

FY 2024 Annual Report

Chair, Board of Directors & Executive Director's Statement



Chair, Lisa Lucas-Burke
Vice Mayor, City of Portsmouth



Kelly Harris-Braxton, J.D.
Executive Director

Twenty-five years ago, the idea for a city advocacy group was born when a loose coalition of Virginia cities aligned to promote much-needed revitalization and blight eradication tools at the legislature. From that effort, 14 blight bills were passed at the 1999 Virginia General Assembly. We knew we were onto something. Cities across the Commonwealth, working in concert, would have a better chance convincing decisionmakers to consider their plight. Fiscal overburden, enhanced by the moratorium on annexation for cities and other adverse or limiting policies made the decision to create a city-only coalition easy. And we have not looked back. Virginia First Cities was born.

Virginia First Cities has continued to prioritize efforts to address the concerns of cities through thorough research and using best practices. Our efforts expanded beyond revitalization tools to include the creation of programming beneficial to our members in a variety of impactful areas. Policies that have a disproportionate impact on Virginia cities and their citizens are, and continue to be, our priorities. Examples include funding of the State Brownfields Program that assesses and remediates properties with environmental hazards. This program, which VFC continues to secure state funding for, returns much-needed revenue and brings life to cities that have limited green space. Virginia First Cities' signature Community Wealth Building Program, TANF for Employment, comprehensively addresses poverty by educating, training and fully supporting citizens to make them career-ready to enhance the lives of their families and progeny. At-Risk Education Funding provides extra resources to school divisions with higher levels of low-wage families. Prioritizing Aid to Localities with Police Departments '599 funding' provides needed funds to help balance budgets and keep our streets safe.

Historic Revitalization Tax Credits have played a critical role in the restoration and revitalization of older structures in our cities. And funding for businesses that support communities and people who lack access to business and housing financing through Virginia's Community Development Financial Institutions or CDFI Program is a game-changer. The list of policies where we have strongly advocated is long and the work goes on.

As we end the FY 2024 fiscal year, we say goodbye to our retiring, long-time fiscal policy manager, James Regimbal, who served our organization with distinction since our beginnings. Jim's fiscally sound research and fingerprints are found on the many efforts VFC has advocated. We thank him for his tireless effort and realize that he has big shoes to fill.

Seventeen central cities strong, our board of local mayors, city council members and city managers promote policies that reduce the fiscal burden on central cities across the Commonwealth. Looking forward, Virginia First Cities promises to continue in our tradition of proactive, city-centered advocacy that addresses our core concerns. We invite our members and allies to participate in this work that improves both the lives of our citizens and the fabric of our Commonwealth.

Cheers to 25 Years of Virginia First Cities Coalition.

VFC Meetings

July 1, 2023 - June 30, 2024

September 22 - Executive Committee, virtual

October 9 - Legislative Program Preview
City of Norfolk

November 3 - Fall Legislative Meeting, virtual

December 13 – Webinar: State Budget Finance 101 -
Relevancy to your City Budget, virtual

January - March - Legislative Liaison Meetings –
6 meetings

February 1 - Local Government Day, Richmond

March 15 – Executive Committee Meeting, virtual

May 10 - Annual Meeting, Richmond

VFC Access to Housing Committee Meetings: July 12
(Richmond), August 9 (virtual), September 19 (virtual)

