



**FY 2017
Community Wealth Building Annual Report**



FY 2017 Annual Report

Community Wealth Building Program

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Staff

Ms. Kelly Harris-Braxton, Executive Director
Mr. James Regimbal, Policy Director, Fiscal Analytics, Ltd.
Ms. Laura Bateman, Legislative Director, Bateman Consulting, LLC
Ms. Jamie Crawford, Policy Coordinator

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Executive Director's Report



Kelly Harris-Braxton, Executive Director

Virginia First Cities Board of Directors and Supporters:

We appreciate your membership and support for our coalition. Your dedication to the betterment of cities is paying dividends by facilitating policy changes and additional resources that benefit our members and the Commonwealth.

Fiscal Year 2017 was a definite success for Virginia First Cities. Despite a challenging fiscal climate, our Community Wealth Building Legislative Agenda was well-received by the General Assembly. Our priorities included: efforts to remove barriers to city growth and economic vitality; close the achievement gap for at-risk students; reduce the fiscal and service burden; and reduce poverty in our cities.

We proactively solicited legislative patrons for seven legislative requests. In total, there were fourteen budget amendments, and, I am pleased to report that we were successful on all fronts.

Our signature legislative request this year was the creation of a state-funded Community Wealth Building Fund. The Virginia Department of Social Services "Employment for TANF Participants" grant is the repository for the \$7.5 million fund that is open to localities and community nonprofit organizations specializing in employment services. We are pleased to report that several of our members have already been awarded grants that amount to 52% of the award. These valuable resources will help remove barriers to employment and sustainable success.

We cannot stress enough the importance of the teamwork it took to secure this appropriation through the General Assembly process. Virginia First Cities thanks the Community Wealth Building budget amendment patrons, Delegate Chris Peace and Senator Emmett Hanger, for their belief in what we consider a start to the reengineering of the social services delivery process. We also appreciate the many members of the General Assembly who supported our efforts, including the Virginia Legislative Black Caucus and the Rural Caucus. And, an enormous thanks to all our VFC members who individually and collectively contributed to a winning strategy. Kudos to our legislative director, Laura Bateman, who led us through this effort, and policy consultant, Jim Regimbal, who identified the TANF fund as a source of funds for the grant.

The most rewarding part is next — putting these grant dollars to work and showing that we can move the needle on poverty eradication, one family at a time, by breaking down the silos between our local internal departments and our local government/nonprofit partners.

We will also work to provide more opportunities for our members to take part in the community wealth building effort at the General Assembly and learn from each other, and to work with external partners from across the country that may be further down this path.

Virginia First Cities will continue its efforts this year and invites your input. We are planning to delve deeper into the concerns of challenged schools and economic development priorities. Your coalition plays an integral role in the state's Annexation Commission and will be at the table for the Local Fiscal Stress Committee and will continue to promote policies that will reduce the fiscal burden and add to the bottom line for our cities. As always, we are available to assist you in any way we can. We are eager to meet with each of you to discuss ideas and best practices.

I would like to add my personal and our collective thanks to Kristin Szakos for her three years of dedicated service and leadership as chair of the VFC board of directors. Our very best wishes to Kristin and she enters a new chapter in her life.

Thank you for your continued support of Virginia First Cities. Only with you can we continue to do great things.

Kelly Harris-Braxton

2017 Annual Meeting Beacon Theatre Hopewell, VA



Kristin Szakos, Chair, VFC Board of Directors, accepts thanks from Executive Director, Kelly Harris-Braxton



(L-R) Kristin Szakos, Kelly Harris-Braxton, Chris Snead, Jerri Wilson



August Wallmeyer, author, *The Extremes of Virginia*



Meade Anderson, DEQ, discusses the Virginia Brownfields Remediation Program

2017 General Assembly Year in Review

Virginia First Cities' advocacy included proactive and aggressive initiatives that were embraced by the Virginia General Assembly.

