



## Virginia First Cities Legislative Program 2024 General Assembly

### Housing and Economic Gardening

Virginia First Cities' work in the housing sector has been fundamental to our coalition since its founding in 2000. Back in 2000, the economic circumstances of our member cities were, in large measure, reflected in the housing options and blighted conditions in many of the downtowns in our urban core cities. Through the years VFC has been a consistent and proactive advocate for finding tools and removing obstacles in order to make our cities desirable places to live, work and raise a family. **The Commonwealth needs to invest in existing tools as outlined below:**

VFC Formed an **Access to Housing Committee** to do a deep dive into the specific needs of our cities. Through several in-person and virtual meetings work group findings include:

- Most of our cities are experiencing varying degrees of a housing access crisis due to supply/demand imbalances;
- Speculative real estate ownership with no investment = blight;
- Real estate investment/short-term rentals complicating and changing (for the worse) workforce and affordable housing;
- Some of our downtowns are sitting on post-Covid empty or almost-empty commercial/office space;
- Strong desire for state/local-enabled zoning policy that promotes economic development with mixed use, mixed income, transit-oriented, housing.

### **Budget Requests**

**Request 1:** Existing Program – Allocate an additional \$1 million GF in each year (FY25/26) for the **Virginia Brownfields Remediation Fund** and legislative language to lower the match requirement for remediation grants for fiscally stressed localities.

**Request 2:** Existing Program/Currently Unfunded – **Virginia Urban Public-Private Partnership Redevelopment Fund** (§15.2-2415) exists 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 Fund shall make grants or loans to local governments for assembling, planning, clearing, and remediating sites for the purpose of promoting such sites to private developers for redevelopment. Fund the VUPPPRF initially at \$25 million and use the fund for a competitive grant program that models and incentivizes developers to build work force housing and housing for households in 80% to 100% or even 120% AMI. Due to dramatic increases in housing costs and interest rates in recent years, there is an urgent need.

**Request 3:** Provide \$15 million in the Housing Revitalization Zone Fund to assist with the rehabilitation of aging residential home stock as modeled in The Virginia Housing Revitalization Zone Act, § 36-160 - § 16-170.

**Request 4:** Existing Program – **CDFI Fund**. Capitalize at \$10 million FY 24 (caboose budget), \$10 million FY 25 and \$10 million FY 26.

### **Bill/Legislative Requests**

**Request 1:** Amend Virginia Code § 58.1-3221.6 (D) and (E) to **remove the cap on additional taxes qualifying localities (high fiscal stress localities) may levy on blighted and derelict properties**. Additional taxation authority is an extremely valuable tool for our cities to encourage proper maintenance of properties and compliance with state and local building regulations. By limiting the rate at which localities may levy additional taxes on blighted and derelict properties, the effectiveness of this tool is unnecessarily hampered, especially in localities where owners/investors are unmoved by a 5 percent to 10 percent real estate tax increase. The General Assembly is urged to allow localities that so need to establish these additional tax rates based on the unique needs of their community.

**Support:** Member efforts to amend § [15.2-1127. Vacant building registration; civil penalty](#). Prior to 2013, localities had the authority to require registration of any building that had been vacant for a period of 12 months or more. In 2013, the General Assembly amended the Virginia Code to allow registration of such buildings only if they also met the definition of "derelict. Our cities tell us that they have encountered instances in which squatters were living in houses which the out-of-state owners believed to be vacant. Some of these houses have been involved in multiple shootings. However, these buildings would not meet the current definition of derelict. In order to avoid future situations of this nature, and so that our cities know which buildings should be vacant, the General Assembly is urged to “undo” the 2013 amendments of §15.2-1127, so that the Code reads as it did prior to 2013.

