant and will provide assistance to the Management Team as directed by the Project Manager. He will prepare materials for dissemination to the Management Team and general public that explain the Neighborhood Stabilization Program. He will also monitor DHCD contract compliance and ensure annual Fair Housing Compliance. \_\_\_\_\_ will attend regular management meetings, submit Statutory Checklists to DHR and submit monthly project reports to DHCD as required.

### **Housing Rehabilitation Specialist**

\_\_\_\_\_, will be responsible for the supervision, quality, cost control and DHCD/HUD Housing Quality Standards (HQS) requirements of the rehabilitation of NSP houses. Duties include HQS and lead paint property inspections, completion of blower door testing, lead-based paint notifications/approvals, cost estimated and work write-ups, weekly and final inspections to monitor rehabilitation work, lead paint clearance testing, asbestos testing, pay request approvals, and closeout of individual projects including certification that housing quality standards violations have been addressed. \_\_\_\_\_ will prepare master specifications and necessary support materials for bid packages; coordinate pre-bid and preconstruction conferences and walk-throughs; review and recommend contract awards; review change order requests; and coordinate with City code inspections. The Housing Rehabilitation Specialist is also expected to attend regular Project Management Team meetings.

### **Real Estate Consultant/City Realtor**

*Ms. Wanda Green* of Crown Associates Realty will provide realtor services to the City. These services include identification of foreclosed and eligible properties; issuance of a 'broker price offering' (BPO); negotiations with banks regarding acquisition of target properties; and general real estate consultation as needed by the management team.

### **Construction Inspector**

*Mr. Teddy Anderson, Jr.* is the Building Official for the City of Martinsville. He will assist the rehab specialist with inspection services during the rehabilitation of NSP-acquired homes.

### **Housing Counselors**

*Ms. Cecil Lowe* of the Martinsville Redevelopment and Housing Authority and *Ms. Earline Powell* of Southside Outreach are certified HUD housing counselors and have been providing area residents with housing services for many years. Ms. Lowe and Ms. Powell have assisted

the City on several CDBG projects and are familiar with program requirements. Ms. Lowe and Ms. Powell will assist the potential homebuyer with identifying mortgage financing and provide information on NSP houses (to be supplied by the City).

### **Budget Analyst**

*Ms. Linda Conover*, Budget Analyst, will monitor the project budget and coordinate all CDBG draw downs and be responsible for monitoring all project funds. Ms. Conover will also handle the return of program income to DHCD and track, as necessary, any leverage funds for the project.

### **Martinsville County Building Official**

*Mr. Teddy Anderson, Jr.* is the Building Official for Martinsville. The Building Department will be responsible for issuing all permits and certificates. The department, under Mr. Anderson's direction, will also oversee final inspections of all rehab construction done on NSP houses.

### **Appraisers**

*Mr. Tim Stone* and *Mr. Henry Wall*, Appraisers, will serve as Project Appraisers of targeted properties as directed by the Project Manager. They will issue BPOs and provide general guidance to the Management Team regarding the pre- and post-rehab value of targeted units as well as market conditions.

### **Mortgage Lender**

*Ms. Betty Wright* is a mortgage lender who will provide advice on how to maintain and inform a pool of lenders for NSP homebuyers. She has also volunteered to serve in the lenders pool.

### **DHCD Community Development Specialists**

*Mr. Doug Ellis* and *Ms. Cheri Miles* will serve as points of contact at DHCD and will provide technical assistance and overall project guidance. They will monitor project compliance with all applicable state and federal requirements.

## ELIGIBLE PROJECT AREAS AND PROPERTIES

The Martinsville NSP project areas are based on a number of factors: concentrations of vacant and abandoned/foreclosed properties, affordability of the homes to be re-sold to low-to-moderate-to-middle income (LMMI) households, and the extent of housing rehabilitation needs. The Department of Housing and Urban Development (HUD) has compiled these factors into a scoring system for every Census tract in the country. A Census tract with a HUD score of 18 or higher constitutes an eligible project area for NSP. The eligible Census tracts for the City of Martinsville are 9901, 9902, 9903, and 9904. An eligible property must be located within one of these eligible Census tracts as detailed in Appendix A: Project Area Maps (to be included).

Eligible properties are those structures located in one of the identified Census tracts that are foreclosed, vacant, and suitable for rehabilitation within the maximum allowable \$45,000 in NSP rehabilitation funds. HUD defines a property as ‘foreclosed’ if one of the conditions below is met:

- The property is at least 60 days delinquent under Mortgage Bankers of America delinquency calculation and the owner has been notified of the delinquency.
- The owner is 90 days or more delinquent on tax payments
- Under state, local or tribal law, foreclosure proceedings have been initiated or completed; or
- Foreclosure has been completed and the title has been transferred to an intermediary aggregator or servicer (not an investor) that is not an NSP grantee, contractor subrecipient, developer or end user.

HUD defines a property as ‘abandoned’ if any one of the following conditions is met:

- The mortgage, tax payments, or tribal leasehold is at least 90 days delinquent
- A code enforcement inspection has determined the home is not habitable and the property owner has taken no corrective actions within 90 days of deficiency notification
- The property is subject to court-ordered receivership or nuisance; abatement related to abandonment pursuant to state, local laws, tribal laws or otherwise meets Virginia’s definition of an abandoned home

Units requiring rehabilitation above the allowable \$45,000 are not immediately desirable for the NSP program. If a unit with rehabilitation costs exceeding \$45,000 becomes available and the end product will continue to be affordable to an LMMI household, the City reserves the right to seek approval from DHCD for the acquisition, rehabilitation and resale of this target property.

Housing affordability is a critical component of the success of the Martinsville NSP. Houses with high acquisition prices or rehabilitation costs will not be affordable for LMMI households and, therefore, will not be targeted by NSP. Mobile homes will not be considered eligible for NSP activities.

## ELIGIBILITY OF LMMI HOUSEHOLDS TO PURCHASE NSP HOMES

The eligibility of an applicant shall be determined on the basis of the household's income. Eligible applicants must be interested in purchasing and residing in a home located within one of the target project areas. The program will not benefit middle or moderate income persons to the exclusion of low income persons. It will not prioritize beneficiaries as to discriminate against large families or female-headed households.

Program staff will apply all procedures in a uniform manner. Information regarding race, color, religion, sex, national origin, age, familial status, or disability will be used only for demographic reporting to the funding agency and will have no bearing on eligibility or scoring for program participation.

### Income Eligibility

An applicant must meet the following Housing and Urban Development (HUD) Income Limits for this program which are set at 120% of the area median income (AMI). Documentation of all income sources must be submitted and verified at the time of application. The Martinsville RHA will be responsible for verifying the annual income for NSP participants and providing the required HUD housing counseling.

The adjusted gross family income for the previous twelve (12) months will be utilized as the applicant's 'annual income.' Additionally, 10% of liquid assets or actual interest earned is counted as income. Total adjusted gross income cannot exceed 120% of the area median income by family size as issued by HUD, as listed below. The maximum income limits are revised annually as income levels are released by HUD.

Total Number of Persons in Household	2011 Maximum Income Limit is 120% of the Area Median Income
1	\$43,600
2	\$49,800
3	\$56,050
4	\$62,300
5	\$67,250
6	\$72,250
7	\$77,250
8	\$82,200

Source: FY 2011 Low Income Limit (Martinsville City). Maximum income limits are revised annually by HUD.

**It is recommended that NSP applicants become pre-approved for a mortgage early in the process.** If that is not possible, the Housing Counselor will work with the applicant to get him/her lender-ready. The housing counselor will pull an applicant's credit report (if not

provided by the applicant or mortgage lender) to determine the debt-to-income ratio of prospective NSP participants. This calculation is an important step in determining 'affordability' for homebuyers. A goal of the NSP program is to keep all housing costs at or below 32% of the household's monthly gross income. Excessive liabilities such as deferred student loans, child support payments, alimony, personal loans, repayment loans with collection accounts, judgments and payday loans will be taken into consideration when determining affordability of housing.

***Income inclusions*** are: wages and salaries, overtime pay, commissions, fees, tips, and bonuses; paid alimony, child support and regular contributions or gifts received from persons not residing in the dwelling; interest and dividends; periodic payments from social security, SSI benefit, annuities, insurance policy payments, retirement funds, pensions, lotteries; unemployment, workers compensation and severance pay; welfare, food stamps, aid-to-dependent children, and other sources of public assistance.

***Income exclusions*** are: income from employment of children under the age of 18 years, foster care payments, medical reimbursements, income of live-in aid, student financial assistance paid directly to the student or educational institution, hostile fire pay, qualified training payments, temporary, nonrecurring or sporadic income, disabled PASS, temporary, non-recurring gifts, and housing assistance payments.

## **APPLICATION PROCESS**

All interested homebuyers are encouraged to submit an application for participation in the Martinsville NSP. Applications can be obtained by contacting the Project Manager or Housing Counselor. Each application will be reviewed by project staff and determined if the applicant is income eligible as set forth by HUD income limits of 120% AMI. All information provided in the application will be verified to substantiate program eligibility. Applications can be received by either the Project Manager or Housing Counselor. All information supplied in the application will be held in confidence. Applicants must sign a waiver allowing the Housing Counselor or designated agent to verify the information listed in the application.

Applicants will be notified by letter of the results of their eligibility determination. If an applicant is determined to be ineligible for NSP participation, the notification letter will state the reasons for ineligibility. Once approved to participate in NSP, the homebuyer must complete HUD-certified housing counseling (8 hour course including intake), if not already completed.

## **CONTRACTOR SOLICITATION**

The City of Martinsville has maintained a list of pre-qualified housing rehabilitation contractors that was developed during a previous Community Development Block Grant project. The City advertised for rehabilitation contractors in local newspapers and will continue to solicit and accept additional contractors for rehabilitation work. The City will verify that all contractors on the pre-approval list are current with appropriate insurance, licensing, certifications, and DPOR clearance.

## **CONTRACTING PROCEDURES**

General contractors on the pre-approval list will be solicited by the Housing Rehabilitation Specialist to submit bids on housing rehabilitation construction for the Martinsville NSP via direct correspondence. Public notices and outreach efforts have been made to solicit participation of local, female-owned and minority businesses. The NSP program will accept requests from contractors for pre-qualification throughout the course of the project.

## **CONTRACTOR'S QUALIFICATIONS**

Contractors will be required to complete a prequalification form requesting information regarding experience and certification to determine their qualifications and eligibility to perform rehabilitation work. Contractors must be Commonwealth of Virginia Class A, B or C registered. Minimum liability insurance requirements are at least \$100,000 property damage and \$300,000 personal injury. Contractors will also be required to demonstrate creditworthiness with no outstanding or pending judgements or claims. The program will not require contractors to be bonded if adequate credit is established. A list of approved contractors will be established and approved by the project Management Team. Additional pre-qualified contractors may be added to the list with Board approval during the course of the project. No contract will be awarded to a contractor until all qualification criteria have been met.

For rehabilitation construction on units built prior to 1978, contractors must have all the proper EPA certifications regarding lead safe work practices. For demolition, contractors must provide an asbestos report prior to any demolition work.

Failure to perform under the terms of the construction contract will be documented by the Housing Rehabilitation Specialist. The Management Team can vote to bar a contractor from future bidding based on staff recommendation and/or public complaint. A correspondence to the contractor from the Housing Rehabilitation Specialist and Project Manager will be sent by certified mail detailing the problems and the specific reasons for this action. The Complaint and Appeals Proceedure will be be given to all applicants, beneficiaries and contractors.

## **PRE-BID ACTIVITIES**

An informational meeting will be held by the Housing Rehabilitation Specialist for interested contractors, both prime and sub. All Federal, State and local guidelines and requirements will be discussed. HUD Housing Quality Standards, master specifications, bidding procedures, work process and payment schedules will be reviewed. The Rehab Specialist has the option of bidding several rehabilitation jobs together to ensure timely implementation of the program.

## **BIDDING**

All rehabilitation work will be procured through competitive bidding. Bid packages will be provided to all pre-qualified contractors which will include detailed bidding procedures for contractors to follow in preparing and submitting their bids, and rehabilitation specifications with cost estimates. No one prime contractor may have more than two (2) jobs under construction at any one time, although the Management Team may waive this limitation at its discretion based on the size of the company, the extent of the rehabilitation work, the contractor's work experience and ability to complete the jobs in a timely fashion. The Housing Rehabilitation Specialist will conduct a mandatory walk-through of the structure under consideration for bid.

In the event no acceptable bid is received for a particular unit, the City may request authority from DHCD to negotiate a noncompetitive contract with the lowest responsible bidder. The Housing Assistance Board will review and approve the bids prior to the award of the contracts.

## **CONSTRUCTION CONTRACT**

The City will enter into a construction contract with the contractor who meets all project requirements and provides the lowest bid. All local and state licenses and permits will be required for each job and will be the responsibility of the selected contractor. All rehabilitation work must be completed within thirty (30) days of the contract date. Longer timeframes may be possible if the Rehabilitation Specialist deems the extent of the rehabilitation will take longer. Extensions of this time period are subject to the Housing Rehabilitation Specialist's approval and shall be for causes beyond the contractor's control such as inclement weather or material availability.

Change orders are deletions or additions to the specifications made through an addendum to the rehabilitation contract. Change orders will be initiated only by the Rehabilitation Specialist for work that was not foreseen prior to construction (conditions obscured by walls, floors, etc.). Change orders will not be executed without signed authorization and agreement of the specified work and cost by the contractor and Rehabilitation Specialist. All change orders must receive final approval from DHCD prior to their execution.

During contract execution, the contractor will be required to submit a Disclosure Statement and will be provided a Monthly Register of Assigned Employees and a Monthly Register of Contractors, Subcontractors and Suppliers which must be completed and provided to the Housing Rehabilitation Specialist during each month he is working on the job.

## **PRECONSTRUCTION CONFERENCE**

After bids have been received and a contract has been awarded to the lowest responsible bidder, the Housing Rehabilitation Specialist will arrange a walk-through of the property with the contractor to ensure that all work to be done is understood between the parties. Every effort will be made to have the prospective buyer select basic paint and appliance

colors, where necessary. Disagreements about the work to be performed shall be resolved by the Rehabilitation Specialist. Reporting requirements will once again be outlined for the contractor.

## **INSPECTIONS**

The Rehabilitation Specialist will be responsible for weekly inspections. The City Construction Inspector may also provide inspection assistance. An inspection will be made at approximately 50 percent completion in order to authorize partial payment to the contractor for work completed and approved.