Economic Development

- \$1,000,000 Enterprise Zone funding restored
- \$1,297,366 Brownfields Remediation Grant Fund Restored

Education/Pre-K-12

- Extended School Year/Day language was removed that would have cut funding after accreditation reached
- \$1,000,000 to expand the Master Teacher Residency Program

Community Wealth Building

- \$7,500,000 for grant fund promoting non-soloed approaches to poverty eradication
- \$5,590,000 for TANF Locality Grouping Update

Public Safety

- Police departments level funded — — cuts averted

Appendix

VFC Vital Statistics

Statistics tell the story of why the VFC Coalition exists and why our collective efforts are so very important. The statistics on the following pages provide a compass, pointing to where VFC public policy outreach is strategically directed.

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VFC Poverty/Child Poverty Rates

In most cases, VFC poverty rates are almost double the statewide average. The effects of poverty clearly inform our member city's economic development efforts, K-12 education initiatives, and public safety measures.

VFC Member City	Poverty	Child Poverty
Charlottesville	25.8%	20.7%
Danville	23.7%	36%
Hampton	15.3%	24.3%
Hopewell	19%	29%
Lynchburg	24.8%	32.2%
Martinsville	23.6%	29.1%
Newport News	15.7%	24.1%
Norfolk	21.0%	30.3%
Portsmouth	18.2%	30%
Richmond	25.5%	40%
Staunton	17.7%	28.9%
Winchester	16%	19.5%
VIRGINIA	11.5%	15.2%

Source: 2011-2015 American Community Survey 5-Year Estimates

Concentrated Poverty is Evidence for Targeted Community Wealth Building

Of the census tracts in VFC member cities that have over a 20% poverty rate, 57% are tracts with populations age 18 and under. While many of our cities are experiencing growth in certain areas and many are seeing growth in the millennial demographic, concentrated poverty is more pervasive. Thus, the need for targeted community wealth building programs.

Number of Census Tracts Above 20%

	Total Census Tracts - 2010	Age 18 and under	Age 18-64	Age 65 and Over
Charlottesville	12	5	6	4
Danville	6	4	3	1
Hampton	33	16	7	1
Hopewell	6	4	2	0
Lynchburg	19	11	13	2
Martinsville	5	4	4	2
Newport News	44	21	10	6
Norfolk	77	45	24	18
Portsmouth	30	18	8	5
Richmond	53	36	33	16
Staunton	6	4	2	1
Winchester	5	2	1	0
TOTAL	296	170	113	56
% of Total Tracts		57.4%	38.2%	18.9%
Social Explorer Tables: ACS 2015 (5-Year Estimates) (SE), ACS 2015 (5-Year Estimates), Social Explorer; U.S. Census Bureau				

Economic Growth Comparisons

VFC continues to stress economic development because the data demonstrates that employment, wage, and taxable sales growth in our cities lags the state average. The unemployment rate is higher in VFC member cities.

2016 Economic Growth Comparison		
	<u>VFC</u>	<u>State</u>
Employment Growth *	-0.4%	0.9%
Wage Growth *	3.4%	6.0%
Unemployment Rate	4.6%	3.8%
Taxable Sales Growth (2016)	0.8%	1.5%
* Latest data 3rd Q 2016/3rd Q 2015		
Source: Virginia Employment Commission, VA Tax Department		

Indicators of VFC Conditions

VFC stresses community wealth building because member cities lag the state in income, housing values and educational attainment and they generally have an above average-to-high level of fiscal stress.

	2015 Median Household Income	Median Owner- Occupied House Value	Bachelor's Degree or Higher	FY 14 CLG Fiscal Stress Rank
Charlottesville	\$49,775	\$285,300	49.8%	33
Danville	\$32,315	\$88,600	17.9%	17
Hampton	\$49,190	\$188,000	23.2%	14
Hopewell	\$39,064	\$123,800	12.3%	9
Lynchburg	\$39,589	\$149,200	33.1%	7
Martinsville	\$29,587	\$89,100	17.8%	4
Newport News	\$50,077	\$193,100	24.0%	16
Norfolk	\$44,480	\$193,400	26.1%	13
Portsmouth	\$45,676	\$169,800	20.8%	12
Richmond	\$40,758	\$193,700	36.0%	26
Staunton	\$40,842	\$165,400	31.3%	23
Winchester	<u>\$45,363</u>	<u>\$216,300</u>	<u>28.3%</u>	<u>34</u>
VFC Average	\$40,329	\$171,946	26.7%	16
State	\$65,015	\$245,000	36.3%	

Slow Growth in VFC Revenues

VFC members are experiencing slow growth in revenues with limited ability to provide services. Increased state aid is needed.