**Support:** Enhanced **penalties for repeat zoning code violators**. This issue is aimed at addressing property owners for whom the fees associated with a zoning code violation are seen as the cost of doing business and therefore de minimis. (Norfolk)

**Monitor, Educate & Communicate:** VFC member survey made abundantly clear that any change to the current **short-term rental statute** that confers status on any particular group or sector should be vehemently opposed. With the housing crisis we are all facing, there is specific and anecdotal evidence that the conversion of long term rentals to short term rentals has put a strain on many of our city’s housing, creating an increase in rental rates, limited inventory and waitlists. Further, many of our members have gone through painstaking and extensive public input to their short term rental ordinances. **Any state legislative or regulatory activity that upends that should be vehemently opposed.**

**Support** legislation that gives localities more tools to reduce tax burdens on dedicated affordable housing serving low-income Virginians. The current section of state code that directs local real estate assessors to use a specific market-based approach for rent-restricted and affordable housing should be amended to **make clear that property**

assessors **shall not only consider, but shall use**, an income-based approach to assessing real estate that houses individuals and households below 80 percent AMI.

**Support** legislation that gives localities more tools to preserve Virginia's existing stock of affordable housing. Localities request that the Virginia General Assembly grant them the power to exercise a **Right of First Refusal** where one is not already in place, especially when it comes manufactured home parks. Research and experience indicate that affordable housing is especially vulnerable to certain bad actors in our real estate market, such as out-of-state investment corporations that have contributed heavily to rising rents and failed to adequately manage their properties. In order to address the affordable housing crisis, preservation is as equally important as new development.

**Support** legislation dealing with **housing for formerly incarcerated individuals**. The discriminatory practice of refusing access to persons, regardless of the length of time that has elapsed since the incident, only furthers to exacerbate the number of unhoused (homeless) individuals in Virginia. The Virginia General Assembly is urged to better align the Commonwealth with current Housing and Urban Development (HUD) policy recommendations and guidelines regarding this practice.

**Support** for the **Virginia Rehabilitation Tax Credit (HRTC)** Program.

**Support** for additional contributions the **Virginia Housing Trust Fund**.

**Support** the 5000 Families pilot program, as a bold investment in the future of the Commonwealth and school-aged children by developing a **statewide rent relief program that will target families with school-aged children who meet specific qualification standards**. Rent relief will enable those families to stay in their current home or find a more stable, permanent home of their choice. Facilitating enhanced housing stability will benefit Virginia families and the Commonwealth in countless ways.

### **Pre K-12 Education & Funding**

**JLARC K-12 Funding Recommendations** - Virginia's Joint Legislative Audit and Review Commission (JLARC) released its study of Virginia K-12 Education Funding in July 2023. Not surprising to local government, the conclusions and data confirm that Virginia allocates far less than is needed to sufficiently fund its school systems. In total, JLARC recommends about \$1 billion in near-term funding needs and \$2.5 billion in longer-term state funding goals. Near term goals include unwinding Great Recession era budget cuts such as the support cap; properly recognizing prevailing salaries paid by school divisions; and combining/updating at-risk student funding programs into the SOQ.

JLARC found that the largest state funding gap is due to the SOQ covering only two-thirds of actual staff employed in school divisions. Both teachers and instructional aides each account for fully one-third of the difference between SOQ staffing standards and actual positions employed. Instructional aides are crucial for supporting classroom instruction, reducing stress on teachers, and provide a critical pipeline for developing new teachers. This is why it has been a VFC recommendation for the last two sessions. Currently, the state underfunds teacher aides by over \$400 million per year.

Lack of SOQ coverage of actual school positions is exacerbated in VFC school divisions with more at-risk students to educate. JLARC found that an effective SOQ formula should account for the higher costs that school divisions incur because of factors outside their control. Our VFC schools have little or no control over how many higher needs students (at-risk due to poverty, special education, or English learners) live in their division.

VFC has been a long-time advocate in the General Assembly for increasing the At-risk Add-on, to try and fill the funding gap. The JLARC study found that at-risk funding programs do not provide divisions with consistent base amount for each at-risk student, and that data to estimate poverty is also old and increasingly inaccurate. JLARC recommends combining both the existing SOQ Prevention, Intervention, Remediation Program (PIR) and the Incentive Programs At-risk Add-on funding into the Standards of Quality using updated school nutrition program and social services data.