State Formula Programs Advocated by VFC

| | FY 2024 | FY 2024 | FY 2024 | FY 2024 |
|-----------------------|-------------------------------|----------------------------------|-----------------------------------|------------------------------------|
| | Street Maintenance | Aid to Police (HB599) | At-Risk Student Add-on | VA Preschool Initiative |
| CHARLOTTESVILLE | \$5,478,385 | \$2,564,337 | \$908,215 | \$886,054 |
| DANVILLE | \$14,447,221 | \$3,216,982 | \$6,220,951 | \$1,343,576 |
| HAMPTON | \$22,096,240 | \$8,311,531 | \$10,312,631 | \$3,807,966 |
| HARRISONBURG | \$6,692,528 | \$1,667,502 | \$5,120,598 | \$1,285,715 |
| HOPEWELL | \$5,278,217 | \$1,614,285 | \$3,955,921 | \$960,308 |
| LEXINGTON | \$1,048,664 | \$243,711 | \$45,424 | \$0 |
| LYNCHBURG | \$16,040,396 | \$3,734,121 | \$4,707,764 | \$1,556,511 |
| MARTINSVILLE | \$4,492,774 | \$1,072,231 | \$2,157,260 | \$671,077 |
| NEWPORT NEWS | \$22,968,324 | \$11,138,327 | \$16,790,820 | \$4,821,674 |
| NORFOLK | \$32,947,832 | \$14,238,065 | \$17,462,393 | \$6,753,582 |
| PETERSBURG | \$7,818,218 | \$2,576,529 | \$6,254,293 | \$1,713,467 |
| PORTSMOUTH | \$16,558,909 | \$7,372,794 | \$9,858,643 | \$2,890,988 |
| RICHMOND CITY | \$36,457,277 | \$17,702,373 | \$15,443,835 | \$2,832,323 |
| ROANOKE CITY | \$20,214,505 | \$6,802,941 | \$12,830,582 | \$2,814,864 |
| STAUNTON | \$5,510,057 | \$1,093,953 | \$846,696 | \$443,783 |
| WILLIAMSBURG | \$2,457,913 | \$475,638 | \$68,346 | \$73,142 |
| WINCHESTER | \$4,343,939 | \$1,035,594 | \$2,192,841 | \$751,615 |
| Total VFC | \$224,851,399 | \$84,860,914 | \$115,177,213 | \$33,606,645 |
| Total State | \$509,311,967 | \$ 219,650,081 | \$347,071,053 | \$121,824,166 |
| VFC % of State | 44.1% | 38.6% | 33.2% | 27.6% |

State Discretionary Programs Advocated by VFC

| | Round 1&2 | FY 2012-24 | Grant Yr 2022 | FY 2024 | FY 2024 | FY 2024 |
|-----------------------|--------------------------|----------------------------|-----------------------------------|----------------------------|--|-------------------------------|
| | Employment TANF Grant | Brownfields Restoration | Enterprise Zone Program Grants | IRF/Port Revitalization | Historic Rehab Tax Credit Expenditures | Extended School Funding |
| CHARLOTTESVILLE | \$106,630 | \$62,290 | \$0 | \$0 | \$348,710 | |
| DANVILLE | \$597,118 | \$1,750,000 | \$553,503 | \$0 | \$31,719,170 | |
| HAMPTON | \$230,850 | \$21,615 | \$349,127 | \$0 | \$0 | \$1,897,568 |
| HARRISONBURG | \$0 | \$0 | \$0 | \$0 | \$1,165,811 | |
| HOPEWELL | \$0 | \$75,215 | \$29,000 | \$0 | \$0 | \$1,600,000 |
| LEXINGTON | \$0 | \$0 | \$0 | \$0 | \$988,847 | |
| LYNCHBURG | \$280,498 | \$307,426 | \$452,306 | \$0 | \$11,771,002 | |
| MARTINSVILLE | \$271,204 | \$1,310,646 | \$100,000 | \$2,800,000 | \$0 | |
| NEWPORT NEWS | \$896,803 | \$550,000 | \$539,440 | \$800,000 | \$0 | \$1,500,000 |
| NORFOLK | \$741,998 | \$800,000 | \$788,520 | \$700,000 | \$25,106,612 | |
| PETERSBURG | \$547,482 | \$412,500 | \$200,000 | \$3,500,000 | \$12,558,138 | |
| PORTSMOUTH | \$122,269 | \$0 | \$112,632 | \$0 | \$0 | |
| RICHMOND CITY | \$2,282,866 | \$600,000 | \$1,389,420 | \$0 | \$112,036,276 | \$50,000 |
| ROANOKE CITY | | \$190,000 | \$614,560 | \$0 | \$3,597,420 | \$957,102 |
| STAUNTON | \$0 | \$581,200 | \$35,604 | \$1,500,000 | \$6,615,882 | |
| WILLIAMSBURG | \$159,303 | \$520,000 | \$0 | \$0 | \$0 | |
| WINCHESTER | \$284,041 | \$49,900 | \$200,000 | \$0 | \$131,742 | |
| Total VFC | \$6,521,062 | \$7,230,792 | \$5,364,112 | \$9,300,000 | \$206,039,610 | \$6,004,670 |
| Total State | \$8,504,615 | \$19,324,484 | \$11,152,980 | \$19,696,217 | \$324,935,058 | \$7,753,423 |
| VFC % of State | 76.7% | 37.4% | 48.1% | 47.2% | 63.4% | 77.45% |