At the conclusion of the rehabilitation, the Rehabilitation Specialist will perform a final inspection to make sure that construction activities are completed to his satisfaction and in compliance with the construction contract. Any work items not completed to the Rehabilitation Specialist's satisfaction will be enumerated on a punch list and delivered to the contractor. Once the contractor has completed the items on the punch list, a final inspection shall be performed to ensure completion.

## **PROGRESS PAYMENTS**

Payment will be made when the work specified in the contract is 50% completed and approved by the Rehabilitation Specialist and City or at the end of the first thirty (30) days for work performed and approved by inspection with a minimum 25% completed. A final payment will be made at the completion of the job and final inspection approval. All work must be completed to the satisfaction of the Rehabilitation Specialist. A 5% retainage will be held from both payments (interim and final) until punch list items are satisfactorily completed and accepted.

Portions of work completed and progress payments will be based upon complete work items, not materials delivered to the project, start-up costs, or partial completions. Payments to contractors will be made within thirty (30) days of inspections for work performed.

Release of the final payment will not be made until the Housing Rehabilitation Specialist has received all of DHCD's required contractor paperwork, as stipulated below:

1. Electrical inspection report by a certified electrical inspector
2. Exterminator Inspection/Treatment Report
3. Chimney Inspection Report, if applicable
4. Initial and Final Blower Door Test Reports
5. Initial and Final HQS Inspection Reports, signed and dated
6. Progress Inspection Reports
7. Payment Approval Inspection Reports
8. Punch List Inspection Report

9. Lead Paint Clearance Test, if applicable
10. Building Permit
11. Building Code Inspection Report per CABO
12. Affidavit of Release of Liens
13. Affidavit of Payment of Debts and Claims
14. Register of Assigned Employees, Contractors, Subcontractors and Suppliers

Once a job is officially closed out and the one-year rehabilitation warranty period is in effect, the property owner should address complaints, in writing, directly to the responsible contractor.

### **LEAD-BASED PAINT**

All properties constructed prior to 1978 are assumed to have the presence of lead paint and are required to have a visual inspection, conducted in conjunction with the initial HQS inspection by the Housing Rehabilitation Specialist, to determine the presence of deteriorated paint surfaces, paint dust, chips or residue, or rehab activity which will disturb a paint surface and which exceeds the allowable 'de minimus' levels permitted by HUD regulations.

If a visual inspection reveals such conditions, the property must undertake "interim measures" or "standard treatments" (Lead Safe Work Practices) to protect occupants and workers during rehabilitation.

1. All contractors, subcontractors and crew, including volunteer workers, must have a representative attend the "Lead Safe Work Practices" training class conducted by a licensed trainer or provide documentation of valid certification. This class will be offered at least one time during the project. As of April 22, 2010, the contractor must be an EPA Lead-Safe Certified Firm to perform any rehab work on properties constructed before 1978.
2. Clearance testing must be performed at the conclusion of the work;
3. All houses must successfully pass the lead paint clearance test.

Any property known to have been constructed after 1978 will be assumed to be lead-free.

### **ACQUISITION PLAN**

The City of Martinsville will follow the general guidelines set forth below when identifying and acquiring properties under the NSP program:

- 1) Monitor target neighborhoods for eligible foreclosed properties through field visits, discussions with local realtors, review of public notices of foreclosure,

cooperation with mortgage holders, and any other means that identifies foreclosed properties that would be eligible and suitable for inclusion in the Martinsville NSP program.

- 2) Consult with City Realtor, obtain BPO, and negotiate with deed holder for acquisition price, preferably at 10%+ discount but at least 1% below the 'as-is' appraisal price.
- 3) Calculate acquisition price, housing rehabilitation cost estimate, and affordability of property based on income eligibility requirements.
- 4) Match targeted property with interested homebuyer.
- 5) Acquire property
- 6) Issue bid specs for work write-up to pre-qualified contractors.
- 7) Award housing rehab contract to lowest bidder.
- 8) Complete housing rehabilitation within 30 to 60 days from contract award
- 9) Order appraisal at completion of housing rehabilitation
- 10) Sell property to homebuyer.

## **PROPERTY REHABILITATION STANDARDS**

All units receiving rehabilitation improvements are restricted to the correction of deficiencies as determined by the DHCD/HUD Housing Quality Standards and in accordance with the DHCD requirements for termite control, chimney safety, debris and trash removal, electrical components function, safety and weatherization, etc.

All properties receiving assistance will be inspected by the Rehabilitation Specialist in adherence to the Property Rehabilitation Standards of this program. All properties rehabilitated will be brought into compliance with HQS. The housing standards will be comprehensive in covering all housing equipment and construction elements. Cosmetic improvements will be scrutinized and related to correcting substandard conditions or bringing the unit up to neighborhood standards for the purpose of resale.

## **FINANCIAL ASSISTANCE**

### **DHCD Acquisition Match**

The NSP program requires grantees to acquire foreclosed and abandoned properties at a minimum of 1% below the 'as-is' appraised value. DHCD will match 1-for-1 the dollar amount of the discount off the as-is appraised value up to 10% on all NSP-acquired properties. The DHCD match will be held as a forgivable lien on the property for a term determined by the total amount of all NSP funds held as a lien and according to HOME program guidelines.

### DHCD Subsidy of 3.5% of Sales Price

DHCD recognizes that FHA-backed loans require a 3.5% down payment. As such, DHCD will hold 3.5% of the sales price of all NSP properties in a 2<sup>nd</sup> Deed of Trust as a forgivable lien subject to HOME program guidelines. This 3.5% subsidy will serve as the down payment.

### DHCD AMI Subsidy

**120% - 81% Area Median Income** – For all eligible homebuyers in this AMI range, DHCD will hold 10% of the NSP sales price (acquisition + rehab costs) in a 2<sup>nd</sup> Deed of Trust. The term for the forgivable lien will be set according to HOME program guidelines and is based on the total amount of NSP funds left in the property.

**80% - 51% Area Median Income** - For all eligible homebuyers in this AMI range, DHCD will hold 20% of the NSP sales price (acquisition + rehab costs) in a 2<sup>nd</sup> Deed of Trust. The term for the forgivable lien will be set according to HOME program guidelines and is based on the total amount of NSP funds left in the property.

**50% Area Median Income and below** - For all eligible homebuyers in this AMI range, DHCD will hold 30% of the NSP sales price (acquisition + rehab costs) in a 2<sup>nd</sup> Deed of Trust. The term for the forgivable lien will be set according to HOME program guidelines and is based on the total amount of NSP funds left in the property.

### Down Payment Assistance

NSP funds will not be used for down payment assistance.

### Closing Cost Assistance

Additional financial assistance will be available to those qualified households that will participate in the Martinsville NSP program. Each qualified household may be eligible to receive up to \$8,000 in closing cost assistance from NSP funds. Closing cost assistance is forgiven to the homebuyer at the time of property transfer and is NOT held in the second deed of trust. Additional funds may also be utilized to supplement the NSP funds. The Housing Counselor will advise applicants of the availability of these funds and will recommend to the Management Team the most appropriate financing package for each homebuyer.

## **HOMEBUYER OUTREACH, EDUCATION, AND COUNSELING PLAN**

The City of Martinsville has partnered with the Martinsville Redevelopment and Housing Authority (MRHA) and Southside Outreach, a housing non-profit, to provide

VHDA/HUD-certified housing counseling to homebuyers interested in participating in NSP. All potential homebuyers must complete the HUD-certified housing counseling before they become eligible to acquire an NSP home.

The City will undertake additional efforts to inform the public and recruit new homebuyers to the program through the City website, public access station, newspaper articles, flyers, City staff paycheck inserts, and/or any other available means that support the efforts of NSP.

## **LOAN APPROVAL AND RESALE PROCESS**

All potential NSP homebuyers will be pre-qualified by a mortgage lender before being matched with a potential property. This requirement serves several purposes:

- 1) The buyer knows how much he/she can afford up front and does not waste time viewing houses out of price range.
- 2) The City knows which properties should be considered for acquisition.

Pre-qualification of potential homebuyers minimizes the chances of a property not going to closing due to financing issues.

As part of the housing counseling, the potential buyer will be paired with a mortgage lender who has qualified the buyer for the appropriate financing. The Housing Counselor will investigate all reasonable mortgage financing options including conventional lenders, Rural Development, and VHDA so that the homebuyer is matched with the most appropriate financial product. Sub-prime mortgage financing will be strongly discouraged.

## **SECURITY, RESALE REQUIREMENTS AND AFFORDABILITY**

All properties acquired and rehabilitated with funds from NSP will be secured with a lien granted to the City of Martinsville equal to the amount of grant funds invested in the unit and not recaptured at the resale of the unit. The lien will be forgiven proportionally over the lien term and, therefore, be forgiven in total at the end of the lien period. In circumstances where affordability can only be achieved through the reduction of the sales price, the City reserves the right to secure the difference between the invested grant funds and the recaptured amount in a lien against the property. The lien term will be determined by the amount of grant funds secured in the lien and according to HOME program guidelines:

Less than \$15,000 – 5 years

\$15,000 to \$40,000 – 10 years

More than \$40,000 – 15 years

When a NSP unit is sold before the end of the forgivable lien term, the new purchaser must meet the income requirements of the NSP program. The new purchaser must also be acquiring the property as the primary residence. The lien can be placed as a silent second, deferred or forgivable loan. If the property is sold, transferred, or otherwise conveyed, the

property owner must repay any unforgiven portion of the loan.

The City of Martinsville or its qualified agency or institution which services loans under the City's NSP Program will be under no liability for loss of funds due to lack of repayment or default by program beneficiaries. The responsibility of entities servicing housing rehabilitation loans is to collect, defer and forgive payments monthly. The servicing agents are to maintain records of loan balances, final payment due dates, and to make a good faith effort to collect delinquent loans. The servicing agent must adhere to all requirements under the law related to the collection of delinquent or bad debts.

In the case of death or institutionalization of the owner of a NSP unit, the heirs or responsible parties have several options. They include the following:

- 1) The balance of remaining indebtedness must be paid in full and the lien will be removed by the City.
- 2) A family member who qualifies as a low to moderate income (LMMI) household may assume the outstanding balance of the loan, enter into an agreement with the City and reside in the property as an owner.
- 3) The heirs or their authorized agent to rent the property to a qualified LMMI family. New loan documents must be executed to include the unpaid balance of the loan. The loan will be structured as an investor-owner loan and will include the unpaid balance to date and rental requirements.

## **CONFLICT OF INTEREST POLICY**

The NSP program is subject to DHCD's strict conflict of interest position. The program will not benefit any person, or his/her immediate family, who has or had decision-making power in the NSP program from the time the application was planned, developed and submitted to DHCD to the grant's execution and implementation without DHCD's prior written approval regardless of any prior approval of a Program Design. This includes any elected and appointed officials and employees of the City, in accordance with Virginia and federal conflict of interest requirements.

In order to obtain DHCD's consent, the City must contact DHCD before providing any benefit to an individual in any of the above listed categories, outlining the nature of the potential conflict. Relevant information would include whether or not the individual is a low-to-moderate person and whether or not he or she has waived his or her responsibilities with respect to the specific assisted activity in question throughout the grant process.

## **COMPLAINT AND APPEAL POLICY AND PROCEDURE**

The complaint and appeals procedure will be reviewed and adopted by the Management Team. A copy of the written procedure will be given to all approved applicants and contractors.

Oral complaints of any nature and by any party shall be documented and resolved by the Project Manager as informally and quickly as possible.



MARTINSVILLE NSP3  
**MANAGEMENT TEAM ROSTER**

NAME	ORG / DEPT TITLE	OFFICE PH	OFFICE FAX	EMAIL
Clarence Monday	City Manager	276 403-5185	276 403-5280	cmonday@ci.martinsville.va.us
Wayne Knox	Community Development Director	276 403-5169	276 403-5381	wknox@ci.martinsville.va.us
Cecil Lowe	Housing Counselor – MRHA	276 403-5193		clowe@ci.martinsville.va.us
Earline Powell	Housing Counselor – Southside Outreach	434 572-9556	434 572-6762	outreach01@earthlink.net
Linda Conover	Budget Analyst			lconover@ci.martinsville.va.us
Teddy Anderson, Jr.	Building Official	276 403-5276	276 403-5381	twanderson@ci.martinsville.va.us
Wanda Green	Realtor	276 666-6969	276 666-9464	Wanda@crownassociatesrealty.com
TBD	Rehab Specialist			
Betty Wright	Mortgage Advisor			
Kimble Reynolds, Jr.	Vice Mayor			kreynolds@ci.martinsville.va.us
Henry Wall	Appraiser			
Tim Stone	Appraiser			
Eric Monday	City Attorney	276 403-5198	276 403-5194	emonday@ci.martinsville.va.us
Doug Ellis	DHCD Rep.	804 371-7115	804 371-7093	douglas.ellis@dhcd.virginia.gov
Cheri Miles	DHCD Rep	804 371-7114	804 371-7093	Cheri.miles@dhcd.virginia.gov
TBD	Management Consultant			



**Date:** October 25, 2011  
**Item No:** 8.  
**Department:** Community Development

**Issue:** Consider adoption of Resolution supporting submission of Industrial Revitalization Fund (IRF) grant for the Henry Hotel renovation project.

**Summary:** An application for funding from the Industrial Revitalization Fund (IRF), which is administered by the Department of Housing and Community Development, was submitted to the State agency on October 13, 2011. It was understood by the representatives of DHCD that City Council would not be approving a resolution for this application until its meeting of October 25, 2011.

