



2022 GENERAL ASSEMBLY LEGISLATIVE PROGRAM

Charlottesville * Danville * Hampton * Harrisonburg * Hopewell * Lexington * Lynchburg * Martinsville *
Newport News * Norfolk * Petersburg * Portsmouth * Richmond * Staunton * Williamsburg * Winchester

Annexation Moratorium/Fiscal Stress Statement/COVID-19 Pandemic Response

As the only 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. The COVID-19 pandemic effect on our cities demands transformative action towards creating more just, resilient, and sustainable cities. Our cities and local decision-makers are facing a "perfect storm" of how best to deal with recovery planning from COVID-19, alongside the ongoing pressures of climate change, resource depletion and continued socio-economic inequalities.

The following two requests are at the core of what Virginia cities were promised as the result of the moratorium on annexation. If the General Assembly and Governor would deliver on this funding, it would help make our cities stronger and more resilient:

Fund Aid to Localities with Police Departments according to statute (§ 9.1-169) - Comparing Virginia law enforcement expenditure growth in Virginia is a frightening comparison. Our cities have experienced a (negative) 7.1 percentage of growth from FY 2007 to FY 2022. This is compared to state aid for local sheriff's and for state police appropriations. Consistently, year-after-year, the General Assembly has not funded their obligation as delineated in the annexation moratorium. Further, all of our cities are experiencing a massive human resources and workforce development issue 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. Our police departments were facing workforce development issues before the pandemic and civil unrest. Local police department funding and workforce development issues are even more acute at this point in time.

- Request the Governor and the General Assembly **fund HB 599 monies for FY23/24 in an amount of at least \$20 million.**
- **Request a specific appropriation to assist our cities with local police recruitment, retention and pay compression issues.**

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

- **Support increased 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

The Virginia Code §15.2-1414.6 governing salary compensation for elected officials in cities has not changed since 1998. In 1997, substantive changes occurred when the second highest population bracket dropped from the maximum population of 200,000 to 175,000; the third highest population bracket changed from 95,000 – 199,999 to 75,000 – 174,999; and the next population bracket changed to a maximum of 74,999. Added in 1988, was the current highest band for salary increases providing for a population bracket of 260,000 and over and a maximum salary of \$30,000 for the Council President or Chair and \$28,000 for Council members.

Approximately 25% of Virginia cities can set their own salaries with no other limits. Approximately 15% of cities have specific salaries dictated with their charters. Two Virginia cities have their salaries determined by an independent commission or board, and approximately 40% of Virginia cities refer to the General Laws of the Commonwealth, setting maximum limits for compensation.

The Virginia statute does not confer the same obligations to Virginia counties, as they face no caps on compensation and are able to adopt salary increases for the new term of elected officials.

In the 21st century, there are no compelling reasons for Virginia city councils to be treated different than Virginia counties. Both are responsible to the electorate that can comment publicly or vote them out of office for this, or any other reason. For all these reasons, Virginia First Cities **urges the General Assembly to remove the caps on city council salaries.**

Community Wealth Building

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. To further the community wealth building ideal of breaking down silos to moving folks into career-sustaining occupations, we urge the General Assembly to continue funding for:

TANF for Employment – This is the VFC incubated innovative grant program designed to breakdown silos to connect persons to career paths and sustainable income by providing wraparound services.

- Maintain funding for the **TANF for Employment Grant Programs** at \$7.5 million (round 1), \$3 million (round 2), and \$1.5 million (round 3) in each FY23 and FY24. **Continue best practices and Network2Work linkage to make the program more efficacious.**

Affordable Housing, Homestay Taxation, Gentrification, and Eviction Prevention and Recovery

Many would define gentrification as a profit-driven, race, and class change of a historically disinvested neighborhood. “Disinvested” meaning that businesses and governments have abandoned—where there has been little new development or maintenance of existing buildings or institutions. Gentrification occurs where land is cheap and the chance to make a profit is high due to the influx of wealthier wage earners willing to pay higher rents. In some of our cities, real estate assessments have increased dramatically over the last several years. Mortgage interest rates and housing supply are both at record lows, driving home prices and as a result, home assessments higher. While escalating assessments are important for the creation of familial wealth, the accompanying escalation of property tax bills are displacing long time property owners, jeopardizing their opportunity to pass this accumulated wealth onto their progeny, and forcing these residents from the communities they have called home. To prevent the displacement of long-term owner occupants due to rising property tax assessments and to encourage the creation of intergenerational, familial wealth:

- **VFC supports legislation, including an amendment to Virginia’s Constitution, that would allow local governments that wish the authority to implement a Long-Term Owner Occupant Program (LOOP).** LOOP programs work by first, capping a property owner’s tax assessment at a specific percentage during the initial application and second, by locking in the tax assessment of the application year. The Virginia General Assembly does not currently have Constitutional authority to adopt legislation that would permit localities to provide tax relief to low-income, long-term residents experiencing dramatic increases in their real estate assessments. (Richmond)

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 and working with community institutions to ensure a successful revitalization that values culture, health, and positive human development, as well as increased economic activity. Ensuring lasting housing change should, in all cases, be done through re/development without unwanted, forced displacement.

- Provide eligible working citizens **better access to affordable housing and financing** for public housing replacement and public housing infrastructure improvements.

Short-Term Rental/Homestay Taxation – Virginia First Cities supports legislation that assists our local governments with home-stay tax compliance and enforcement. 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 it. 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. VFC supports legislation that will bring clarity to tax collection and remittance, as well as the ability to audit/track those properties that are operating as home-stays.

Expanding Access to Legal Representation: Right to Counsel & Eviction Prevention - Housing court and eviction proceedings are among the most extreme cases of imbalance in legal representation, with an estimated 81 percent of landlords having legal representation while just 3 percent of tenants do. This results in overburdened court dockets and unfair rulings — in addition to long-term impacts that fall disproportionately on communities of color, such as potentially the loss of child custody and employment, increased difficulty in securing future housing, worsening of mental and physical health, loss of possessions, and where homelessness is the result, incarceration and prosecution. As our cities continue to face an eviction crisis driven even more extreme by the COVID-19 pandemic, expanding access to legal representation is a critical component of our VFC member-city eviction prevention and eviction diversion strategies.

- We support the General Assembly appropriating **state general funds** to increase the number of attorneys and salaries for the **Virginia Indigent Defense Commission so that direct legal services to address the eviction crisis will be expanded.**

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 three years, and with an intervening global health pandemic severely affecting every Virginia local government, particularly impacts on our older, core cities, 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 still highly deserving of additional funding to propel redevelopment and rebuilding of our cities. This advocacy includes:

- **Industrial Revitalization Fund** - The IRF was heartily reinforced with \$45 million of ARPA funds. While a longstanding priority advocacy area for VFC, we will continue to emphasize the IRF's importance to our membership.
- **Virginia Main Street Program** – Continuing the \$4 million appropriation of ARPA funds to administer aid for the Main Street Program will support revitalization and business recovery and resiliency efforts in our city-impacted commercial business districts, as well as provide technical assistance and grant award possibilities.
- **Enterprise Zone Program** - Virginia's Enterprise Zone Job Creation Grants (JCG) and Real Property Investment Grants (RPIG) are two of the Commonwealth's most important economic development incentives, encouraging high wage job creation and much needed capital investment in Virginia's most economically distressed communities. Over the past five years, the Enterprise Zone Program has supported the creation or retention of 10,877 jobs and leveraged more than \$1.4B in private investment. The program has been oversubscribed for all past five years (average annual shortfall over five-year period of FY16-FY20 was \$3.2M) resulting in reduced grant payments to Real Property Investment Tax Credit investors through a process called proration. This has also resulted in RPIG investors being granted only 70%-88% of the eligible award amounts over the same period. VFC supports additional funding of \$3.5M over the FY21 base budget of \$14.5M to ensure that the Enterprise Zone Program can continue to generate its maximum impact and meet the continued demand for its service. VFC also recommends making the fund non-reverting back to the Enterprise Zone program so the fund can fluctuate with business cycles of higher demand for the program.

