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2023 General Assembly

LEGISLATIVE PROGRAM

Final

The 2022 General Assembly saw the moving of the needle in many of the areas where VFC traditionally focused our public policy and legislative outreach. It helped that there was \$13 billion in new general funds available for the 2022-24 biennium. The faster-than-expected rebounding of revenue following the COVID-19 pandemic and a new gubernatorial administration resulted in a focus on tax cutting. Tax cuts without a long-term replacement of local government revenue makes our member cities very nervous, especially when tax cutting at the state level has the potential to take away revenues that are critical to our older, core cities that are prohibited from growing their tax base beyond current city limits.

Since the state budget was passed and signed by the governor in late June, Virginia First Cities has been talking to state policymakers, the governor's cabinet secretaries and deputies (most new to Virginia state government) and educating them about VFC's public policy focus areas. Our policies are informed by our sixteen member cities. While we are enormously proud of the major 2022 General Assembly budgetary gains made in key policy areas for VFC, we have reason to believe that these gains are neither safe nor assured in the 2023 General Assembly Session.

It is through this lens that we offer the following DRAFT VFC Legislative Program for the 2023 General Assembly.

Annexation Moratorium & Commitments

Position Statement - As the Virginia organization dedicated solely to the needs of the Commonwealth's historic core cities, Virginia First Cities members request the Commonwealth fully fund the commitments made to our fiscally stressed cities when the moratorium on annexation was put in place back in 1987. Since "independent cities are a part of Virginia's genetic code, dating back to its colonial beginnings," our cities continue to have a large tax burden, more fiscal stress and less ability to develop than before the moratorium. Therefore, the following two perennial budgetary requests are at the core of what Virginia cities were promised as the result of the moratorium on annexation. Virginia First Cities asks that the General Assembly and the Governor to deliver on this funding to help make our cities stronger and more resilient:

Increase Funding for Aid to Localities with Police Departments/HB 599 - Comparing Virginia law enforcement budget growth is a stark reminder that local police department funding has fallen woefully behind state funding for sheriffs and the State Police funding. Our cities are still experiencing human resource and workforce development issues concerning our local and valued policemen and women. Our cities cannot compete with state agencies, universities, and other local governments that offer increased pay and consistently poach trained and newly trained police persons. Local police department funding and workforce development issues are even more acute at this point in time. State Financial Assistance to Localities Operating Police Departments (HB 599) was frozen at FY 2020 levels in the 2020-22 budget. The Code of Virginia (Sec. 9.1-169) specifies that HB 599 funding should grow at the rate of general fund revenue growth. Applying actual GF revenue growth for the 2020-22 biennium and official estimated GF revenue growth in the 2022-24 biennium provides that FY 2024 Aid to Local Police should be \$20.8 million higher than the current appropriation of \$219.65 million.

Action: Request the Governor and the General Assembly fund HB 599 at \$240.45 million, an increase of \$20.8 million.

Increase Funding for Street Maintenance - It is imperative that the Commonwealth ensure equitable funding for independent cities and urban areas that do not receive adequate funding for on-street parking, bike lanes, transit lanes, and turning lanes.

Position Statement - Maintain funding for street maintenance needs for our cities to ensure an equitable funding for urban areas that have not received adequate funding for on-street parking areas, bike lanes, transit lanes and turning lanes. We need funding to invite diversity with our amenity-filled public spaces, like connecting small businesses in walkable, vibrant streets, along with transit, and cycling.

City Government/Administration Issues

Position Statement - The Virginia statute governing **salaries for locally elected officials** does not confer the same obligations to Virginia cities and counties. Counties face no caps on compensation and can adopt salary increases for the new term of elected officials. There are no compelling reasons for Virginia city councils to be treated different than Virginia county boards of supervisors. Both are responsible to the electorate that can comment publicly or vote them out of office for this, or any other reason. Virginia First Cities urges the General Assembly to remove the caps on city council salaries.

Community Wealth Building

TANF for Employment Grant Program

Virginia First Cities was the pioneering organization in the Commonwealth pushing for new, holistic approaches to lift individuals out of poverty. As the ultimate economic development issue, ensuring our cities are vibrant and our citizenry are engaged and contributing are all part of a healthy community.

Action: With six years in and three different funding rounds, VFC calls for state budget language cleanup that will combine grant dollars for three rounds into one singular fund and ensure that a grant awardee from any of the previous three rounds may apply for funding. Additionally, the program funding should be increased by \$3 million. Grantees should be encouraged and incented to continue best practices and using Network2Work to make the program even more efficacious.