**Attachments:** [Resolution](#)  
[Application](#)  
[Attachments for application](#)

**Recommendations:** Motion to approve resolution affirming the official submittal of the application for funding.



## City of Martinsville

### **Resolution**

WHEREAS, the City of Martinsville is the owner of record of the historic “Henry Hotel Building,” located on 50 E Church Street in Uptown Martinsville, and;

WHEREAS, the building was purchased by the City of Martinsville to both preserve the historic structure and to make the building available for redevelopment, and to be a catalyst for new investment in the Uptown area, and;

WHEREAS, the purchase price for the “Henry Hotel Building” was a total of \$425,000, with a cash payment of \$95,000 and the balance in the form of a loan from The Harvest Foundation (for \$330,000), and;

WHEREAS, Phoenix Community Development Corporation (Phoenix CDC) was formed to facilitate redevelopment and new investment in distressed areas of the City of Martinsville and Henry County, and;

WHEREAS, The Harvest Foundation has committed a \$265,000 Grant to Phoenix CDC to assist in covering Predevelopment or Soft-Cost for the initial projects it undertakes, and;

WHEREAS, Phoenix CDC has already made considerable effort and expended significant funds to complete Environmental, Engineering, Architectural, Market Analysis and Financial Analysis into the feasibility of renovating the Henry Hotel, and;

WHEREAS, Phoenix CDC has committed a total of \$225,000 of that Predevelopment Grant toward the Soft-Cost of the Henry Hotel Building Renovation, and;

WHEREAS, The City of Martinsville desires to work with Phoenix CDC toward the renovation of the Henry Hotel Building and is willing to transfer the ownership of the building to Phoenix CDC, with Phoenix CDC assuming the outstanding debt on the property, and;

WHEREAS, the analysis by Phoenix CDC shows that it is feasible to renovate the building from a physical standpoint, it would not be economically feasible without the use of both various Tax Credit programs and other Grants to fill the financial gaps caused by the local economic conditions, and;

WHEREAS, considering the City’s previous purchase of the building and Phoenix CDC committing \$225,000 of its \$265,000 Harvest Pre-Development Grant toward the renovation of the Henry Hotel Building and together bring the current local funds committed to the renovation project totaling \$650,000, and;

WHEREAS, This amount meets the minimum required local matching funds for an “2012 Industrial Revitalization Fund (IRF) Grant” at the maximum grant amount of \$600,000, now then;

HEREBY BE IT RESOLVED, that the City Council of City of Martinsville, does hereby authorize the City Staff to prepare and submit on behalf of the City of Martinsville a “2012 Industrial Revitalization Fund (IRF) Grant Application” to the Virginia Department of Housing and Community Development (DHDC) on behalf of the renovation of the Henry Hotel Building which is owned by the City of Martinsville. Such grant request to total \$600,000, and;

BE IT ALSO RESOLVED, that if approved by DHCD, the IRF Grant Funds would be used to financially assist in the physical renovation of the Henry Hotel Building, the total renovation cost currently estimated at over \$4.5 million, with Phoenix Community Development Corporation (Phoenix CDC), a 501c3 Non-Profit organization, incorporated in the Commonwealth of Virginia, serving as the Project Developer.

This Resolution was read and approved by majority vote of the City Council of the City of Martinsville, at its Council Meeting, held on the **25th Day of October in the Year 2011**, and recognized by the Authorized Signature(s) below:

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Kim Adkins, Mayor, City of Martinsville

Attest:

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Clarence C. Monday, Clerk of Council

# INDUSTRIAL REVITALIZATION FUND (IRF) APPLICATION

## Section A. Applicant Information

Locality: City of Martinsville Date: 10/12/2011

Chief Administrator: Clarence C. Monday

Chief Elected Official: Kim Adkins, Mayor

Designated Contact Person: Wayne D.P. Knox Phone: 276-403-5169

Fax: 276-403-5381 E-mail Address: wknox@ci.martinsville.va.us

Title: Director of Community Development

Address: 55 West Church Street, PO Box 1112, Martinsville, VA 24114

**Total Amount of Industrial Revitalization Funding Requested: \$600,000**

**Total Matching Funds: \$3,928,568**

**Distress Score from Attachment A: 20**

## Section B. Local Assurances and Authorization

**As the representative of the local governing body of the City of Martinsville , I hereby certify that the information in this application is accurate and correct.**

Chief Government Administrator: Clarence C. Monday

Title: City Manager

Signature:  Date: 10/12/11

## Section C. Property Information

### 1. Property Description Sheet

Please complete one form for each structure for which IRF funds will be used. You may create additional forms by copying and pasting the template below on a blank page.

Property Description Sheet			
<b>Property Name:</b> (if applicable)	The Henry Hotel		
<b>Address:</b>	50 East Church Street, Martinsville, VA 24112		
<b>Current Zoning</b>	C-2	<b>Current Real Estate Assessment:</b> \$423,950	
<b>Original/Most Recent Use:</b>	Project-based low-income housing, restaurant, insurance agency	<b>Built:</b> 1921	<b>Vacant since:</b> 2010 – Housing, Insurance Agency and Restaurant are still there on Month-to-Month Leases
<b>Size:</b>	<b>Square footage of structure:</b> 23,584	<b>Number of floors:</b> 4 and a basement	<b>Acreage of property:</b> 7603 sf.
<b>Ownership:</b>	Martinsville Redevelopment & Housing Authority		
<b>Building materials:</b>	Brick exterior, plaster interior		
<b>Condition of:</b>			
Roof	Membrane roof that wraps up the side of the parapet wall and the top of the precast cap. Fair Condition. Likely will be replaced due to new roof penetrations.		
Exterior Walls	Clay Brick & Plaster with precast details – Fair for a building of its age		
Foundation	Conventional shallow concrete spread footings - brick structural foundation walls. Some brick/wood piers that need to be rebuilt. Mortar joints look good in most places.		
Interiors	Wood Frame with plaster on wood lath and/or gypsum drywall. Some scalding on exterior plaster walls. Interior walls in fair condition		
Electrical/HVAC Systems	Heat is by central gas (converted oil) steam furnace with poor piping and original radiators in rooms. No Central Air except in ground floor office space and diner which have inefficient heat pumps and outlawed refrigerants. Former window units have been removed. No ventilation air. Electrical is undersized with individual 40amp panels in each room. During Renovation most of the new electric was run in exterior/wall mounted metal or plastic racetrack conduit. All Electrical/HVAC will need to be replaced.		
Plumbing	Plumbing fixtures for the most part are old and apartment fixtures are a combination of original building fixtures and replacement fixtures that occurred with the apartment renovation or as maintenance warranted. Most of the piping is original to the building and is generally galvanized steel and cast iron, except where replaced during renovations or maintenance. Hot water for the building is generated using two gas-fired water heaters (one 50-gallon and one 87-gallon. All plumbing will need to be removed and replaced.		

Windows	All of the original wood windows ( <i>Mostly one over one double hung, except on the first floor where an additional single pane transom light was installed over the double hung</i> ) have been removed. A new storefront was installed along Church Street, and single pane bronze aluminum single hung windows were installed in all the rooms. Windows in the rear fire-rated stairwell were bricked in ( <i>Sills and Linals are still visible</i> ). Room windows will be replaced with clad, wood double hung windows to match original.
Outbuildings/ Site	There are no out buildings. The building sits on a 0' lot line. Sidewalks front two sides ( <i>North &amp; East</i> ). There is a single story mercantile building to the west and a public parking lot to the south.
Other descriptors	The Main Floor (1 <sup>st</sup> ) has a pressed tin ceiling that is still in place. Part of the first floor still has the mosaic ceramic flooring in place and the original central wooden staircase is still in place ( <i>although enclosed for fire rating during a previous renovation</i> ). The Church Street Store Front was altered in the 1950s or 1960s with a stone cladding and aluminum storefront. An aluminum framed canvas awning was added later. How the storefront will be treated will be discussed with the Department of Historic Resources ( <i>DHR</i> ).
<b>Intended Use of IRF:</b> (See Program Design)	Mechanical Systems will be stripped from the building and replaced with new energy efficient systems. The small existing apartment units will be expanded to provide larger units with restored architectural features and modern fixtures. All the apartments will be rented on a Market Rate (non-subsidized) Rent. The number of units will decrease from the current 33 to 21 on the upper three floors. The main entry will be returned to Church Street, creating two mercantile spaces with street visibility and the original restaurant space will also be rebuilt to focus on the historic features and elegance of the building. The original lobby/desk area of the building will remain as the lobby for the apartments. The current ramp on Broad Street will be removed and stairs will be rebuilt leading to the basement commercial area (originally used and still having tin ceilings). A new ADA standard elevator will be installed, along with a new fire suppression and alarm system. All units will have historic still windows reinstalled to replace the inexpensive aluminum replacement windows that were put in during previous renovations. Exterior repairs and roof repairs will be made as needed. <b>Renovations will follow Secretary of Interior's Standards for Historic Rehabilitation.</b> It is intended to put all four floors back into use, plus a significant portion of the basement.
<b>Intended End Use of Property:</b>	Mixed use – commercial 1 <sup>st</sup> floor and basement; residential apartments on floors 2 through 4.



## Section D. Property Identification

1. **Discuss the rationale for selection of the targeted property versus other vacant and deteriorated properties in the locality.** Limit to space provided. See full instructions on page 8 of this Application Packet.

The Henry is a story unto itself in the City of Martinsville. Built in 1921, it was touted as “one of the greatest assets in Martinsville and Henry County” in a newspaper story featuring the hotel in 1925. It was designed by the same architect who designed the Henry’s twin, the Beverley Hotel in Staunton, Virginia. The DHR nomination for the building states, “The Hotel Henry, while commercial in nature with its simple brick block form, features decorative brickwork patterns in the frieze and Greek-key designs in the tile floors on the interior and higher number of floors for the City (4 versus the normal 2) which gave it an elegant presence and made it a landmark in the community.” It is a contributing building in the Martinsville Historic District and Martinsville’s local historic district.

As the years passed, the building fell into disrepair and became a 33-room efficiency apartment building to house low-income residents as a project-based program. An insurance office (State Farm) and small restaurant that primarily was for the residents (The Henry Restaurant) were the other businesses in the hotel. Due to the historic structure’s previous use as low-income housing and minimal maintenance, the building has become deteriorated, causing a great deal of blight in the vicinity. Incidentally, the Henry is across the street from the largest parking area in Uptown, the Broad Street lot. When the company that owned the hotel declared bankruptcy, the future of the hotel was a big question in Martinsville-Henry County’s residents’ minds.

Rather than see the hotel be purchased to become another project-based, low-income housing establishment, City leaders and City Council rallied and decided to purchase the hotel during the public auction on August 21, 2009. Other buyers were there, many specifically to purchase and keep the housing program, but the City won the auction. Public officials, stakeholders, residents, and businesspeople were extremely happy. The plan was for the City of Martinsville to purchase the Henry Hotel and then sell it to the Phoenix Community Development Corporation (PCDC) once an executive director was hired later that year to make it a priority redevelopment project. The Harvest Foundation was a partner in this transaction by offering a loan of \$450,000. The City paid \$95,000. The Harvest Foundation is currently the primary funder of the PCDC.

The revitalization and reuse of the Henry is a local priority. In the Uptown Martinsville Revitalization Plan (LPDA, P. 22, February 2010), which is a strategic regional plan for the revitalization of Uptown Martinsville, “the building’s prominent location and adjacency to area businesses, parking and the furniture district create opportunities for a variety of uses and tenants. This includes retail and residential patrons on the first floor, office space on the first and second floors, and market-rate housing on the remaining floors.” The vision for Martinsville, which was gathered from stakeholders across the region, lists six priorities. Two are “to create new housing opportunities that will generate housing demand within Uptown” and “to become an entrepreneur-friendly community.” Currently, the Henry has been in a holding pattern. All of the residents were slowly and sensitively relocated to better housing units, but the project is unable to move forward due to securing vital funding. CDC President, Ray Gibbs, is waiting for the designation of the 2012 NMTC. Plans are also to undertake the renovation as a Historic Tax Credit Project. Due to the weak local economic conditions, funding gaps remain. The Industrial Revitalization Funds would provide a great portion of funds needed to start the rehab work.

2. **Discuss the impact of the property in its current condition on investment and job creation in the blocks/area surrounding it.** You may add one additional page, if needed. See full instructions on page 8 of this Application Packet.

Currently, the upper floors of the building are vacant, but the City still has a problem with squatters breaking into the building, which together is imposing blight to the surrounding area. Windows are opened and are left that way, causing an ongoing problem with pigeons and other vermin. Even when the apartments were full, the tenants were very low-income, most in need of supportive care, so their spending patterns in the uptown neighborhood were basically nonexistent. Therefore, housing that should be able to infuse significant spending in the surrounding (walkable) businesses could not meet its economic potential as a business catalyst.

The restaurant was built as a classical hotel restaurant catering to the business traveler and local business leaders. As the years passed, it became one which had served primarily the former residents. Over the years, the restaurant's business has fallen dramatically. Another reason for business downturn is due to the restaurant's deteriorated condition and the vagrancy of the upper floors; it has had continual trouble passing health department inspections. The restaurant's current condition, dated equipment, and layout vastly hurt its potential to expand its offerings or to entice new customers.

The insurance agency, with a well-known logo, has a strong foothold, but operating hours are usually Monday through Friday from 8 AM to 5 PM, with one evening open until 7 PM. The agency generates little or infrequent pedestrian traffic and no visitor traffic. As office space, the windows are generally shuttered, which does not contribute to the pedestrian/customer experience. While it is a successful business, its present location on the ground floor of a major corner building is not the highest and best use of the space. There is other sufficient office space within Uptown Martinsville in which this use could work well. In so doing, the opening of this space on East Church Street as potential retail space would provide for increased consumer traffic.

The Henry Hotel has impacted and is still influencing surrounding properties. The Chief Tassel building, which is across the street on Church Street, was purchased around five years ago by partners with interest in a construction company. The building contains office space on lower floors and small efficiency apartments (which have not been changed since they were built in the early 1920s, complete with working wall-mounted, drop-down kitchen tables with benches and beds). The new owners want to rehabilitate their building with Historic Tax Credits, but have stated that the Henry's condition and the unknown final result is deciding to make them wait and see what's going to happen (why go through so much work and expense with the neighbors living across the street?). They already renovated a building next to New College Institute's classroom building on Franklin Street, and have done an amazing job. Once the Henry's final plan is announced and work is actually being stated, they indicated that they will move forward and hope to build office space with mixed housing on the upper stories, perhaps for students. Should this be done, the assessment of the Chief Tassel will go up substantially. With both the Henry and the Chief Tassel renovated and occupied, the stores around them will enjoy increased business and retail will move into the other vacant buildings.

The current Henry Hotel building sits as a visual reminder of a reinvestment gone wrong (conversion from a nice hotel with eatery into project-based, very low-income housing) along with non-impactful mix of commercial businesses. For many years, the perception of the building discouraged new investment, instead of spurring interest in other renovation/restoration projects. Now that it sits 80-85% vacant, that negative image has even grown stronger. The longer the Henry sits in its current condition, the less faith the community will have in Phoenix CDC, its local government and its Uptown to bring about change and revitalization.