- **Brownfields Restoration and Remediation Program** – Along with the IRF, the Brownfields Restoration and Remediation Program deserves continued funding to bring our urban real estate back into productive and taxable reuse.
- **Urban Public Private Partnership Redevelopment Fund (UPPPRF)** – Created by statute to address the serious problem of a lack of developable land in urban areas of the Commonwealth and the high cost of redeveloping such land, the UPPRF has never been funded in the state’s budget in order to enable our cities to assemble, plan, clear, and remediate sites for the purpose of promoting such sites to private developers for redevelopment. Virginia First Cities believes that the UPPRF would be an ideal budgetary source to assist our members with public housing redevelopment.
- **Support a permanent budget line item for the CDFI Fund and capitalize it with a \$10 million general fund appropriation for FY 2023 and FY 2024.** This program will help our city’s small, disadvantaged businesses.
- Oppose a decrease or a further extension of the cap on the **Historic Rehabilitation Tax Credit.**
- Support maximum funding for the **Stormwater Local Assistance Fund (SLAF).**
- Support **flood/resilience risk reduction infrastructure projects** and aid to localities for tidal and street flooding mitigation efforts including grant matching and Shoreline Assistance Fund.
- For many of our urban 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. VFC supports a concentrated governmental effort to ensure broadband coverage is both available and affordable to those that are most in need.

Health and Human Services

- Support the continued the **implementation of STEP-VA**, the largest behavioral health investment the Commonwealth has ever taken. The broad goals of STEP-VA are to increase access, quality, consistency, and accountability in the public mental health system. To date, the General Assembly has funded or partially funded six steps (same day access, primary care screening, outpatient services, crisis services, peer support and family services, and veteran support services). VFC urges the 2022 General Assembly to fund \$22,245,501 in FY 2023 and \$28,302,800 in FY 2024 through grants to localities in order to support implementation of critical STEP-VA infrastructure and the three remaining steps of STEP-VA: 1. Psychiatric rehabilitation; 2. Care coordination; and 3. Case management. These are the final steps needed to complete the implementation of STEP-VA, Systems Transformation Excellence Performance-VA, and this would ensure that STEP-VA is implemented across the state by July 1, 2023.
- **Continue Implementation of the Local Marcus Alert Systems.** The Marcus-David Peters Act was passed during Special Session 2020. The Act requires the development of a comprehensive crisis system and places requirements on local law enforcement and 911 centers to ensure that behavioral health crises are diverted to the behavioral health healthcare system and that when law enforcement does respond or is present during a behavioral health crisis, the response takes behavioral health into consideration. There are significant additional costs at the local level to implement the requirements of the Marcus Alert and ensure that local and regional efforts are coordinated and provide equitable access to the crisis system. When the Marcus-David Peters Act was passed, \$600,000 in funding for each of 5 initial areas was provided for implementation. Per the Act, an additional 5 areas are expected to launch during the upcoming biennium. **The General Assembly and the Governor should provide funding sufficient for five**

additional areas pursuant to The Act with \$600,000 in ongoing funding to support the Marcus Alert implementation.

- Revise **emergency custody order (ECO) and temporary detention order (TDO)** legislation.
- The General Assembly and JLARC are requested to undertake a holistic study of Virginia's Medicaid system and to fund reimbursement rates that focus on efficacy, equity, and appropriate funding levels.
- Support adequate funding for our **local departments of social services.**
- Support the home visiting program to provide **supports to women to improve birth outcomes and maternal health.**

Education/Early Childhood Initiatives

A fundamental principle of the Virginia First Cities Coalition is that all children deserve the same opportunity to succeed. Virginia needs to prioritize and accelerate its focus on transforming public schools with high numbers of children coming from economically challenged backgrounds. A state priority should be to encourage and fund successful public education models such as the Achievable Dream schools that encourage respect and a love of learning, and the Hampton Academies that connect high school kids to real career opportunities. Encouraging more schools to use year-round school models so that kids retain and build on what they learn should be prioritized. As the COVID-19 pandemic has laid bare, the state should prioritize giving every child the technology and training it takes to be successful in today's world. This crisis provides stark evidence that our K-12 system needs modernization of both infrastructure and instruction. Now that technology and distance learning have accelerated at lightning speed, it is time for the state to assist local K-12 improvements to bring 21st century technology to all our students and schools. Every child, no matter their zip code, should have modern computer tools in their schools and homes and access to broadband and remote learning capabilities. Our technology should be able to bring the latest skills, ideas and experts to all students.

The General Assembly must recognize and fund the true costs of public education. Virginia's public schools rely more on local governments to fund their budgets than all but nine other states in the country, resulting in one of the most regressive funding structures in the nation.