Affordable Housing, Gentrification, Blight

Position Statement - The issue of affordable housing is quite complicated in many of our VFC member cities. On the one hand, VFC is working hard to promote economic gardening so that there is not disinvestment, for we know that there is so much more community value/wealth in promoting existing businesses and people. On the other hand, many of our cities have legacy public housing communities that are in dire need of replacement. VFC believes that we can foster positive development and redevelopment by supporting a shared neighborhood vision. The vision to bring increased economic activity in our cities is to work with community institutions

to ensure successful revitalization that values culture, health, safety, and positive human development, along with increased economic activity. Ensuring lasting housing change should be done through re/development without unwanted, forced displacement. Our citizens need better access to affordable housing and financing for public housing replacement and public housing infrastructure improvements. And, our citizens residing in rental housing deserve housing that does not threaten lives, health, or safety.

Virginia First Cities calls on the General Assembly to provide local governments closest to the people the tools they need to be responsive to their unique housing markets. For example, the state constitution should be amended to include more real estate tax abatement tools. Property taxes on affordable housing generate needed revenue for localities, but they can often serve as a barrier to development and preservation. A 2022 Virginia Housing Study endorsed a new amendment to the state constitution that would enable—not require—local governments to use a wide range of alternative real estate tax tools for affordable housing and homelessness services. Potential solutions include full and partial exemptions like the Long-Term Owner Occupant Program (LOOP) and other targeted tax abatements like Payment in Lieu of Taxes (PILOT) for affordable housing. Our cities are in need of tools that can help them be more responsive to fiscally stressed citizens and the provision of affordable housing. The process to amend the state constitution should be initiated in the 2023 General Assembly session.

Position Statement - In the area of **blight and derelict properties**, VFC members have been steadily chipping away at issues of blight in our communities since 1999. From commercial to residential structures, VFC consistently advocates for economic development tools to get properties back into tax-producing use. There are currently a range of different, multi-layered problems across our cities when dealing with the issues of derelict and/or blighted property. However, the current statutes do not provide the flexibility, responsiveness, or “teeth” to do the job our citizens are requesting and demanding. This applies to the ability to require an annual registration by owners of buildings that have been vacant for a continuous period of 12 months or more and that may endanger the public health, safety, or welfare. In addition, the registration fees and penalties have not changed for a couple of decades. Again, getting properties back in to tax producing reuse is the ultimate economic development tool for our cities. The General Assembly is encouraged to study whether increasing building registration penalties and fines will get owners motivated to either rehabilitate, sell or allow the local government to claw back these properties so that they can be economic development gems not eyesores.

Short-Term Rentals/Local Land Use

Position Statement - Virginia First Cities affirms that our cities must continue to control local land use decisions and that any attempts to preempt this authority are to be resisted. Many of our cities that host institutions of higher education, as well as cities that are tourism-centric, are experiencing a lack of affordable housing as investors are buying housing stock and turning it over to home sharing platforms when they are not using them. This is directly driving up the costs of housing and, in many cases, putting the purchase of a home beyond the means of our citizens. Further, VFC believes that the state should not prohibit the sharing of financial information between the Commonwealth and appropriate local authorities that is normally treated as a part of the public domain.

Economic Gardening/Resiliency & Sustainability

Virginia First Cities' Economic Gardening Task Force was charged with finding existing or creating new state programs to leverage federal Opportunity Zone and other funding. Over the course of four years, and with an intervening global health pandemic severely affecting every Virginia local government, the recommendations of the VFC Economic Gardening Committee are more salient today than ever before. Likewise, the programmatic areas below where VFC has been the sole advocate for many years are highly deserving of additional funding to propel redevelopment and rebuilding of our cities. There remain large returns on investment if these programs are strategically invested and deployed:

- **Community Development Financial Institutions (CDFI) Fund and Statute** - In just six months (as of the data collected in August 2022) grantees from the first CDFI Fund grants have successfully closed 165 loans deploying a total of \$1.66 million, assisted over 160 businesses, resulting in the creation and/or retention of 314 jobs. Virginia's CDFI Fund is poised to play an essential role in generating economic growth and opportunity in the Commonwealth. By offering tailored resources and investment programs that leverage private sector capital, this fund is catalyzing economic opportunities across our cities. Each business financed, each job created, and each home built represents a critical step in transforming a community. **Action:** Support the establishment of the Virginia **CDFI Fund in statute and capitalize it at \$30 million** to serve as a repository for current and future stimulus funding streams and become a permanent resource for Virginia's community investment. The demand is there and access to more capital is desperately needed to support the Commonwealth's growing business community and housing demand.
- **Industrial Revitalization Fund (IRF)** – The IRF was reinforced during the pandemic with \$45 million in ARPA funds. The Port Revitalization Program Fund has been helpful to several of our members. VFC continues to emphasize the importance of this program to all our members and will **continue to advocate for its vigorous capitalization**.
- **Virginia Main Street Program** – Continued and expanded funding for the Main Street Program is essential to the revitalization and resiliency of our cities, and especially our commercial business districts. **Support increased funding for this program**.
- **Enterprise Zone Program** – **Action:** We support **additional funding of \$1.5 million** over the base budget to ensure that the Enterprise Zone program can continue to generate its maximum impact, avoid proration and meet the continued demand. We also recommend making the fund non-reverting so that the fund can fluctuate with business cycles of higher demand for the program.
- **Brownfields Restoration and Remediation Program** – **Action:** An **increase of \$2 million over the biennium** for the Brownfields Fund and budget language setting the increase aside for costly demolition work like razing structures and slab removal. This necessary work has been an impediment to property redevelopment. It would be handled in the same manner as remediation grants.
- **Historic Rehabilitation Tax Credit** – Oppose a decrease or a further extension on the cap on the Historic Rehabilitation Tax Credit.
- **Stormwater Local Assistance Fund (SLAF)** – Support maximum funding for SLAF, as well as for infrastructure projects and aid to localities for tidal and street flooding mitigation efforts, including grant matching and the Shoreline Assistance Fund.

- **Broadband** - For many of our cities, broadband coverage and affordability, particularly in lower-income neighborhoods, is a pervasive issue that has far-reaching implications for K-12 education and lifelong learning. **Position Statement** - VFC supports a concentrated governmental effort to ensure broadband coverage is both available and affordable to those that are most in need.

Education/Early Childhood Initiatives

Position Statement - VFC has been collaboratively engaged in K-12 public policy for the last 22 years trying to ameliorate the achievement gap in our member cities. Taking a holistic, community wealth building approach, VFC knows that our public schools must have an “environment of learning,” as this is foundational for teacher and student success. All children deserve the same opportunity to succeed. We ask for prioritization and focus on transforming public schools with high numbers of children coming from economically challenged backgrounds. We know that lifting up our children and fulfilling the education promise to them is the single best indicator of not only their success in life, but also the health and success of our cities. There are several innovative and successful public school programming models from our member cities that are indicative of innovation. We think these programs can be grown and accentuated. This includes adequate funding through the SOQs for English as a Second Language (ESL), Instructional Aides, as well as several critical education public policy areas highlighted below.

- **At-Risk Add-On (ARAO)** – The ARAO is extremely important to VFC because it is funding that recognizes the compounding challenges of concentrated poverty and that schools with the greatest concentrations should get the most targeted aid for their schools. **Action:** Maintain the ARAO at 36%.
- **Instructional Aides** – The Virginia SOQs provide less than minimal support for teacher aides beyond limited kindergarten and special education. The state currently pays for only 2,800 instructional aides, but there are 21,000 employed across the state. Having two adults in the classroom through the third grade to help provide necessary classroom management, especially in classroom environments with increasing numbers of children diagnosed with significant disability and behavioral issues is especially important. Instructional aides have also become a valuable path to becoming a licensed teacher. VFC-member public schools lag the state averages in employment and pay levels for instructional aides. Clearly, the cost is a contributing factor.

A November 2022 Joint Legislative Audit and Review Commission report on Pandemic K-12 Learning Loss recommended specific actions to assist school divisions. Among the recommendations: 1) Language and funding to provide additional, temporary funding for a subset of schools accredited with conditions to hire more instructional assistants to (i) help teachers provide small group and individualized instruction necessitated by widening academic needs within classrooms, (ii) help teachers manage challenging student behaviors within classrooms, and (iii) reduce teacher workloads. **Action:** Budget amendment to instruct the **Department of Education to study** and make recommendations for the 2024-2026 biennium for having an **adequate SOQ standard to help pick**

up the actual cost of instructional aides and stopgap funding to realize the JLARC recommendations.