## Section E. Project Discussion

**1. List public or private investment or initiatives that have taken or will take place in the vicinity of the project that will support the project's success, during the following**

**timeframes.** Limit comments to the space provided, and clearly label with *a, b, c.*

- a. Within the past two years (please indicate if this will be used as match)
- b. Currently underway
- c. Within next two years

- a. Within the past two years, in September 2009, a large investment was made by the Martinsville-Henry County Economic Development Corporation to build the Big Chair Heritage Park, which is across the street from the Henry Hotel in the Broad Street parking lot. The Chair was a tribute to the area's furniture heritage, and it was voted one of Virginia Main Street's Standout Claims in 2010. The Harvest Foundation also invested \$320,000 in the Phoenix CDC, whose role is to develop property strategically throughout the Uptown area to start with, and then expand to Henry County. New College Institute has received a \$50 Million "Challenge Grant" from The Harvest Foundation to demonstrate local support in its goal to become an accredited university, possibly affiliated with a Virginia university or college.
- b. Currently underway are some huge projects. One is a Community Development Block Grant in the Courthouse Square/Fayette Street area. This will involve low-cost loans for improvements in the project area, façade upgrades, pocket parks, and in partnership with DHCD and the Virginia Garden Club, a remodeled front lawn of the Historic Henry County Courthouse. Also underway is Phase I – Uptown Revitalization, made possible by a Harvest Foundation grant. This grant will work on an enhanced urban trailhead on Depot Street, which is across from the North Lawn of the Courthouse; planning for the North Lawn of the Courthouse; and planning/installation of Phase I of a wayfinding system and a gateway system. This work is all within an approximate 5-minute walk from the Henry. The organization, Activate Martinsville-Henry County is currently redeveloping a gateway entrance coming into the Uptown area from the East. It is located at the intersection of East Church and Oakdale Streets. This \$95,000 effort, funded by the Harvest Foundation, will have a water feature that will create a dramatic entryway in to the City. It will be completed in December 2011.
- c. Within the next two years, construction will be nearly completed with the CDBG work. A private investor hopes to develop a former factory building into an enormous mixed-use project. The City plans to apply for a Phase II grant for Uptown revitalization and plans to include more gateway entrances and wayfinding signs, as well as other City aspects of the strategic plans pertaining to the Uptown Martinsville Revitalization Plan. Further, New College Institute will begin a study of its building needs after being approved for funding of \$200,000 by the Virginia Tobacco Indemnification and Revitalization Commission.

2. **Discuss the locality's and region's overall economic development strategies or plans.** You may add one (1) additional page, if needed. See full instructions on page 8 of this Application Packet.

Due to the loss of most of the manufacturing base within Martinsville, Henry County and the entire Southside Region, all of the area's governments and economic agencies have had to take a very hard look at how to reinvent ourselves and reinvigorate our economy. Therefore, there has been a variety of Economic Development, Placemaking, Community Visioning, Educational, Tourism and other various studies conducted in the past several years. The common denominator in all of these studies is that Martinsville-Henry County needs to diversify itself, and never again become dependent on any one or two industry groups.

In a 2008 study, funded by The Harvest Foundation, *Project for Public Spaces* (PPS) completed "An Action Plan for Placemaking and Destination Development in Martinsville & Henry County." Within this study, PPS emphasized the need to focus both on the natural features and the development of good public spaces and amenities, along with a strong diversified uptown; "We see three specific opportunities for Uptown based on the site visit... (a) Creating a Dynamic Uptown Square, (b) Enlivening Uptown Streets and Sidewalks, and (c) Enhancing the Martinsville Farmers' Market." PPS goes on to say, "This effort would enhance other planning efforts currently underway in Uptown, including: (1) The Harvest Foundation's potential investment; (2) The re-use of the historic courthouse; and (3) Plans to promote a variety of retail and residential activities in Uptown."

In early 2009, The Harvest Foundation funded a grant to Virginia LISC to form a "Community Visioning and Economic Restructuring Strategies Plan" for the revitalization of Uptown Martinsville. The process began with a series of 50 interviews with a diverse community, government and organizational stakeholders, followed by eight sector-specific meetings (business, arts, active living, etc.), two community meetings, three management team meetings (which encompassed 36 community leaders), engagement with six funders and 15 organizational partners, and over 80 citizen participants on what was called "Vision Day" that was held on July 25, 2009. The economic restructuring strategies were built from the Vision with the input from these diverse groups of individuals and organizations.

Vision Day yielded a consensus Uptown Martinsville Vision: *"Our vision is for a revitalized Uptown Martinsville that is a catalyst for an economically reinvigorated Martinsville-Henry County region, attracting people to live, work, play and learn."*

This Vision also brought consensus for the following Economic Restructuring Strategies for 2015:

- Becoming an **entrepreneur-friendly community** – with incentives, capital, technical assistance and a skilled workforce.
- Promoting **higher education and artisanship** to generate new income earning potential.
- Promoting an arts driven "**creative economy**" and provide **public and private gathering places** that celebrate the arts and facilitate cultural and social experiences.
- Building on our **unique cultural and heritage assets**, to make tourism a significant economic development activity for the region.
- Creating a **diverse neighborhood of choice** where housing demand generates a range of new housing opportunities.
- Enhancing **pedestrian-friendly neighborhood amenities** that invite healthy living and green space and attract visitors who want to enjoy recreational experiences in the Uptown setting.

Followed by the Tag Line: **Live \* Learn \* Work \* Shop \* Play**



The proposed renovation of the Henry Hotel Building clearly addresses the Vision Statement, along with several of the strategies, both directly and indirectly. As a mixed-use renovation, the Henry Building would provide 21 new, market rate apartments, therefore providing the much needed housing opportunity for those wishing to live in Uptown. Uptown residents become “eyes-on-the-street” to help increase security and add routine pedestrians to the Uptown neighborhood. Economically, according to Donovan Rypkema, principal of Place Economics, Uptown residents will spend on average 5 to 7 times the amount of dollars within the area, as those who simply work there. Based on an average occupancy of about 1.4 residents per Uptown unit, these 21 new housing units will provide an Uptown spending potential of approximately 200 Uptown workers (almost 50% of the current workforce). This additional spending will help in the recruitment of tenants for the commercial spaces (Restaurant & two retail spaces) on the Henry’s first floor, as well as the pub envisioned for the basement.

These commercial uses, which are likely to be entrepreneur-based (also one of the Vision Strategies), will greatly enhance the pedestrian-friendly neighborhood amenities by providing new shopping, dining and socializing opportunities. The retail spaces could easily house an “art based” business, and the restaurant and pub are at the center of the public/private gathering places that entice the “creative class.” All of these are in direct response to the Vision Strategies adopted in 2009.

The final two Strategies will also be strengthened by the Henry Hotel Building renovation. As one of the most significant and historic buildings within Uptown Martinsville, this project, which will follow the Secretary of the Interiors Standards for Historic Rehabilitation, will become a prime example of the community’s emphasis on “unique cultural and heritage assets.” It will also benefit the tourism economy by providing a new Class “A” Restaurant in the Uptown area, as well as a unique local pub experience.

The final strategy developed for the Vision Plan was “the promoting of higher education,” primarily through the expansion and growth of New College Institute, which is located in Uptown. While the current plans are not to develop the Henry Hotel Building for Student Housing, there will be no limitations that students or faculty could not live in one of the 21 apartments, which is only a few hundred feet away from the front door of the New College Institute. The shops, restaurant, and the local pub will also be swift amenities that NCI can use in its recruitment efforts.

Finally, within the Uptown Martinsville Revitalization Plan, completed by Land Planning & Design Associates (LPDA) in 2010, some of the Key Objectives highlighted are: The development of mix-use buildings, strengthen the historic integrity of the Uptown architecture, encourage additional residential development, add more retail uses in the Uptown area, create opportunities for ground floor restaurants and cafes, and create attractive storefront displays to attract visitors. The proposed Henry Hotel project addresses every one of those objectives. On page 22 of the LPDA’s Uptown Revitalization Plan, the Henry Hotel is directly addressed, stating, “This four-story former hotel serves as a visible piece of gateway architecture.”

While the proposed renovation of the Henry Hotel Building is just one of many potential and needed projects, it is one that follows all of the local goals and desires of the community, as stated, agreed to, and put in writing in the Uptown Martinsville Vision 2015 Plan, as well as the LPDA’s Uptown Martinsville Revitalization Plan.

3. **Discuss the proposed project in detail.** Use the following space and up to five (5) additional pages to present the investment potential, studies of, and plans for the subject property. If the proposal represents just one phase or aspect of a larger project, the entire project should be discussed here. See full instructions on page 8 of this Application Packet.

The "Henry Hotel" was built in 1921 as an upscale Hotel/Restaurant for visitors and traveling businessmen. The Hotel occupies a prime corner (East Church Street and Broad Street) in the Martinsville Historic District in Uptown Martinsville. As discussed earlier, the building was previously renovated for a project based, very low-income housing. The renovation was completed on a minimal scale, with low quality products. Many of the tenants needed to be in "supportive housing." A small restaurant/lunch counter remained on the first floor, with some of the meals intended for the tenants. The former retail space was expanded to include most of the former Hotel Lobby, and is now occupied by an Insurance Agency. Over the years, maintenance seemed to be minimal, with little replacement of carpets or fixtures.

The ownership of this project failed and the building was auctioned in a bankruptcy sale. During this sale, the City of Martinsville was the successful bidder, using both City funds and a loan from The Harvest Foundation. The reason for purchase was threefold: the City realized that a building of this scale, with both a physical and historical prominence, could not be allowed to fall into further decay; the revitalization of the Henry would serve both as a financial and psychological catalyst for other Uptown Revitalization projects; and, at the same time, the Harvest Foundation was in the process of forming a local "Community Development Corporation," (CDC) which could provide for the full-time focused effort to manage the due diligence and redevelopment of the Henry.

With its incorporation in January 2010, Phoenix Community Development Corporation (CDC) began extensive due diligence to provide quality analysis of the Henry, and to study the architectural design options and market options for renovation. In the past 18 months, Phoenix CDC has commissioned and completed : (a) Phase 1 Environmental Analysis, (b) Existing Architectural and Mechanical Systems Analysis, (c) Structural Analysis, (d) Conceptual Architectural Analysis (for several mixed-use options including a Boutique Hotel and Market Rate Rental Apartments), (e) Local Market Analysis for both the Boutique Hotel option and for the Market Rate Rental Apartments, (f) Project Financial Analysis (Full Proforma Analysis including Development Cost, Income Analysis, Expenses Analysis and Cash Flow Analysis), based upon both the Conceptual Architectural Analysis and the Market Analysis.

The Phase 1 Analysis, while it reported several areas of some concern typical for a building of this period, there was nothing that signaled a major financial concern. The Engineering Analysis, performed by Spectrum Design of Roanoke, showed that while the existing mechanical systems were functional, they were all out-dated and would need to be removed with new systems installed to meet current building and fire codes. The most significant aspect of this study was their structural analysis and calculations which showed that the current structure, with only some minor repairs, would meet the load support requirements for any of the proposed uses. The Architectural Analysis provided several options on the number of units the building could support for either the Boutique Hotel Option or the Rental Apartment Option. This study, also performed by Spectrum Design, showed that the main floor could still support a full service restaurant and commercial space along Church Street. These plans also added the potential use of a portion of the basement for both building support and new commercial (income-producing) space.

After the completion of the Architectural Analysis, Phoenix CDC commissioned "**The Danter Group**," a national leader in Real Estate Development Market Analysis, to study the local market for both a potential Boutique Hotel, as well as for Market Rate Rental Apartments, specifically for the Henry Hotel.



That study was completed at the end of August 2011. After their very detailed research and analysis, the opinion of **The Danter Group** was: *“Based on our analysis of the existing lodging facilities in the Martinsville area, the Identification and Analysis of Demand, and supporting factors such as population backup and households, it is our opinion that there is only a limited market for a new lodging facility at the site. Given the current market conditions, as well as the current lack of demand for a downtown hotel, we do not recommend the development of a hotel at the site at this time.”* This finding was further backed up by running a Financial Analysis and Proforma.

The Market Analysis for rental apartments was more encouraging, with Danter stating: *“It is our opinion that a market exists for a rental housing development at the subject site, assuming the project is developed as detailed in this report. We anticipate that the subject Henry Hotel will have units available in spring 2013.”* Their recommended rent for these units was \$0.73/SF (per month) for Two-Bedroom Units and \$0.81/SF (per month) for One-Bedroom Units. Rents would also fluctuate up and down based on Unit location in the building (Lower Floors or Upper Floors) and views (Roof Tops to the west or open views on the other sides), along with quality of finishes and any amenities. Within the Proforma the average rents are \$516/month.

Phoenix CDC then performed its Financial Analysis and Proforma based upon this data and the Architectural option providing more 1-Bedroom Units (Higher SF Rent) or the 21-Unit Option. (Floor Plans follow.) The conclusion of Phoenix CDC was that the current Market Conditions (Rental Rates) could not support the investment needed to renovate the building. This was not surprising to Phoenix, as a CDC is not usually involved in a project that would be financially successful in a traditional financing sense (if it worked, the private development community would undertake the project). Therefore, Phoenix CDC began to look at multiple means to fill the Financial Gaps in this project. The Financial Gaps on the project are wide, due to the current general real estate market, but specifically due to the abnormally low rents (due to the local economic conditions) within the Martinsville area. Further pressuring the project is the fact that, unfortunately, cost of construction has not declined at the same rate as the overall general market; some materials are even more expensive.

The Proforma Analysis shows that for this important Uptown redevelopment project to work financially, Phoenix CDC will need to go into the project with a very high cash position and with very little debt service. The current Proforma shows the project can afford only about \$500,000 in Debt Service, most at below market rates and terms. Therefore, Phoenix CDC would provide a \$163,000 short-term, low-interest loan for the project. *(These funds and the equity would come from their Developer's Fee on the Renovation.)* A second loan would be sought from The Harvest Foundation in the amount of \$250,000 *(Assumption of the City's loan for the building, minus the amount forgiven)*. This leaves outside, secure debt requirements of less than \$85,000. Within the current Proforma *(part of which is shown below)*, Phoenix CDC would be the project developer. The renovation would be completed so as to qualify for both Virginia and Federal Historic Tax Credits with the equity for the “Sale” of those credits going into the project. Phoenix CDC is also planning to utilize 2012 New Market Tax Credits, awaiting confirmation of eligibility from the US Census Bureau. These funds would also be used to provide equity to the project. Additional equity would come from the City of Martinsville through re-circulating its current equity in the building, giving its funds back to Phoenix CDC following the sale of the Building related entity, LLC, created for the project. Additional funding from The Harvest Foundation is also anticipated, including a \$225,000 grant for soft cost *(which is already secured)* plus an additional \$100,000 grant. Phoenix CDC would provide approximately \$652,000 in developer equity for ownership of the project. Even with all these funding sources, the financial feasibility of the Henry renovation project depends on securing at least an additional \$750,000 in grants. The requested \$600,000 from 2012 Industrial Revitalization Fund, would cover the vast majority of the additional funds required to complete this Uptown Renovation. Phoenix CDC will be seeking the remaining \$150,000 in Grant Commitments, pending the designation of the 2010 NMTC.