- The General Assembly should have the resources and therefore VFC encourages them to prioritize Board of Education Standards of Quality (SOQ) enhancement recommendations which include: Eliminating the Recession-Era **Support Position Cap** (annual cost = \$374m); Creating an **Equity Fund - At-Risk Add-on** combined with Prevention, Intervention, Remediation Program (annual cost = \$78m); **Teacher Leader/Principal Mentor** Programs (annual cost = \$118m); Increase **staffing ratios for ESL Teachers** (annual cost = \$15m); Increase **Specialized Student Support Personnel** (annual cost = \$ 49m); Increase **Reading Specialists** (annual cost = \$38m); Increase **School Counselors staffing standards** (annual cost = \$52m); Increase **Elementary Principal staffing standards** (annual cost = \$8m); Increase **Assistant Principals staffing standards** (annual cost = \$77m)
- There exists a need for an **adequate SOQ Standard for Teacher Aides**. The Virginia SOQs provide less than minimal support for teacher aides beyond limited kindergarten and special education. A strong argument can be made for having two adults in all classrooms 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. In addition, teacher aides have become

a valuable path to becoming licensed teachers. Teacher aides get valuable classroom experience which can lead to people making informed decisions about becoming teachers. Lastly, Virginia First Cities lag the state averages in employing and pay levels for teacher aides. Cost is most likely a contributing factor. VFC localities undoubtedly have many schools where teacher aides are needed and can have a positive impact on the learning environment. Unfortunately, the current state Standards of Quality do not reflect the value localities are placing on having teacher aides. Therefore, VFC requests **the SOQs be updated to pick up the delta between the actual teacher aides employed versus what the state is actually paying for.**

- The General Assembly should expand the SOQs to include a sustainable state funding source to assist localities and school divisions in **modernizing public school facilities.** In the short-term, a pilot program of competitive grants using funds from the Virginia Public Building Authority in order to offset the costs of new construction or renovation for publicly owned and operated K-12 schools should be available to all VFC members.
- Support the **extended-year and year-round school grants** program with increased funding.
- Support funding for the **Master Teacher Residency Program** by scaling up a statewide effort to address teacher shortages in special education and elementary education. **Support \$1 million in FY 23 and FY24** to: 1) create a cohort of up to 20 special education residents in hard to staff schools throughout the state; and 2) Design and pilot an undergraduate elementary residency program for up to 20 B.S.Ed. residents.
- Continue to support a more robust **early childhood/Pre-K program** including **Virginia Early Childhood Success to provide** seamless, affordable **access for the most at-risk families** to quality early childhood services, including home visiting, subsidized childcare, and preschool.
- Virginia First urges the General Assembly to give localities that do not already have the ability, to be a “qualifying locality” under § 58.1-602, § 58.1-605.1 and § 58.1-606.1 which would enable them to enact a **one-cent sales tax to provide revenue for construction or renovation of schools.** The “Christmas tree” effect should be rejected and this ability should be given to any school division/locality that wishes to avail themselves of the opportunity to raise revenues for school construction and modernization.

Public Safety

The 2020 General Assembly, both in the regular and special sessions, followed through on virtually all of the “asks” in the areas of guns and local government controls. However, on the issue of police department funding and state support to bring public defenders’ salaries on par with Virginia Commonwealth Attorneys, state funding efforts have fallen short. For these reasons, we reiterate our commitment to:

- Greatly increase funding for **Aid to Localities with Police Departments** according to statute with a formula that is responsive to the needs of our urban police departments facing challenges with workforce recruitment and training.
- The Governor and the General Assembly are requested to do everything within their means to facilitate as soon as possible the **transfer of state-responsible inmates from local jails to institutions operated by the Virginia Department of Corrections.** Also, and most importantly, the state should **increase the jail per diem payments** for

state responsible inmates. This is yet another example of a state burden that is sitting on the back of our cities, our regional jails, and ultimately our citizens.