Legislative Director's Report

FY 2024 - A Tale of Two Sessions, a Big Election and Two Budgets

Birth of the Skinny Budget

The 2023 General Assembly approached state budget-making by adopting a “skinny budget” to fund the Commonwealth’s budget imperatives. This was in part due to the then GOP House majority passing a budget with tax cuts for business and individuals. The Democratic-majority State Senate rejected those tax cuts in lieu of investments in K-12 education and other priorities.

If the adoption of the “Skinny Budget” in April 2023 was a band-aid, the budget that was ultimately adopted in late September 2023, three months into FY 2024, was an ace bandage, at best negotiated to get to the General Assembly to December 2023 and the caboose budget bill.

The September 2023-adopted state budget mostly focused on one-time initiatives rather than building up on-going programs. The budget also recognized that budget forecasts were ongoing and that Governor Youngkin would be putting his imprimatur on the state budget for FY 25/26. There was also recognition that there would be a November 2023 election where all 140 seats in the General Assembly would be on the ballot and perhaps pivotal to the balance of power.

In a “good news/bad news” for VFC, several of the budget amendments from our legislative program were teed up for funding in the as-passed House and Senate budgets, including approximately \$5 million for the Virginia CDFI Fund. However, the budget amendments were never acted on with finality.

Election 2023 Brings Change

The November 7, 2023 election was one of the most consequential elections in Virginia's history. The election followed redistricting, primary elections, and a wave of retirements from longtime legislators. The Virginia General Assembly faced a loss of over 635 years of legislative experience and a turnover of at least 40% of the legislature, even before a single ballot was cast. And, with a very narrow Democratic majority in the Senate (22-18) and a very narrow Republican majority in the House (52-48), the November 2023 election offered both parties a chance to truly vie for total control of the state legislature.

The Virginia House of Delegates flipped control from the GOP to the Democrats in the narrowest of margins, 51-49. The State Senate retained its Democratic majority also by a narrow 21-19 margin.

The November election was followed by the release of Governor Youngkin's budget which did relatively little if nothing to advance those items the General Assembly left on the table in March 2023.

2024 General Assembly

With the Virginia First Cities Legislative Program as our guide star, the General Assembly gaveled in with a large cast of new legislators and leadership, many in House and Senate leadership from our own member cities. For example, in the House of Delegates, the Speaker of the House, Don Scott, represents the City of Portsmouth. In the Senate, the President Pro Tempore and Chair of Senate Finance and Appropriations Committee, Senator Louise Lucas, also hails from the City of Portsmouth. Senior Senator and Senate Rules Chair, Mamie Locke, represents the City of Hampton and part of the City of Newport News. These legislators are very familiar to VFC and we are very familiar to them, having worked cooperatively on many of the seminal issues to VFC over the last twenty-five years.

Many of the budget items and bills voted out of each chamber and delivered to the Governor included many items from the VFC 2024 Legislative Program. Among them, monumental strides to increase funding and advance policy for our most at-risk K-12 students, additional funding for HB 599/Aid to Local Police, and after years of trying, legislation to allow any locality in Virginia to hold a referendum to increase the local sales tax by up to 1% to support school construction. However, once the General Assembly-passed budget and bills got to the Governor's desk, they were, in the case of the state budget, amended in so many places it was tantamount to a gubernatorial veto. In other cases, bills were vetoed outright. The Reconvened/Veto Session ended without a budget in place, and then a call for a May 13, 2024 Special Session on the state budget. Sadly, it makes us wonder, is the General Assembly failure to enact an on-time budget the new normal?