	FY 2015 Growth in Local Revenues	FY 2016 Growth in Local Revenues
VIRGINIA	3.6%	N/A
Charlottesville	3.5%	4.0%
Danville	3.8%	-0.3%
Hampton	0.2%	3.4%
Hopewell	N/A	N/A
Lynchburg	1.5%	2.2%
Martinsville	-0.9%	7.5%
Newport News	3.0%	2.8%
Norfolk	1.7%	1.7%
Portsmouth	8.2%	-6.5%
Richmond	-2.4%	N/A
Staunton	4.6%	-0.4%
Winchester	6.2%	1.4%

VFC Citizens Have Lower Incomes

Citizens of VFC member cities have lower incomes demonstrating the need for community wealth building and economic development programs.

Taxable Year 2014				
		Over \$100,000	Total	Total Income
	Population	Adj. Gross Inc.	Adj. Gross Inc.	Tax Liability
Charlottesville	0.57%	0.65%	0.59%	0.63%
Danville	0.51%	0.15%	0.28%	0.24%
Hampton	1.66%	0.49%	0.92%	0.80%
Hopewell	0.27%	0.04%	0.13%	0.10%
Lynchburg	0.94%	0.47%	0.60%	0.57%
Martinsville	0.17%	0.06%	0.09%	0.08%
Newport News	2.20%	0.70%	1.27%	1.13%
Norfolk	2.96%	1.12%	1.56%	1.44%
Portsmouth	1.16%	0.26%	0.60%	0.51%
Richmond	2.56%	2.18%	2.25%	2.29%
Staunton	0.30%	0.10%	0.19%	0.17%
Winchester	<u>0.33%</u>	<u>0.21%</u>	<u>0.26%</u>	<u>0.25%</u>
Virginia First Cities	13.63%	6.43%	8.74%	8.21%
All Cities	30.61%	19.72%	23.48%	22.60%
Counties	69.39%	77.88%	74.12%	74.77%
Unassigned		2.39%	2.40%	2.63%

VFC Localities Raise Real Estate Tax to Provide Services

Most VFC localities needed to raise real estate taxes to provide services to their citizens. The real estate tax rate is the only tax our members can hope to increase in order to provide the disproportionate level of services (health and human services, police, etc.) that our low income citizens require.

Real Property Tax Rates

	<u>CY12/FY13</u>	<u>CY 16/ FY 17</u>	<u>Change</u>
Charlottesville	0.95	0.95	-
Danville	0.73	0.73	-
Hampton	1.04	1.24	0.20
Hopewell	1.02	1.13	0.11
Lynchburg	1.11	1.11	-
Martinsville	1.02	1.06	0.04
Newport News	1.10	1.22	0.12
Norfolk	1.11	1.15	0.04
Portsmouth	1.24	1.30	0.06
Richmond	1.20	1.20	-
Staunton	0.90	0.95	0.05
Winchester	0.95	0.91	0.04
Average VFC	1.03	1.08	

VFC Free Lunch Percentage Continues to Grow

The numbers of free lunch students continued to increase over the last ten years. VFC member cities continue to outpace and have much higher numbers of free lunch students than the statewide average.

Free Lunch %				
	<u>FY 2008</u>	<u>FY 2011</u>	<u>FY 2016</u>	<u>FY 2017</u>
Charlottesville	45.3%	47.6%	47.9%	49.4%
Danville	60.3%	66.9%	94.8%	94.8%
Hampton	35.3%		51.4%	52.4%
Hopewell	54.3%	64.1%	82.0%	86.5%
Lynchburg	45.2%	53.2%	66.8%	67.4%
Martinsville	54.2%	63.1%	80.0%	87.9%
Newport News	40.0%	46.5%	54.8%	58.7%
Norfolk	47.4%	56.3%	65.9%	65.1%
Portsmouth	45.5%	54.0%	66.8%	65.7%
Richmond	64.1%	68.0%	97.6%	99.8%
Staunton	37.2%	46.0%	46.5%	44.0%
Winchester	<u>36.0%</u>	<u>46.1%</u>	<u>53.0%</u>	<u>53.4%</u>
VFC Average	47.1%	54.5%	67.3%	68.7%
Statewide	25.8%	32.0%	35.9%	35.9%

At-Risk Student Programs Are Important Elements to State K-12 Aid

VFC focuses on at-risk programs and funding because it provides an excellent and strategic opportunity to improve our schools.