- State funding to picking up the **funding differential between Commonwealth Attorneys and our public defenders**. It is untenable that pay parity depends on local governments to fund when Commonwealth Attorneys are state-supported positions.
- Support implementation of the **new standards for behavioral and mental health care in local jails**. This includes positions and funding for an additional 249 positions for behavioral health case managers to be allocated in jails, and for an additional 253 partially-funded medical/treatment positions that represent the outstanding funding need under Compensation Board staffing standards that are not currently funded or allocated.
- Increase the **per diem rate for all state-responsible inmates** incarcerated in local jails to a rate that recognizes the increased burden of mental health and substance abuse on the local jail population.
- Support the Virginia Department of Corrections' **reentry program request for \$4.5 M in each year** to provide short-term housing and other services such as substance abuse treatment, individual/group counseling, urinalysis, basic life skills, and job placement in order to provide stability and a positive trajectory for those soon to be released from jail.
- 2020 and 2021 were years unlike any other --- a pandemic, thousands of deaths across Virginia due to the COVID-19 pandemic, the shutdown of schools and public spaces, the interruption of violence prevention and community safety programs, growing political divisions, simmering anger and trauma, and record gun sales. There was also widespread unemployment amid simultaneous public health and economic crises. While we don't have individualized data from our VFC member cities, the number of reported homicides in Virginia increased from 428 to 528 or a 23.4% increase. Based on this data, as well as hearing from our members, **VFC supports additional funding to address community violence and city-specific gun violence reduction/prevention programs**.

Skill Games, Video Gaming Terminals, Gambling and Local Revenue

The 2020 General Assembly passed legislation that would ban the use of the unregulated/skill "gray machines." The Governor submitted an amendment to that legislation at the 2020 Reconvened Session that would keep and tax the skill games until July 2021 as a means for generating COVID-19 relief funds. The resultant revenues inured to a COVID-19 relief fund and to local governments hosting the machines.

The 2020 Special Session during the summer and fall again saw the skill games issue at play, this time to sweep the state revenues going into the COVID-Response Fund to replace the local school division K-12 sales tax loss revenue. That funding was subsequently not required as sales tax revenues did not decline to the extent anticipated.

The 2021 General Assembly saw new attempts to reverse the ban on skill machines but all failed, so that post-July 1, 2021 skill games remain illegal. And, there are other forms of gambling (**video gaming terminals aka VGT**) that are attempting to be recognized as legal in Virginia.

Virginia currently allows many forms of gambling:

- Virginia Lottery games
- Pari-mutuel betting on horseracing

- Off track betting on historical horse racing
- Online sports betting
- Casino gaming in Bristol, Danville, Norfolk, Portsmouth
- Charitable gaming

All of the above-listed forms of gambling **except online sports betting** have some form of a revenue stream that comes back to Virginia local governments, either directly (casino gaming, off track betting and historical horse racing), or indirectly through education funding (Virginia Lottery). When skill games were legal during the COVID-19 pandemic, there was a revenue stream that inured to host cities. And, with all of these forms of gambling, there is and was money siphoned off to support the Virginia Problem Gambling Treatment and Support Fund.

It is not the position of Virginia First Cities to pick gambling winners or losers. For example, Virginia First Cities’ **non-casino host city members** generated almost \$8 million in tax revenue from skill games when they were deemed legal by the General Assembly. This is money that could be dedicated to K-12 education, construction and modernization of schools, and other pressing areas.

Should the General Assembly face the question of making skill games legal again, or sanctioning the use of video gaming terminals (VGT), **VFC urges the General Assembly to provide a level playing field for all types of gambling and to create a dedicated revenue stream directly to cities that host these platforms.** We unfortunately have experienced the proliferation of these unregulated and untaxed skill game machines when they were illegal and we did not receive any tax revenue or tangible cost/benefits.

Taxation and Tax Policy

Grocery Tax - The history of the Virginia legislature’s treatment of local governments and tax revenue return is replete with politically expedient calls to eliminate funding. While it sounds attractive to voters, VFC believes that if there is an elimination of the Food for Home Consumption Tax (Grocery Tax), then there should be a replacement of lost revenue to localities.

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 an adequate funding mechanism.
- VFC supports **increasing the standard tax deduction** because it will most directly support putting additional dollars in the pocket of our low and middle-income citizens in our cities.

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.

- **Support increased street maintenance funding** 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.
- Ensure that **transit funding** is maintained in the state budget.
- Support allowing local governments the **option** to implement a **radar speed enforcement initiative** in urban centers on residential streets 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 hopefully gain compliance with speed limits on our streets without having to hire or redirect local police.

Final/As Approved November 12, 2022

**** Individual items in the 2022 VFC Legislative Agenda may not be officially supported by every member city**