Top Reasons Why the 2024 General Assembly Was Groundbreaking For VFC

The Virginia First Cities team worked very hard over the course of the last 15+ years with advocates and legislative partners on the At-Risk Add On for our public schools. Significant progress was made this year to provide more support for underserved students from low-income families and English language learners (ELL). The final budget provided \$371.3 million in additional flexible funding to help school divisions meet the needs of students from low-income families and schools with high concentrations of low-income students. As our friends at The Commonwealth Institute stated, "... this matters because the highest-quality recent research shows that sustained increases in funding for low-income students are effective at raising outcomes, and that funding levels matter more for outcomes for low-income students than for students overall." The Virginia Joint Legislative Audit and Review Commission recommended that the At-Risk Add On and the ELL programs be included in the Standards of Quality.

Therefore, we were happy to see the 2024 General Assembly adopt HB 624 (Del. Rasoul/Roanoke) and SB 105 (Sen. Lucas/Portsmouth), which would do just that. Sadly, these bills were vetoed by Governor Youngkin on May 17, 2024. Moving forward, we are aware that state legislators must either ensure future budgets continue both improvement to the At Risk Add On and the English Language Learner programs or codify them in statute/Standards of Quality, using legislation.

The General Assembly, after many byzantine twists and turns, passed legislation to increase the Virginia Historic Rehabilitation Tax Credit Program. The state budget and legislation allow the individual taxpayer maximum to increase from \$5 million per year to \$7.5 million per year, effective for the tax year beginning January 1, 2025. Thankfully, the legislation removed any reference to an aggregate cap. Our city's regrowth and economic vitality are dependent on a Virginia HRTC Program that does not impose an aggregate cap. The job creation, tax base expanding and shot in the arm these credits provide our cities cannot be overstated. We anticipate that this increase will be most helpful to you, our members, as you rebuild and reinvigorate your cities post-pandemic. Many thanks to Speaker Scott, Delegate Alfonso Lopez and Senator Angelia Williams Graves for their herculean efforts to see this important policy through the process.

In the area of housing, the 2024 General Assembly passed and the Governor signed several bills of interest to VFC, especially to our Housing Access Work Group. The Virginia Eviction Diversion Pilot Program was extended to 2025 (Senator Locke and Delegate Coyner); Senator Locke and Delegate Thomas' bill to permit any county, city, or town to require, by ordinance, the owner of any building that has been vacant for at least 12 months and (i) that meets the definition of "derelict building" in relevant law, (ii) that meets the definition of "criminal blight" in relevant law, or (iii) in which a locality has determined a person is living without the authority of the owner to register such building annually. Under current law, any city and certain towns are permitted to require the owner of any

building that has been vacant for at least 12 months and meets the definition of "derelict building" in relevant law to register such building annually.

Another bill, one of the first bill's that VFC put forward, came out of the VFC Housing Access Work Group, and allows the governing body of a locality with a score of 100 or higher on the fiscal stress index to levy a real property tax on blighted and derelict properties at any rate exceeding the rate applicable to the general class of real property. As a nod to many of our city's experiencing high rate of real estate assessment valuations, there are very few tools available to compel real estate investor/owners to properly maintain often vacant home/investment properties. Senator Lashresce Aird graciously agreed to patron SB 477. Her testimony and dedication to seeing the bill through were impressive. In the end, the bill narrowly passed each chamber, was sent to the Governor, whereupon he vetoed the bill, mostly noting that the bill amounted to a tax increase.

A long time coming, twenty years was the charm for a bill to reset city council and mayoral salaries in general law and to provide parity for city councils to vote in a public facing transparent manner on any subsequent cost-of-living increases. Many of our member city councils held public hearings before the end of FY 2024 to reset their salaries. Freshmen Charlottesville Delegate Katrina Callsen as patron of this legislation did what many before her were unable to do. A world of thanks to her for her herculean efforts to get this legislation over the finish line.

Lastly, a Youngkin Administration bill to elevate the process to alert and rectify extreme Virginia local government fiscal distress took many labyrinthian twists and turns before being signed into law by the Governor. The new statute sets out a methodology for criteria used for preliminary determination that a locality may be in fiscal distress and further defines components of the Auditor of Public Account's early warning system. It does not significantly change the current model and process that has been in place since 2018. However, a new process directs the APA to notify the Governor, administration and the General Assembly money committee if a

locality has not submitted its audited financial report within 18 months of the December 15 statutory deadline or provided a plan for submitting a delayed report.