Under the Proposed Development Plan, Phoenix CDC would be the General Partner and Developer of the Henry Hotel, which would be set up in a Limited Liability Corporation (LLC) for risk and tax credit syndication purposes. Phoenix would enter into a purchase contract with the City of Martinsville, with a transfer of the property title prior to the "building be put into use."

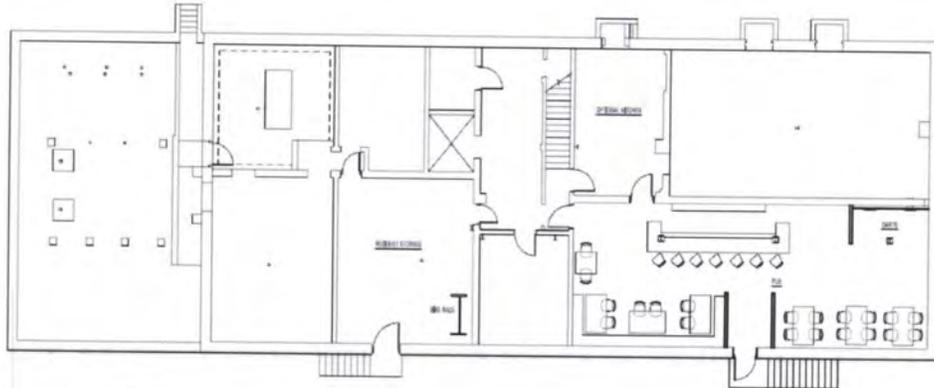
The final product would include 21-Market Rate, Class A apartments on the three upper floors of the building. The first floor would include two small mercantile shops facing Church Street, along with a full service restaurant in the current restaurant space, utilizing the historic dining room. Phoenix would also reconstruct the historic outside side stairs, providing public access to the basement, where an "Irish Style" Pub would be developed in the front portion of the basement (section was historically used and still retains the tin ceiling in one of the rooms). Phoenix CDC would manage the building through the required "hold" periods of both the Historic Tax Credits and the New Market Tax Credits. At the end of this period, Phoenix CDC would likely seek to sell the property to "Private Investors" for Market Value. After all outstanding debt service is paid; any profit from the sale would be used by Phoenix CDC to assist in the financing of other community revitalization projects. As previously mentioned this renovation project would closely correlate with other Uptown Revitalization projects currently underway and help eliminate blight in this area of Uptown Martinsville.

**(FROM PROFORMA) SOURCE & USE OF FUNDS, NOI and DEPT COVERAGE RATIOS**

Item	Expense			Amount
<b>HARD COST</b>				
GENERAL RENOVATION		25,000		
1	Basement	3,000	\$50	\$150,000
2	First Floor	5,500	\$65	\$302,500
3	Second Floor	5,500	\$60	\$275,000
4	Third Floor	5,500	\$60	\$275,000
5	Fourth Floor	5,500	\$60	\$275,000
TOTAL GENERAL RENOVATION				\$1,277,500
SPECIALTY RENOVATION				
6	Elevator	5	\$15,000	\$75,000
7	Fire Sprinkler	27,500	\$2.25	\$61,875
8	Exterior	12,375	\$1.75	\$21,656
9	Basement Upfit (Pub)	1,500	\$125	\$187,500
10	Restaurant Upfit (1st Floor Kitchen)	2,000	\$175	\$350,000
11	Roof Repairs	5,500	\$1.75	\$9,625
12	New Windows	178	\$800	\$142,400
13	Tile Floor	2,500	\$12.00	\$30,000
14	Tin Ceiling (1st Floor & Basement)	5,500	\$15.00	\$82,500
TOTAL SPECIALTY RENOVATION				\$960,556
TOTAL RENOVATION COST		\$101.73	/SF	\$2,238,056
15	Construction Contingency	8.0%	\$2,238,056	\$134,283
Total Construction (Hard) Budget		57.81%	\$107.83	\$2,372,340
SOFT COST				
16	Building Carrying Cost (Interest Only)	0.00%	1	\$0
17	Construction Interest	6.00%	1	\$106,755
18	Bridge Loan Interest (Equity Loan)	13.90%	\$3,018,967	\$276,951
19	Architectural/Engineering	6.00%		\$142,340
20	Environmental Analysis			\$5,000
21	Appraisal			\$5,000
22	Accounting			\$50,000
23	Legal			\$75,000
24	Property Taxes		0	\$0
25	Building Permits & Fees			\$0
26	Title Insurance			\$10,000
27	Inflation	1.50%		\$41,347
28	Marketing	25	\$1,000	\$25,000
29	Interest Contingency	10%		\$38,371
30	New Market Tax Credit Consultant	10%		\$79,476
31	Tax Credit/ Historic Consultants			\$10,000
32	Developer's Fees	18%		\$816,142
33	Loan Commitment Fee	1.00%		\$847
34	Operating Reserve			\$50,000
TOTAL SOFT COST				\$1,731,229
Total Redevelopment Cost				\$4,103,569
		\$164.14	/SF	
Building & Land Purchase Price				\$425,000
Total Project Development Cost				\$4,528,569

Source of Funds					
1	Historic Tax Credits Equity	31.11%	5	\$1,408,960	
2	New Market Tax Credit Equity	17.56%	7	\$794,764	
3	City of Martinsville	2.21%		\$100,000	
4	Virginia Grant - IRF	13.25%		\$600,000	
5	Harvest - Pro-Development Grant	4.97%		\$225,000	
6	Harvest - Development Grant	2.21%		\$100,000	
7	Other Grant (To Be Determined)	3.31%		\$150,000	
Total Grants, Tax Credit Equity, Other		74.61%		\$3,378,724	
Total Developer Equity (Cash From Developer Fee)		14.47%	10%	\$652,114	
Outside Investor Equity		0.00%		\$0	
Deferred Developers Fee (7-Yr Amv.)		2.00%	3.00%	20%	\$183,028
Building Financing (Harvest Foundation)		2.25%	5.52%	10	\$250,000
Long Term Financing		3.75%	1.87%	10	\$84,702
10.35% - Total Project Debt Service			100.00%		\$487,731
<b>Historic Tax Credits</b>					
Debt					
Total Project				\$4,528,569	
Minus: Purchase Price				\$425,000	
Minus: Non-Carrying Expenses		18%		\$410,357	
Minus: Virginia IRF Grant					
Minus: Other Grants					
Total Project Basis				\$3,693,212	
Virginia Historic Tax Credit		25%		\$923,303	
Federal Historic Tax Credit		29%		\$730,642	
Total Historic Tax Credit				\$1,661,945	
Syndication Discount - State Credit		\$0.79	On Dollar	\$729,409	
Syndication Discount - Federal Credit		\$0.92	On Dollar	\$667,151	
Estimated Historic Tax Credit Equity				\$1,408,960	
<b>New Market Tax Credits</b>					
Tax Credit Basis					
Purchase Price				\$425,000	
Total Development Cost				\$4,103,569	
TOTAL DEVELOPMENT PROJECT BASIS				\$4,528,569	
New Market Tax Credit		7-Year Total Credit	39%	\$1,766,142	
TOTAL CASH EQUITY FROM SALE OF NMTCs		Discount Sale	45%	\$794,764	
		Price on the Dollar			

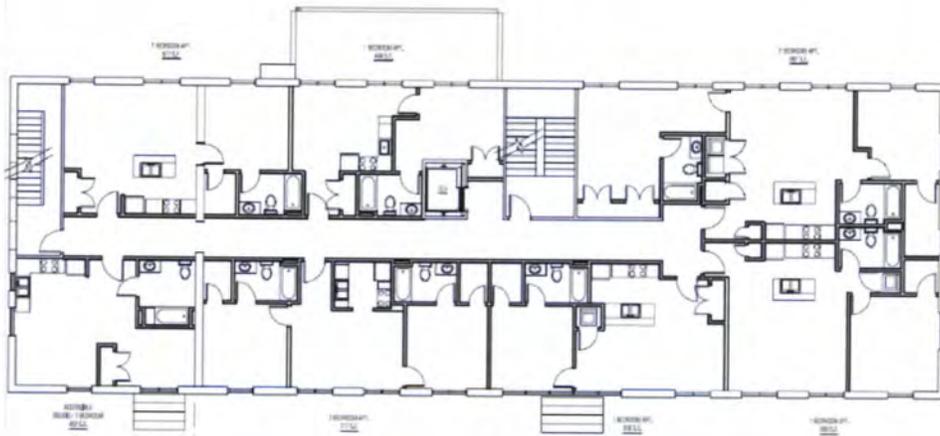




**Proposed Basement Floor Plan (Preliminary)**



**Proposed First Floor Plan (Preliminary)**



**Proposed 2<sup>nd</sup>, 3<sup>rd</sup> & 4<sup>th</sup> Floor Plan (Preliminary)**

**Construction Time-Line: Henry Hotel**

If the Industrial Revitalization Fund Grant is approved, Phoenix CDC would proceed with the development process on the Henry Hotel Renovation Project. Phoenix would re-engage its Architects and Engineers to complete its Construction Drawings and Specifications, while it proceeds to gain approval from DCR of the Historic Tax Credit Applications, Parts 1 & Parts 2. The building is a contributing building in the Martinsville Historic District (see map attached). Phoenix would also have its Real Estate and Tax Credit Attorneys begin work on setting up the ownership structure to meet the requirements of all the financial entities involved. This process would likely take approximately 4-6 months.

The property is already zoned for the intended use and utility services are presently installed on the street adjacent to and into the building. Therefore, no additional time is needed for entitlements.

While this process is moving, Phoenix CDC (its President and Board of Directors) would diligently work to secure the final pieces of financing, both grants and loans. This process, primarily due to the need to wait for 2012 NMTC Allocations, would likely not be finished until the end of second quarter of 2012. Also, working with its Real Estate and Tax Credit Consultants, the CDC would seek an allocation partner for securing New Market Tax Credits as several potential partners have been identified. The CDC would find buyers for the Tax Credits as well.

Once all the primary sources of funding are secure and the redevelopment plans have been completed and approved, Phoenix CDC will begin negotiations with contractors for building out the project. With the final cost firmly in hand, Phoenix CDC would begin to secure Construction Financing, along with any Mezzanine Financing and Permanent Financing required. Process should be completed by fall 2012.

If all steps follow according to plan, Phoenix should be able to begin construction in fall 2012 with completion expected to take 9-10 months. Phoenix would begin immediately marketing both of the commercial spaces and the residential spaces for occupancy in late summer 2013.

Finally, based on the interpretation of the Market Analysis and the Financial Analysis, the result of the Proforma shows a minimal, but positive Cash Flow. The Debt Coverage Ratio also appears to be sufficient to support the allocated Debt Service, as seen below:

Net Operating Income		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
		84,846	84,201	91,106	94,405	97,859	83,032	86,819
	Less: Annual Debt Service	63,700	63,700	63,700	63,700	63,700	63,700	63,206
	Gross Cash Flow	\$21,146	\$20,501	\$27,406	\$30,705	\$34,159	\$19,332	\$23,613
	Reserves for Replacement 10.00%	8,485	8,420	9,111	9,441	9,786	8,303	8,862
	Net Cash Flow	\$12,661	\$12,081	\$18,295	\$21,264	\$24,373	\$11,029	\$14,751
<i>Note: Refinancing after Year 7</i>								
	Debt Coverage Ratio	1.33	1.32	1.43	1.48	1.54	1.30	1.37
	Cash on Cash Return	1.94%	1.85%	2.81%	3.26%	3.74%	1.69%	2.29%

The financial data shown within this analysis, assumes approval of a \$600,000 IFR Grant to the City of Martinsville, to be used toward the renovation of the Henry Hotel Building.



## Section F. Funding Request and Detailed Use of Funds

1. Using the chart below, identify ALL activities that will be undertaken to complete the project and return the property to economic use. You may add 1 additional page, if needed. See full instructions on page 9 of this Application Packet.

Proposed Activity	Amount of IRF Funds	Amount & Source Other Funds	Total Amount
Acquisition of Building from City of Martinsville	\$ 0	\$100,000 City, \$250,000 Harvest Foundation (Loan) \$75,000 Harvest Foundation Grant	\$ 425,000
General Building Renovations	<b>\$ 600,000</b>	\$ 563,293 HTC \$114,207 NMTC	\$1,277,500
New Elevator	\$ 0	\$75,000 HTC	\$ 75,000
New Fire Suppression System	\$ 0	\$61,875 HTC Equity	\$ 61,875
General Exterior: Cleaning, Repainting, Repairs	\$ 0	\$21,656 HTC Equity	\$ 21,656
Basement Upfit: Specialty Work, Equipment & Fixtures	\$ 0	\$187,500 NMTC Equity	\$ 187,500
Restaurant Upfit: Specialty Work, Equipment & Fixtures	\$ 0	\$350,000 NMTC Equity	\$ 350,000
Roof Repairs	\$ 0	\$ 9,625 HTC	\$ 9,625
New Windows (178)	\$ 0	\$142,400 HTC Equity	\$ 142,400
Mosaic Tile Repair	\$ 0	\$30,000 HTC Equity	\$ 30,000
Tin Ceiling Repair & Paint	\$ 0	\$82,500 HTC Equity	\$ 82,500
Construction Contingency (10%)	\$ 0	\$107,101 Phoenix CDC \$27,182 HTC	\$134,283
Professional Consultants: Architects & Engineers, Environmental	\$ 0	\$ 147,340 Harvest Foundation	\$ 147,340
Legal, Accounting, Appraisal, Tax Credit Consultants	\$ 0	\$77,660 Harvest Foundation, \$141,816 HTC	\$219,476
Financing Cost & Fees, Interest, Developer Fees, Inflation & Start-up Reserve, Marketing, Title Ins.	\$ 0	\$253,613 HTC , \$143,059 NMTC, \$708,041 Phoenix CDC \$84,702 Bank Loan \$25,000 Harvest Foundation \$150,000 Other	\$ 1,364,414



<b>TOTAL</b>	<b>\$ 600,000 IRF</b>	\$1,408,960 HTC, \$794,764 NMTC, \$100,000 City, \$575,000 Harvest Foundation, \$150,000 Other Grants, \$815,142 Phoenix CDC, \$84,702 Bank Loan = <b>Total \$3,928,568</b>	<b>\$ 4,528,568</b>
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## Section G. Required Match

Please complete this chart. You may add one additional page if needed.