- **Extended-Year and Year-Round School Grants – Action:** Increased funding is needed for our city public schools that have experienced pandemic-related learning loss in greater proportions. The \$50 million ARPA appropriation will soon be expended, but we know that we are going to need to backfill this program that does so much to stem learning loss.
- **Teacher Workforce/Master Teacher Residency Teacher Stipends –** Solving the gap in teacher supply is critical to educating our children. Teachers need to be supported through pay increases, as well as finding ways to minimize teacher burnout. We must scale up a statewide effort to address teacher shortages, teacher retention, and teacher training, especially in special education. A component of educator training is student teaching which offers students an opportunity to get real-world experience in a classroom setting alongside a mentor teacher. However, these programs require student teachers to be in the classroom full time for between 12 and 16 weeks, during which it is difficult to maintain other employment. Typically, student teachers are not paid, which serves as a barrier for completing a teacher preparation program. **Action:** Support additional appropriation to the Master Teacher Residency Program to support stipends for student teachers.
- **Position Statement:** Support funding for the expansion of Pre-K, early childhood care programs including the VPI, and mixed delivery programs.
- **Position Statement:** School Construction and Modernization. While grateful for the 2022 General Assembly’s funding of school construction monies, additional funding is necessary, as 2021 cost data from the Virginia Department of Education notes that Virginia needs over \$7 billion to build, expand or renovate our K-12 schools. At least 45 states and D.C. use sales taxes to fund school infrastructure projects. In Virginia, only a handful of localities have been given the authority to use local option sales taxes for school construction despite the critical need for many if not most of our member cities. All localities should have resources and a level playing field when it comes to school construction funding opportunities. We urge the General Assembly to support the local option sales tax for all localities, as well as adding one-time revenue into the School Construction and Modernization Fund.
- **Position Statement:** Pandemic Learning Loss. K-12 student learning loss and the teacher retention issues are inextricably linked as evidenced by the November 2022 JLARC report, “Pandemic Impact on Public K–12 Education.” Support the recommendations in the JLARC report as immediate measures to assist our schools now and moving forward.

Health & Human Services

Position Statement: Measures to realign the behavioral health funding structure are complex. Workforce development is a major issue in the behavioral health field, as the recruitment and retention of mental health clinicians is severely constrained. For these reasons, VFC supports: 1) continued and full implementation and funding for STEP-VA, the largest behavioral health investment the state has ever taken and a much-needed program for our community services boards; 2) the Marcus Alert program. This funding

should not be an either or proposition. Funding should come from the state and the cost of the programs should not be shifted to local government; and 3) The state should provide funding to decrease the time demands that Temporary Detention Order (TDO) responsibilities place on our local police departments. In addition, the state could provide our cities flexibility for other qualified professionals to perform TDO duties by allow localities to contract for these services, thereby reducing demands on our local police.

Public Safety

- **Aid to Localities with Police Departments/HB 599 – Action:** Fund Aid to Localities with Police Departments according to statute (§ 9.1-169). Applying actual GF revenue growth for the 2020-22 biennium and official estimated GF revenue growth in the 2022-24 biennium provides that FY 2024 Aid to Local Police should be \$20.8 million higher than the current appropriation of \$219.65 mil.
- **Jail Per Diems – Position Statement** - Jail per diem rates should be adjusted for inflation in line with the Consumer Price Index. Jails unable to keep state-responsible inmates due to space or resource limitations should not be compelled to keep state inmates past the 60-day period.

Taxation & Tax Policy

Position Statement - The **Machinery and Tools** and **Business and Professional Occupational License** taxes comprise a major part of our city budgets and are extremely important to local government revenue streams. VFC will vigorously oppose any attempt to eliminate or reduce the **M&T** and **BPOL** taxes unless it includes a reliable, adequate funding mechanism.

Position Statement – Grocery Tax, Tax on Hygiene Products - VFC opposes any state-mandated exemptions to the local option sales tax unless the General Assembly can establish a viable and ongoing revenue-replacement for local governments.

Position Statement – Marijuana and Vaping Products - VFC believes that the state should give local governments the authority to establish an excise tax on the sale of vaping products as well as on the sale of cannabis products.

Transportation & Mobility

Our cities are vibrant, urban centers that have been or are making proactive transportation improvements in order to aid quality of life and the environment. While there is not a one-size-fits-all for our member cities, there is an expectation that mobility and diversity of mobility in and around the urban core is safety first. This is vital to jobs and thriving cities.

- **Position Statement** - Support increased street maintenance funding as per the statute which is tied to revenue growth in the state’s maintenance budget. This is needed to ensure equitable funding for independent cities and urban areas that, in the current formula, do not receive adequate funding for on-street parking areas, bike lanes, transit

lanes and turning lanes. Additionally, support our member cities in the local street maintenance funding study to ensure equitable outcomes.

- **Position Statement** - Ensure that **transit funding** is maintained in the state budget.
- **Position Statement** - Support allowing local governments the **option** to implement a **radar speed enforcement initiative** in urban centers on residential streets and bridges to help calm traffic. Authorizing the use of radar-enabled speeding and red-light cameras (beyond the currently allowed posted school crossing zones or work zones) to include business and residential districts will be a traffic calming measure, a cycling and pedestrian friendly measure, and a way to encourage compliance with speed limits on our streets without having to hire or redirect local police.

Statement/Disclaimer: Individual items in the 2022 VFC Legislative Program may not be officially supported by every member city