VFC has conducted a thorough analysis of the JLARC report to find which of their recommendations provide the most help to VFC cities. The following represents VFC's recommendations to guide our General Assembly advocacy in the K-12 education funding arena:

**Request Bill and Budget Amendment:** Consolidate two largest at-risk programs into **new SOQ At-Risk Program with updated at-risk student data** (\$250 mil., *VFC share 22.9%*)

**Request Budget Amendment: Increase funding for instructional assistants.** Currently, only about 2,900 instructional assistants are funded by the SOQ out of over 21,000 employed. At a minimum, adopt the 2023 Senate budget amendment to provide \$38.6 million per year for instructional assistants in underperforming schools to (i) help teachers provide small group and individualized instruction, (ii) help teachers manage students within classrooms, and (iii) reduce teacher workloads.

**Support/Request Budget Amendment: Eliminate remaining support position cap.** The General Assembly has already partly implemented this JLARC recommendation. Removing the remaining support cap would require moving from 24 to 26.3 support positions per 1,000 ADM. (\$116.7 mil., *VFC share 15.3%*)

**JLARC K-12 Teacher Pipeline** – JLARC's September 2023 Study, "Virginia's K-12 Teacher Pipeline" concluded that the severity of the teacher workforce problem is sadly accentuated in VFC member cities. Having well-prepared and educated students and teachers teaching students is foundational to healthy, successful cities. Virginia First Cities has been the perennial champion of teacher workforce funding state budget requests and therefore amplify the following requests that are consistent with JLARC recommendations.

**Request increased** annual funding for the **RTR Teacher Residency Program** and the VDOE Registered Teacher Apprenticeship Program.

**Support** increased funding for the **Virginia Teaching Scholarship Loan Program**

**School Construction & Modernization** - Separate from the JLARC K-12 Funding report are the finding and recommendations from the Virginia Commission on School Construction and Modernization. Finding that more than half of K-12 school buildings in the state are more than 50 years old with a replacement cost at least \$25 billion, Virginia cities are in need of additional dedicated funding sources for this purpose.

**Support:** The state committing **additional general funds for School Construction and Modernization.**

**Support:** Legislation that would add any Virginia local government to the list of localities able to hold a referendum to ask voters to **increase the sales tax by 1%** to raise money for school construction and modernization.

**Early Childhood Education (ECCE)** - The Virginia Commission on Early Childhood Care and Education (**ECCE**) work has been supported by VFC as we all look to the costs, priorities, and return on investment in this crucial program. Virginia invested \$309 million more towards ECCE in SFY 2023 compared to SFY 2019, which resulted in 11,151 more children under age 5 receiving affordable, high-quality ECCE through CCSP and Mixed Delivery. This is estimated to have generated a return of at least \$364.3 million in increased family earnings and disposable income, of which, at least \$30.4 million will go directly back to the state as tax revenue. Alarming, funding for the Child Care Subsidy Program (CCSP) and Mixed Delivery will decline by several hundred million dollars in FY 2025 unless action is taken to bolster these programs as federal funding for these programs expires. This is likely to half the number of children served by these programs by approximately 35,000 and create job disruption for the parents of said children. Given the role of VFC in supporting many early childhood programs and initiatives and the importance of early childhood care and education to the future of our cities, it is critical that the looming fiscal cliff for these programs is backstopped.

**Support** additional state funding increases for at-risk children’s access to high-quality, enriching learning environments, including more resources and flexibility for localities participating in programs like the Virginia Preschool Initiative and Head Start. It is imperative that the fiscal cliff be backstopped.