Source of Matching Fund	Amount of Matching Fund	Status of Matching Fund
City of Martinsville	\$ 100,000 - Grant (Building Equity)	Conditional Approval
The Harvest Foundation (A)	\$100,000 – Grant (\$75,000 for Building Purchase and \$25,000 for Start-Up Reserve )	Requires Application and Harvest Board Approval
The Harvest Foundation (B)	\$250,000 – Loan (Assuming of City Loan to Purchase Building)	Requires Harvest Board Approval (Verbal Approval)
The Harvest Foundation (C )	\$225,000 – Grant (Soft Cost)	Approved - Contracted
Historic Tax Credits Equity	\$1,408,960 (State & Federal)	Contingent upon approval of Part 1,2,3 and completion of Renovation
New Market Tax Credit Equity	\$794,764	Project Approval & Allocation Partnership (2012)
Phoenix CDE	\$652,114 Equity	Revenue from Developer's Fee at conclusion of Project
Phoenix CDC	\$163,028 Loan	Revenue from Developer's Fee at conclusion of Project
Other	\$150,000	Seeking Source, pending the designation of the 2012 NMTC
Bank Loan	\$84,702	Submittal of Application and documentation
<b>Total</b>	<b>\$3,928,569</b>	



## Section H. Additional Considerations

Check all that apply.

- This project has regional significance because it is in a revenue sharing district. This district must be shown on the base map and the section of the revenue sharing agreement detailing each locality's responsibilities;
- OR
- This project has regional significance because it has been cited in a formal regional economic development plan or as part of a formal regional development strategy; please include the section of the plan that references the project.
- The project is eligible for local real property tax abatement (§ 58.1-3221) or other local incentives to encourage property re/investment; please attach copies of the appropriate ordinance outlining the parameters of the abatement; if the abatement is only available in a special district, please show and label the district on the base map.
- This project is located within an Enterprise Zone (boundaries of which must be shown on the base map) and it is able to qualify for
- State incentives. Please list.  
Real Property Investment Grant  
Job Creation Grant (possibly)
  - Local incentives. Please list.  
Building Permit Fee Waiver  
BPOL Fee Rebate  
Partial Exemption from Taxation of Substantially Rehabilitated Real Estate  
Machinery/Tools/Business Equipment IDA Tax Grant
- This project is located within a special district. Please show the district boundaries on the base map and for districts other than designated Main Street, please attach documentation for the district:
- Designated Main Street district.
  - Local, state or federal historic district.
  - Redevelopment or blight removal district.
  - Technology Zone.
  - An Area Being Addressed through Volume II Section 105.0 of the Virginia Uniform Statewide Building Code (under Code of Virginia Sec. 36-105). *(Please attach a copy of the official action that indicates which sections are enforced and who has been assigned responsibility of enforcement.)*
- This project is located in a current CDBG project area



## Section I. Required Attachments

The following attachments are required to be submitted with the application and should be labeled as identified below

- **Attachment A:** Resolution by the locality's governing body.
- **Attachment B:** Photographs.
- **Attachment C:** Maps.
- **Attachment D:** Relevant sections of economic development strategies or plans.
- **Attachment E:** Letters demonstrating required match.
- **Attachment F:** Additional Considerations Documentation (if applicable).

## APPENDIX A: DISTRESS SCORES

### Pre-calculated Distress Scores for Cities and Counties

Localities Meeting All Distress Measures = 20 Application Points			
Brunswick County	Carroll County	Covington	Danville
Emporia	Franklin (city)	Grayson County	Halifax County
Henry County	Hopewell	Martinsville	Mecklenburg County
Patrick County	Petersburg	Russell County	Smyth County
Localities Meeting Two Distress Measures = 10 Application Points			
Accomack County	Bedford (city)	Bristol	Buchanan County
Buckingham County	Charlotte County	Charlottesville	Dickenson County
Galax	Greensville County	Harrisonburg	Lee County
Lexington	Lunenburg County	Lynchburg	Norfolk
Northampton County	Norton	Nottoway County	Page County
Pittsylvania County	Prince Edward County	Pulaski County	Radford
Richmond	Richmond County	Roanoke (city)	Scott County
Sussex County	Tazewell County	Williamsburg	Wise County
Wythe County			
Localities Meeting One Distress Measures = 5 Application Points			
Bland County	Buena Vista	Cumberland County	Floyd County
Fredericksburg	Giles County	Highland County	Montgomery County
Portsmouth	Southampton County	Staunton	Washington County
Waynesboro	Winchester		
No Distress Measures Met = Zero Application Points			
Albemarle County	Alexandria	Alleghany County	Amelia County
Amherst County	Appomattox County	Arlington County	Augusta County
Bath County	Bedford County	Botetourt County	Campbell County
Caroline County	Charles City County	Chesapeake	Chesterfield County
Clarke County	Colonial Heights	Craig County	Culpeper County
Dinwiddie County	Essex County	Fairfax	Fairfax County
Falls Church	Fauquier County	Fluvanna County	Franklin County
Frederick County	Gloucester County	Goochland County	Greene County
Hampton city	Hanover County	Henrico County	Isle of Wight County
James City County	King & Queen County	King George County	King William County
Lancaster County	Loudoun County	Louisa County	Madison County
Manassas	Manassas Park	Mathews County	Middlesex County
Nelson County	New Kent County	Newport News	Northumberland County
Orange County	Poquoson	Powhatan County	Prince George County
Prince William County	Rappahannock County	Roanoke County	Rockbridge County
Rockingham County	Salem	Shenandoah County	Spotsylvania County
Stafford County	Suffolk	Surry County	Virginia Beach
Warren County	Westmoreland County	York County	

*(Source: 2005-2009 U.S. Census Bureau Estimates)*



**Calculations by Census Tract for Towns**

Towns may opt to use the distress score of their County or choose to calculate it themselves by Census Tract, which ever shows the greatest level of distress. Use the data sources highlighted below to access the data to complete the chart below. Localities will receive points for each of the three distress measures they meet. If no distress criteria are met, the distress score will be zero out of 20.

<i>Indicators of Distress for Towns</i>			
What percentage of the population is living in <b>Poverty</b> ? <i>Source: 2005-2009 U.S. Census Bureau Estimates</i>	<u>20.8% ( 2009)</u>	What is <b>150 percent</b> of the state's Poverty rate?	15.15%
What is the <b>Median Income</b> per Household? <i>Source: 2005-2009 U.S. Census Bureau Estimates</i>	\$31,729 ( 2009)	What is <b>70 percent</b> of the state's median household income?	\$42,221
What is the Average <b>Unemployment Rate</b> ? <i>Source: 2005-2009 U.S. Census Bureau Estimates</i>	The city's jobless rate was 19.4 percent in August 2011.	What is <b>150 percent</b> of the state's average unemployment rate?	<u>August Rate= 6.35%</u> 150% =9.45%



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134 East Church Street, Suite 225 ♦ P.O. Box 1066 ♦ Martinsville, Virginia 24114

## RESOLUTION

WHEREAS, the City of Martinsville is the owner of record of the historic "Henry Hotel Building", located on Church Street in Uptown Martinsville, and;

WHEREAS, the building was purchased by the City of Martinsville to both preserve the historic structure and to make the building available for redevelopment, and to be a catalyst for new investment in the Uptown area, and;

WHEREAS, Phoenix Community Development Corporation (Phoenix CDC) was formed to facilitate redevelopment and new investment in distressed areas of the City of Martinsville and Henry County, and;

WHEREAS, Phoenix CDC has made considerable effort and expended significant funds to complete Environmental, Engineering, Architectural, Market Analysis and Financial Analysis into the feasibility of renovating the Henry Hotel, and;

WHEREAS, the analysis by Phoenix CDC shows that it is feasible to renovate the building from a physical standpoint, it is not economically feasible without the use of both various Tax Credit programs and other Grants to fill the financial gaps caused by the local economic conditions, and;

WHEREAS, Phoenix CDC would like to continue to pursue the renovation of the Henry Hotel for the economic benefit of the community, but in so doing needs to pursue outside financial support and funding, now;

HEREBY BE IT RESOLVED, that the Board of Directors of Phoenix Community Development Corporation do hereby request that the City of Martinsville submit a "2012 Industrial Revitalization Fund (IRF) Grant Application" to the Virginia Department of Housing and Community Development (DHDC) on behalf of the renovation of the Henry Hotel Building which is owned by the City of Martinsville.

BE IT ALSO RESOLVED, that as part of this resolution, that the City of Martinsville would make such application for the maximum grant amount (\$600,000).



BE IT ALSO RESOLVED, that if approved by DHCD, the IRF Grant Funds would be used to financially assist (*in the most financially effective way to assist in the development of the project and would meet the legal and programmatic requirements of the DHDC IRF program*) the redevelopment of the Henry Hotel Building, with Phoenix Community Development Corporation (Phoenix CDC), a 501c3 Non-Profit organization, incorporated in the Commonwealth of Virginia, serving as the Project Developer.

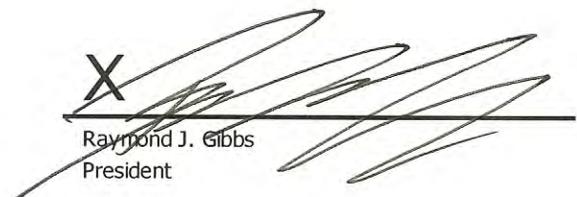
This Resolution was read and approved by majority vote of the Board of Directors of Phoenix Community Development Corporation at its regular Board Meeting, held on the Fifteenth (15<sup>th</sup>) Day of September in the Year 2011, and recognized by the Authorized Signatures below:

X   
James Johnson  
Chairman of the Board of Directors

September 15, 2011  
Date

X   
Charles Ross  
Secretary

September 15, 2011  
Date

X   
Raymond J. Gibbs  
President

September 15, 2011  
Date

**Attachment B: Photographs**

HENRY HOTEL: 50 East Church Street, Martinsville, VA 24112



Photo taken in 1940's



Current Church Street (North) Facade



Current Broad Street (East) Façade (Front Half)



Current Broad Street (East) Façade (Rear Half)



Rear (South) Facade



Church Street – Looking Southwest from front of building



Church Street – Looking Northwest from front of building

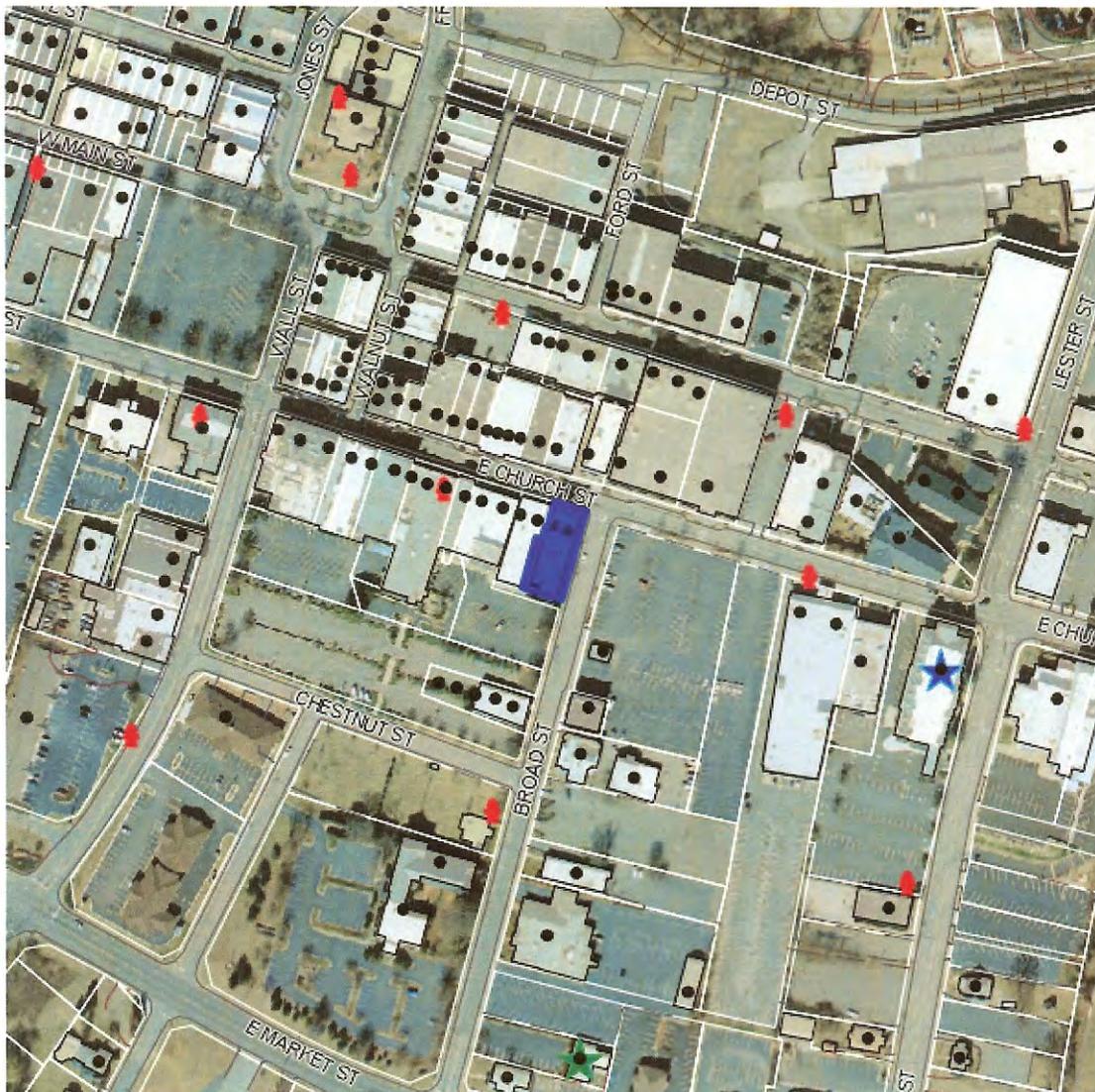


Typical existing Kitchen/Dining/Living Room



Existing Central Hallway – Residential Floors (2, 3 & 4)

# Property Report - City of Martinsville



## Current Data:

**Property ID:** 000950500    **Tax Map Number:** 32 (01 )J /11A  
**Owner:** MARTINSVILLE REDEVELOPMENT & HOUSING AUTHORITY  
**Address:** 55 W CHURCH ST    **City/State/Zip:** MARTINSVILLE, VA  
**Deed/Page:** LR09/01027    **Legal Description:** LOT 11A  
**Aquired Date:** NA    **Consideration:** \$425000.00  
**Year Built:** 1921    **Property Desc:** 4 STR BR HOTEL    **Above Grade Sq Ft:** 0  
**Acres:** 7604    **Zoning:** C-2  
**Land Value:** \$30800.00    **Building Value:** \$394000.00    **Total Value:** \$424800.00

## Previous Data:

**Owner:** HENRY FW LLC LIGHTSTONE GROUP  
**Aquired Date:** NA    **Deed/Page:** LR03/02186    **Consideration:** \$155519.00

**DISCLAIMER:** The information contained on this page is NOT to be used as a LEGAL DOCUMENT. The map information displayed is believed to be accurate but accuracy is not guaranteed.