FY 2017 State K-12 Aid				
	ADM	Total State K-12	Major At- Risk K-12 Programs *	At-Risk % of Total
Charlottesville	4,169	19,368,488	1,674,751	8.6%
Danville	5,669	41,167,284	6,907,696	16.8%
Hampton	19,393	124,035,461	13,702,701	11.0%
Hopewell	3,958	28,457,487	4,668,239	16.4%
Lynchburg	7,988	51,704,214	6,160,491	11.9%
Martinsville	1,926	14,697,942	2,366,358	16.1%
Newport News	26,889	181,264,515	23,005,049	12.7%
Norfolk	29,025	192,406,709	27,894,790	14.5%
Portsmouth	13,771	92,848,759	12,707,235	13.7%
Richmond	22,794	141,606,798	20,200,074	14.3%
Staunton	2,532	17,762,242	1,363,123	7.7%
Winchester	<u>4,277</u>	<u>23,717,355</u>	<u>2,312,419</u>	<u>9.7%</u>
VFC Total	142,391	929,037,254	122,962,926	13.2%
Statewide	1,243,100	6,552,273,849	437,497,953	6.7%
VFC % of State	11.5%	14.2%	28.1%	
* Includes SOQ PIR, At-Risk, VPI, K-3 Class Size, Early Reading, Algebra Readiness				

Historic Rehabilitation Tax Credits Critical to Redevelopment of VFC Urban

The Virginia Historic Rehabilitation Tax Credit Program has been a powerful contributing factor in revitalizing our cities. VFC members have received 64% of the total credits since 2006. The economic development spinoffs from these public-private partnerships are re-energizing our core urban areas into attractive places to live, work, and play.

Historic Rehabilitation Tax Credit Usage Since 2006				
	Actual Expenditure	Tax Credit	% of State Expenditure	% of State Tax Credit
Charlottesville	\$85,771,159	\$21,442,789	2.63%	2.64%
Danville	\$23,902,804	\$5,969,833	0.73%	0.74%
Hampton	\$5,956,258	\$1,489,065	0.18%	0.18%
Hopewell	\$10,094,835	\$2,524,459	0.31%	0.31%
Lynchburg	\$104,008,438	\$25,648,298	3.19%	3.16%
Martinsville	\$13,566,028	\$3,391,507	0.42%	0.42%
Newport News	\$642,620	\$160,655	0.02%	0.02%
Norfolk	\$82,941,771	\$21,011,385	2.54%	2.59%
Petersburg	\$98,631,263	\$25,268,051	3.02%	3.11%
Portsmouth	\$151,976,407	\$37,956,068	4.66%	4.67%
Richmond	\$1,423,802,047	\$356,906,251	43.65%	43.95%
Staunton	\$37,282,007	\$8,320,064	1.14%	1.02%
Winchester	\$40,512,688	\$10,127,938	1.24%	1.25%
Virginia First Cities	\$2,079,088,325	\$520,216,363	63.74%	64.06%

Rationale - VFC and Major State Aid Programs

VFC advocacy for at-risk education, street maintenance payments, HB599 aid-to-police department funding, and historic rehabilitation tax credits yields state funding at far greater proportion than our population.

FY 2017 Major State Aid to VFC Localities		
	<u>VFC Amount</u>	<u>VFC % of State</u>
Population	1,144,653	13.6%
ADM	142,391	11.5%
Total State K-12 Aid	\$929,037,254	14.2%
Major K-12 At-Risk Programs	\$122,962,926	28.1%
Street Maintenance Payments	\$136,728,646	37.1%
HB 599 Aid to Police	\$59,216,704	33.3%
* Historic Rehabilitation Tax Credit * Usage 2006-2017	\$520,216,363	64.06%