## **Community Wealth Building**

### **A Bridge to Self-Sufficiency - 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 and productive members of a healthy community. VFC has always recognized and proclaimed that sustained and family-sustaining employment for those citizens on the economic edge is not possible without many supports, including access to workforce development programs, quality childcare, transportation, and mental health services. **Community Wealth Building aka Virginia’s TANF for Employment Grant Program was designed to connect all these supports to demonstrate that it takes more than TANF, SNAP, and a VIEW program funds to sustain these individuals and lift them out of poverty.**

With six years in and three different funding rounds, several VFC cities are participating in the TANF for Employment Grant Program and several are modeling amazing results that should be capitalized upon. This is especially exigent since an October 2023 Joint Legislative Audit and Review Commission (JLARC) report studying Virginia's Self-Sufficiency Programs and the Availability and Affordability of Child Care found among other things that: 1) local departments of social services that are responsible for a quarter of people in the state’s main welfare-to-work program spend less than half the funds they have been allocated for employment supports, such

as training, background checks, child care, safety equipment and bus tickets so people without cars can get to work; 2) very few local departments of social services has any formal agreement with workforce development regions; 3) the state does not have a plan, required by law, for social services' Virginia Initiative for Education and Work (VIEW) program to collaborate with workforce development agencies. JLARC findings corroborated that very few Virginians who qualify for the state's self-sufficiency programs actually exit poverty or achieve self-sufficiency. State policies, low participation in the workforce development system and a multitude of barriers are all factors contributing to disappointing results.

**Request:** VFC calls on the state to **double down and commit to a new, combined \$12 million TANF appropriation/NGF into the TANF for Employment program as the bridge to connect VIEW with workforce programs, childcare, transportation, housing and mental health supports.** Additionally, the program language should make as a **requirement for funding specific linkage to workforce development programs and holistic community-based supports.** Grantees should be encouraged and incented to continue best practices and using **Network2Work** to make the program even more efficacious.

### **Health & Human Services/Public Safety**

The Commonwealth of Virginia created a program of financial assistance to local police departments (HB599) when it imposed an annexation moratorium on cities more than thirty three years ago. This was a promise made to assist our cities because of the inability to grow and also recognition that our urban center's public safety concerns are magnified. Since this time, the state has often and increasingly de-emphasized this funding obligation as a priority and even made HB599 funding available to other non-city entities. However, the state has never compromised on the annexation moratorium. VFC calls for the state to follow through on its promise to our land-locked city governments and provide very necessary HB599 funding specifically for Virginia's older, urban core cities.

**Request:** An increase to **HB599** funding by \$6 million in FY25 and in FY 26 specifically for

**Support** ongoing state funding to assist our cities with **gun violence prevention** efforts. The Virginia Firearm Violence Intervention and Prevention Fund, Operation Ceasefire, and other DCJS programs complement and are crucial to our local gun, youth and gang violence prevention initiatives.

**Support** Adequate Funding for **State Psychiatric Hospitals** – The General Assembly is urged to fully-fund and provide the necessary support to maintain adequate staffing levels for state psychiatric hospitals.

**Support** for the Virginia Public Safety Communications Infrastructure Fund (the Fund) within the Virginia Department of Emergency Management to address public safety communications infrastructure vulnerabilities. State funding assistance is needed for this critical infrastructure, especially in our fiscally stressed cities. The Virginia Public Safety Communications Infrastructure Fund will provide localities low-to no-interest-rate loans and grants to support critical improvements to public safety communications infrastructure and interoperability.

## 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** is always needed for statutorily required **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. In light of the most recent VDOT Urban Maintenance Program Review, *Evaluation of City Street Conditions*, **Request** budget language to prioritize **Local Revenue Sharing program grants to cities** to ensure our primary arterial pavements meet state condition standards.

**Support** to ensure **transit funding** is maintained in the state budget.

**Support** member city's efforts to **deploy traffic safety programs and technologies** on locally-owned rights of way like expanding photo-camera traffic enforcement to school and university zones, and transportation safety programs that model engineering for pedestrian, bicycling, and motor vehicle operator safety and enforcement.

*Statement/Disclaimer: Individual items in the 2024 VFC Legislative Program may not be officially supported by every member city.*