Henry Hotel - C-2

CITY OF MARTINSVILLE, VIRGINIA  
DEPARTMENT OF PUBLIC WORKS  
ENGINEERING DIVISION

OFFICIAL ZONING MAP  
APPROVED BY PLANNING COMMISSION  
ADOPTED BY CITY COUNCIL  
JANUARY 28, 1992

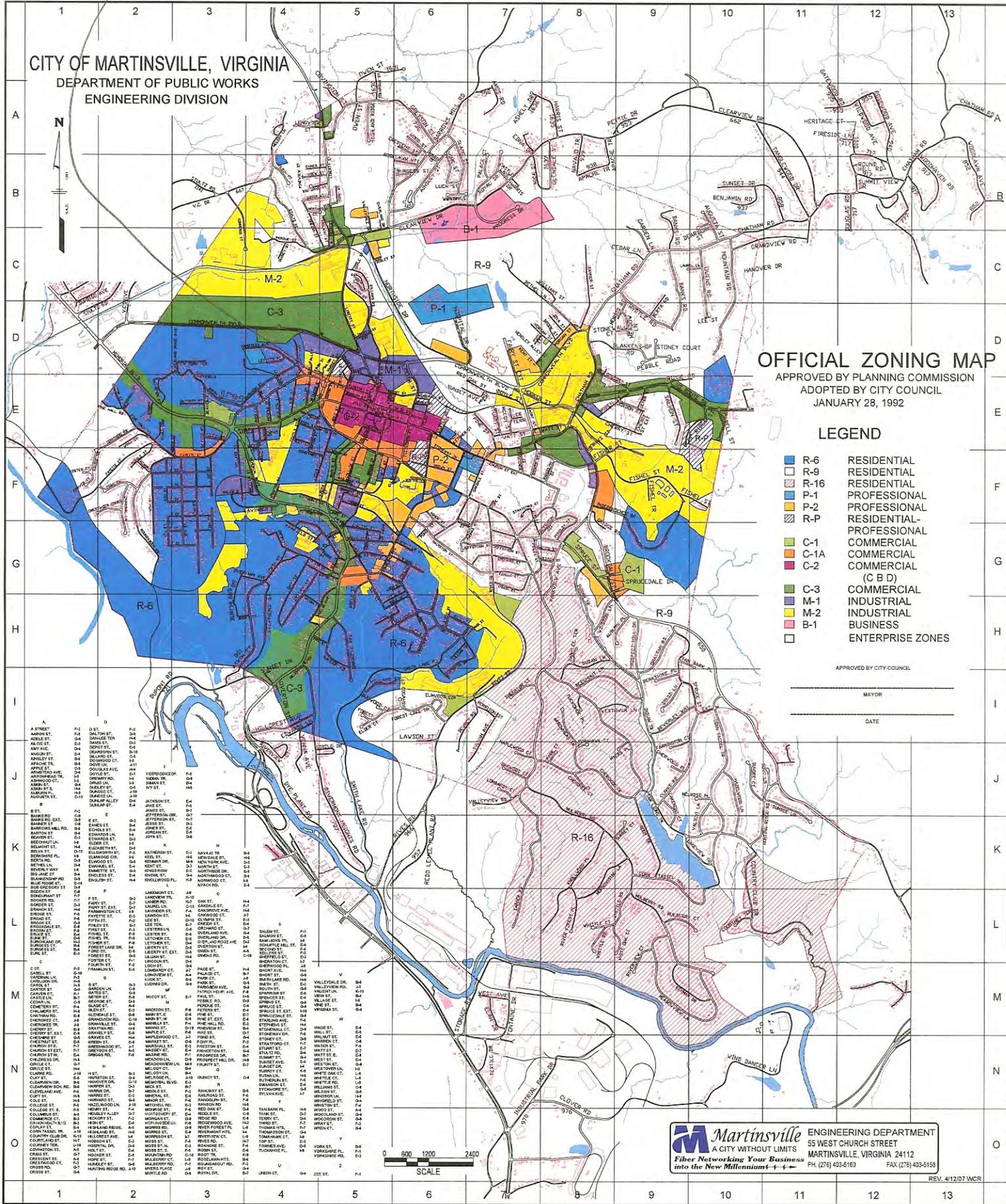
LEGEND

- R-6 RESIDENTIAL
- R-9 RESIDENTIAL
- R-16 RESIDENTIAL
- P-1 PROFESSIONAL
- P-2 PROFESSIONAL
- R-P RESIDENTIAL-PROFESSIONAL
- C-1 COMMERCIAL
- C-1A COMMERCIAL (C B D)
- C-2 COMMERCIAL
- C-3 COMMERCIAL
- M-1 INDUSTRIAL
- M-2 INDUSTRIAL
- B-1 BUSINESS
- ENTERPRISE ZONES

APPROVED BY CITY COUNCIL

MAYOR

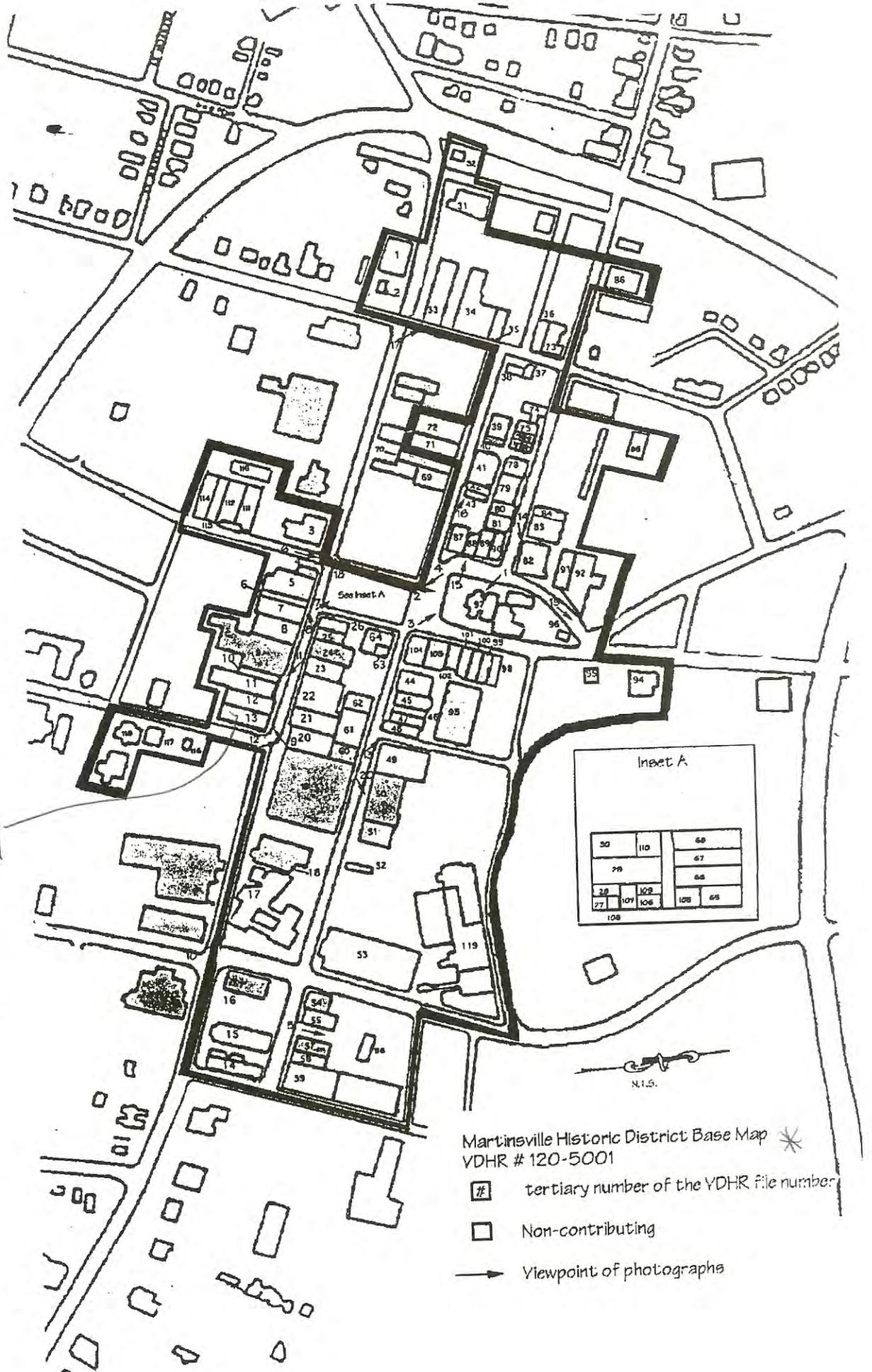
DATE



**M Martinsville** ENGINEERING DEPARTMENT  
A CITY WITHOUT LIMITS 55 WEST CHURCH STREET  
Fiber Networking Your Business MARTINSVILLE, VIRGINIA 24112  
into the New Millennium PH. (276) 403-5163 FAX (276) 403-5158

REV. 4/12/07 WCR

#13  
Henry Hotel

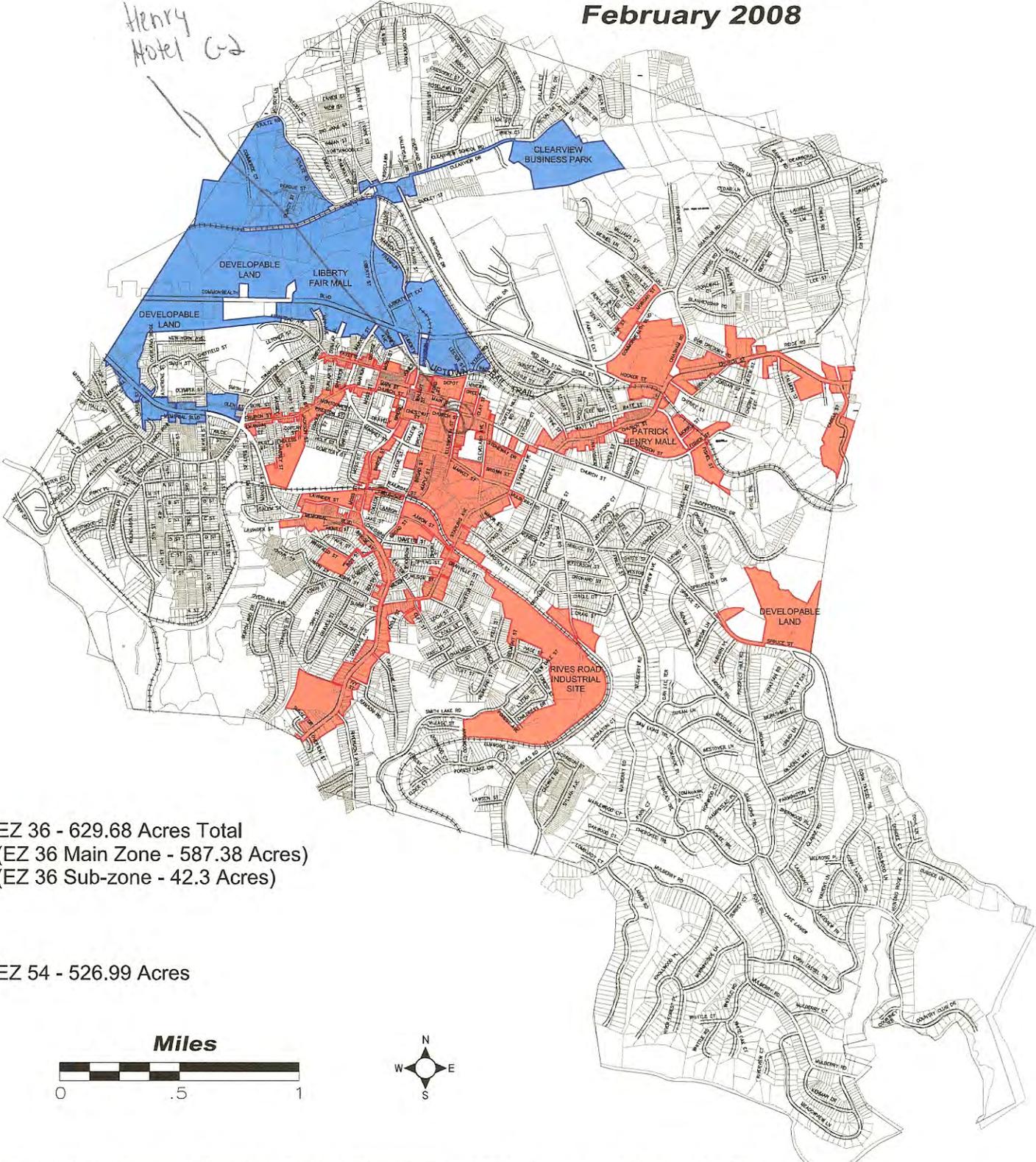


Martinsville Historic District Base Map \*  
 VDHR # 120-5001

- # tertiary number of the VDHR file number
- Non-contributing
- Viewpoint of photographs

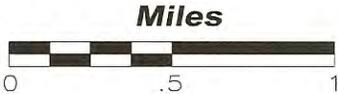
# City of Martinsville Enterprise Zones February 2008

Henry  
Motel Co-2



 EZ 36 - 629.68 Acres Total  
 (EZ 36 Main Zone - 587.38 Acres)  
 (EZ 36 Sub-zone - 42.3 Acres)

 EZ 54 - 526.99 Acres



Prepared by West Piedmont Planning District Commission, 1996, Amended February 4, 2008.





October 11, 2011

Mr. Chris Thompson  
Program Manager  
Virginia Department of Housing & Community Development  
Main Street Centre  
600 East Main Street, Suite 300  
Richmond, VA 23219

RE: Industrial Revitalization Funds, Martinsville, VA application – Henry Hotel Building

Dear Mr. Thompson,

We are submitting a letter of support for the application for Industrial Revitalization Funds for the Henry Hotel building.

The City of Martinsville purchased the building at auction for \$425,000, and the Phoenix Community Development Corporation has spent \$225,000 in soft costs. The total \$650,000 matches the grant request of \$600,000 and does not include an additional \$3.8M investment needed to complete the project.

I truly hope the review board will respond favorably to the City of Martinsville's grant request. The project will be another catalyst among the many projects that are going on to encourage redevelopment in the Uptown area.

Sincerely,

A handwritten signature in black ink, appearing to read 'Clarence C. Monday'. The signature is written in a cursive, flowing style.

Clarence C. Monday  
City Manager



---

134 East Church Street, Suite 225 ♦ P.O. Box 1066 ♦ Martinsville, Virginia 24114

October 3, 2011

2012 Industrial Revitalization Fund  
C/O Virginia Department of Housing and Community Development  
600 East Main Street, Suite 300  
Richmond, Virginia 23219

RE: Martinsville Application: Henry Hotel Building

To Whom It May Concern;

As shown within the City of Martinsville's application, the required funding match is demonstrated by the City's prior purchase of the building for \$425,000 at auction and \$225,000 in soft cost from Phoenix Community Development Corporation. This \$650,000 match is with current cash and does not include additional \$3.87+ Million in investment to complete the project.

This letter is to certify that Phoenix CDC has committed the stated amount to this proposed project. As the potential lead developer, Phoenix CDC will be responsible for assembling all funds for the project, but the \$225,000 cash commitment is designated for "Pre-development" or Soft Cost. To date we have expended approximately \$40,000 of these funds to complete a Phase 1-Environmental Analysis, Architectural & Engineering Analysis and a Market Analysis. The remainder of these funds would be used to pay for complete Architectural and Engineering Drawings, Historic Preservation & Historic Tax Credit Consultants and New Market Tax Credit Consultants, Attorneys, Accountants and/or other professional services (The total amount of all these services will far and exceed the \$225,000).

The Phoenix CDC matching funds (\$225,000) is a "Cash" match, from both funds Phoenix CDC has on hand and from the remainder of a \$265,000 Grant, Phoenix CDC received from The Harvest Foundation in 2010 Grant, which does have an executed contract. Those funds were specifically allocated to be used for "Pre-Development."

As you will see in the pro-forma, Phoenix CDC is providing back to the renovation project its entire Developer's Fee either as Cash Equity or a Loan to the renovation of the Henry Hotel. This is in addition to the "Pre-Development Funds". That amount is estimated at over \$800,000; bringing the total cash investment by Phoenix CDC in the Henry Hotel Redevelopment to over \$1 Million.

If you have any questions, or need additional information, please feel free to give me a call.

Sincerely,

A handwritten signature in blue ink, appearing to read "Raymond J. Gibbs", is written over a horizontal line.

Raymond J. Gibbs, ASLA  
President & CEO



# West Piedmont Planning District Commission

P.O. Box 5268  
Martinsville, VA 24115-5268  
Phone: (276) 638-3987  
Fax: (276) 638-8137  
e-mail: staff@wppdc.org

Serving Franklin, Henry, Patrick, and Pittsylvania Counties – Cities of Danville and Martinsville – Town of Rocky Mount – Since 1970

October 12, 2011

Mr. Chris Thompson  
Community Development Policy Manager  
Virginia Department of Housing and Community Development  
600 East Main Street, Suite 300  
P.O. Box 10009  
Richmond, VA 23240

Dear Chris:

This letter is to offer my support for the City of Martinsville's application to the Virginia Department of Housing and Community Development through the 2012 Industrial Revitalization Fund Program for funding rehabilitation of the Henry Hotel. This project will help eliminate blight in this distressed vicinity of the City and provide for more than \$4.5 million in capital investment, allowing for available retail/commercial space and 21 apartments in the area. It is my understanding that the City is proposing to partner with Phoenix Community Development Corporation and DHCD to rehabilitate the Henry Hotel for commercial investments in Uptown Martinsville. Furthermore, I understand that rehabilitation of the structure will include improvements to the facade and building, according to historic guidelines; energy retrofits; and both building code and ADA compliance. This project would closely correlate with other Uptown Revitalization efforts that the City is currently pursuing, which includes an existing partnership with DHCD.

The West Piedmont Planning District Commission's Board of Commissioners will not meet again until October 27, at which time I will request that they also offer endorsement of this grant application in the amount of \$600,000 to DHCD. Following the meeting, I will forward this to you. Thank you for the opportunity to comment on this very important project. The West Piedmont Planning District Commission greatly appreciates any assistance DHCD can provide the City of Martinsville with this venture.

Sincerely,

Aaron S. Burdick  
Executive Director

cc: Clarence Monday, Martinsville City Manager  
Wayne Knox, Martinsville Planning & Community Development Director



## City Council Agenda Summary

**Meeting Date:** October 25, 2011

**Item No:** 9.

**Department:** Inspections/Fire

**Issue:** Hear a Property Maintenance and Nuisance Ordinance overview with regards to back yard enforcement.

**Summary:** In response to numerous questions regarding the enforcement of the Property Maintenance and Nuisance Ordinance, specifically regarding back yard enforcement, our department has put together a presentation for Council. It explains our process in detail, gives comparisons to other jurisdictions, options for Council's consideration, and our department's recommendation.

**Attachments:** [Power Point Presentation](#)

**Recommendations:** Our department recommends continuing our current policy regarding back yard enforcement and unfreezing the full-time Property Maintenance position to address current deficiencies.

# Property Maintenance & Nuisance Ordinance Enforcement



# Property Maintenance Scope

- State Code
  - Open/Unsafe Structures
    - Dilapidated
    - Structural collapse
    - Fire damaged
    - Attractive nuisances
  - Building Maintenance
    - Weather tight
    - Electrical
    - Plumbing
    - Mechanical

# Public Nuisance Ordinance Scope

- High Grass & Weeds
- Trash & Debris (yard waste)
- Inoperative Vehicles on the Property (not on street)
- Public Nuisance Tree
- Noxious Odors
- Pools of Water
- “Public” is Key word, Not “Private” Nuisance Ordinance

# Current Responsibilities

## One Employee Performing

- Property Maintenance Enforcement
- Nuisance Ordinance Enforcement
- Fire Inspections
- Fire Investigations
- Fire Public Education
- FF/EMT Fill In as Needed
- Fire Lane Enforcement
- Maintain Multiple Certifications
- Backup to Fire Marshal/Building Official & Combination Inspector II

# Consequences of Current Staffing

- Inability to be Proactive on Fire Inspections & Property Maintenance/Nuisance Ordinance Inspections
- One Fire Investigation Trumps Everything for Staff Members (dozens of open arson cases presently)
- Inability to Move Forward on Goals
- No State Mandated Backflow Preventer Inspections
- No State Mandated Elevator Inspections
- Difficulty in Meeting FLSA
- Inability to Provide Programs for Contractors
- Pub Ed Suffering (FSH, Hot Shots, Community Events)

# Department Policies

- Enforcement Performed From ROW (normal route to entrance of property in question)
- Other Areas Protected by Fourth Amendment of the United States and Virginia Constitutions
  - Requires owners permission or administrative search warrant
  - Complainants name and sworn statement required as PC on the affidavit to obtain search warrant
- Complaint Based System as Always

# Department Policies (cont.)

- Anonymous Complaints Not Accepted
  - Vast majority of these were unfounded
  - Most anonymous complaints come from adjoining properties on each other (spitting contest between neighbors)
  - General assembly ruled that complainant information is confidential
  - Name kept in confidence in case needed as a witness or if more information needed related to complaint

# Backlog

- Average Backlog of Nuisance Complaints
  - 20-40 ROW Complaints Pending
  - Have seen backlog of 80+
- Perfect scenario of time
  - Investigate complaint on same day received, with 10 day correction period = two-three week completion period
- Realistic expectation under current staffing
  - Add backlog to above = greater than two months completion period

# Process

- Call Inspections Department First Verses Other Routes
- Inspection Department Receives Complaint
- Place on List in Order in Which Received
  - Regardless of who the complaint is from
  - Safety concerns take priority
- Verify Complaint by Site Visit
- Document Findings
  - Photos
  - Written
  - Database

# Process (continued)

- Issue Notice of Violations via First Class Mail
  - Notice includes violations observed
  - Abatement time limit
  - Appeal rights
  - Contact information for department and inspectors
  - Penalties
- Await Phone Call From Irate Citizen on Why They Received Letter When There's Worse Places All Over The City
- Revisit Property After Correction Time has Lapsed
- If Compliant
  - Log into database as case closed
  - File with address

# Process (continued)

- If Noncompliant
  - Work order sent to Public Works to abate
  - Public Works addresses as schedule allows
  - Once completed by PW, invoice returned to inspections department for verification and then mailed by finance
- Wait for Irate Phone Call From Property Owner Once Bill is Received

	Martinsville	Henry County	Radford	Danville
Population	15,416	54,151	16,408	43,055
Square Miles	12	382	9.5	43.9
PM/Nuisance Inspectors	½	0	2 Rental	3 Pm 2 Rental 2 Nuisance
PM Code	Yes	No	Yes (rental)	Yes
Nuisance Ord.	Yes	Not by inspections	Yes	Yes
Full Time Atty.	No	Yes	Yes	2
PM Inspections	60	0	231	1800
Nuisance Insp.	587	0	3	3,809
Backyards	No	No	No	Yes (no warrants)
Proactive	No	No	Yes (rental)	Yes

# Backyard Enforcement Concerns

- More Likely to Contest (invasion of privacy)
- Right of Entry
- Doubling Workload
- Tripling Time per Case
- Perception of Big Government Not Addressing Higher Priorities
- Where Does it Stop
  - Hoarding
  - Inside Homes
- Inefficient Use of Already Taxed Resources
- City Used as Vehicle to Solve (possibly add to) Personal Vendettas

# If City Supervises Backyards

- PM Official Cites
- City Attorney Prosecutes
- Penalties set by Ordinance
- Health & Safety Issues Remain Priority
- Consider Current Responsibilities of Department

# Options

1. Abandon Property Maintenance & Nuisance Ordinance Enforcement
  - Place Inspections Back Under Community Development
  - Return Personnel to Fire Department
2. Continue Current Policy
  - Advise complainant of their options
  - Continue with inability to fulfill present responsibilities efficiently
  - Difficulty complying with FLSA
3. Continue Current Policy
  - Unfreeze full time PM position allowing for better fulfillment of current job responsibilities (\$42k)
  - Respond more timely
  - Become proactive on fire inspections
  - Become proactive on PM & nuisance ordinance concerns

# Options (continued)

4. Start Investigating Backyards With Current Staffing
  - Change Policy to Include Enforcement from Neighbor's Property
    - Increased Backlog
    - Required duties fall further behind
    - FLSA made more difficult to comply
    - More complaints on work not getting done
5. Start Investigating Backyards With Additional Staffing
  - Change Policy to Include Enforcement from Neighbor's Property
    - Would require adding at least one position (two positions optimum)
    - Would realign positions to become more efficient and effective
    - Would Require More Legal Consultation From City Atty.

# Staff Recommendations

3. Continue Current Policy
  - Unfreeze Full Time PM Position Allowing for Better Fulfillment of Current Job Responsibilities (\$42k)
  - Respond More Timely
  - Become Proactive on Fire Inspections
  - Become Proactive on PM & Nuisance Ordinance Concerns
  - Easier to Comply with FLSA
  - Do a Better Job of Providing Customer Service that our Citizens Expect and Deserve



# Suggestions/Questions

**Meeting Date:** October 25, 2011

**Item No:** 10.

**Department:** Public Works

**Issue:** Consider adoption of resolution authorizing a public hearing and approving related actions on Building Energy Efficiency Performance Contract.

**Summary:** At the October 11 Council meeting, staff presented information on a building energy efficiency performance contract project for City buildings and facilities utilizing a combination of a \$400,000 Department of Mines, Minerals, & Energy grant and an approximate \$1.1 million financed construction loan. The project will implement building energy efficiency and improvements including new lighting, new heating and air conditioning equipment, and control upgrades resulting in guaranteed energy and maintenance savings of approximately \$93,000 per year.

Council approved moving ahead with the project utilizing general obligation bond(s) to finance construction of improvements. The attached Resolution for Council's approval is a requirement to initiate the process and serves the following purposes:

1. Authorizes a Public Hearing, most likely January 10.
2. States the intended purpose of the project for issuing bond(s), energy saving improvements.
3. States a principal amount, not to exceed \$1,250,000 (specifically identified by Ordinance later).
4. Approves necessary actions related to potential bond issuance.

**Tentative project timeline:**

October 25, 2011 – Resolution authorizing Public Hearing and approving related actions.

November 8, 2011 – Preliminary Ordinance, 1<sup>st</sup> reading.

November 22, 2011 – Preliminary Ordinance, 2<sup>nd</sup> reading.

December 13, 2011 – Financing Ordinance, 1<sup>st</sup> reading

January 10, 2012 – Public Hearing and 2<sup>nd</sup> reading of Financing Ordinance

January TBD – Closing

**Attachments:** [Resolution](#)

**Recommendations:** Staff recommends adoption of the Resolution

**RESOLUTION AUTHORIZING PUBLIC HEARING AND APPROVING RELATED  
ACTIONS RELATED TO POTENTIAL ISSUANCE OF BONDS**

**WHEREAS**, City Council (the "**City Council**") of the City of Martinsville, Virginia (the "**City**") is considering financing capital improvements, including energy saving improvements to City buildings and facilities (the "**Project**"), to be accomplished through the issuance by the City of its general obligation bond or bonds in a principal amount not to exceed \$1,250,000 (the "**Bonds**").

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE  
CITY OF MARTINSVILLE, VIRGINIA:**

1. The City Manager, in consultation with Sands Anderson PC as Bond Counsel and Davenport & Company LLC as financial advisor to the City, is authorized to issue a Request for Proposals in order to receive proposals from banks regarding the Bonds.

2. The City Manager, Assistant Finance Director, City Attorney, Bond Counsel, the Financial Advisor to the City and all other officers, employees and agents of the City are hereby authorized and directed to take such further action deemed necessary or desirable to facilitate consideration of the issuance of the proposed Bonds, including but not limited to the publication and broadcasting, as required by the City Charter, of notice of a public hearing to be held prior to final authorization by the City Council of the issuance of the Bonds, in accordance with applicable law. All actions of the City Manager, Assistant Finance Director, City Attorney, Bond Counsel, the City's Financial Advisor and all other officers, employees and agents of the City in furtherance of the actions described above are hereby approved and ratified.

3. This Resolution shall take effect immediately.

**CERTIFICATE**

The Members of the Council voted as follows on the foregoing Resolution:

Ayes

Nays

Absent

Abstentions

Adopted this 25th day of October, 2011.

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The undersigned Clerk of the City Council of the City of Martinsville, Virginia hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on October 25, 2011, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly called meeting and that, during the consideration of the foregoing Resolution, a quorum was present.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

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Clerk, City Council of  
City of Martinsville, Virginia