Moving Forward – Trying to Find the Sweet Spot

Incubating public policy and programs that will affect long-term change and positive results in our cities is never a “one and done.” Virginia First Cities has had some great ideas for programming and policy that we thought would promote economic development, rehabilitation (of housing and people), and create generational wealth. We rely on our members to inform on issues, challenges, and the victories you are experiencing in your cities. We look forward to continuing to elevate Virginia First Cities with the General Assembly and the gubernatorial administration for another twenty-five years.

Executive Committee & Board of Directors

Executive Committee

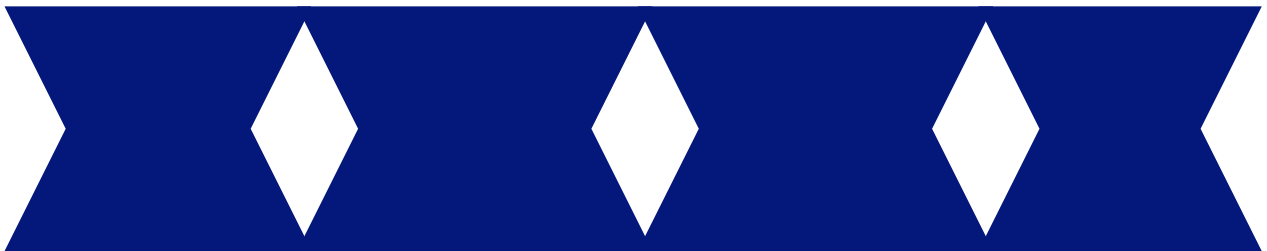
Chair - Hon. Lisa Lucas-Burke, Vice Mayor, City of Portsmouth
Vice Chair – Hon. Tina Vick, Councilmember, City of Newport News
Secretary - Mr. Andrew Trivette, City Manager, City of Williamsburg
Treasurer - Mr. Ken Larking, City Manager, City of Danville
At-Large Member – Hon. Donnie Tuck, Mayor, City of Hampton
At-Large Member - Mr. Dan Hoffman, City Manager, City of Winchester
Immediate Past Chair - Hon. Andreas Addison, Council Member, City of Richmond

Board of Directors

Hon. Juandiego Wade, Mayor, City of Charlottesville
Mr. Samuel Sanders, Jr., City Manager, City of Charlottesville
Hon. Sherman Saunders, Council Member, City of Danville
Ms. Mary Bunting, City Manager, City of Hampton
Hon. Dany Fleming, Council Member, City of Harrisonburg
Mr. Ande Banks, City Manager, City of Harrisonburg
Hon. Jasmine Gore, Vice Mayor, City of Hopewell
Dr. Concetta Manker, City Manager, City of Hopewell
Hon. Frank Friedman, Mayor, City of Lexington
Mr. Tom Carroll, City Manager, City of Lexington (came on June 10, 2024)
Hon. Chris Faraldi, Vice Mayor, City of Lynchburg
Mr. Wynter Benda, City Manager, City of Lynchburg
Hon. LC Jones, Mayor, City of Martinsville
Ms. Aretha Ferrell-Benavides, City Manager, City of Martinsville
Mr. Alan Archer, City Manager, City of Newport News
Hon. Mamie B. Johnson, Council Member, City of Norfolk
Mr. Patrick Roberts, City Manager, City of Norfolk
Hon. W. Howard Myers, Councilmember, City of Petersburg
Mr. March Altman, City Manager, City of Petersburg
Mr. Steven Carter, City Manager, City of Portsmouth
Mr. Lincoln Saunders, Chief Administrative Officer, City of Richmond
Hon. Stephanie Moon Reynolds, Council Member, City of Roanoke
Dr. Lydia Pettis Patton, Interim City Manager, City of Roanoke
Hon. Steve Claffey, Mayor, City of Staunton
Ms. Leslie Beauregard, City Manager, City of Staunton
Hon. Caleb Rogers, Council Member, City of Williamsburg
Hon. John David Smith, Jr., Mayor, City of Winchester

Thank you to those who served on the Board this year

Hon. Leah Puryear, Council Member, City of Charlottesville
Mr. Michael C. Rogers, Interim City Manager, City of Charlottesville
Mr. Jim Halasz, City Manager, City of Lexington
Ms. Jennifer E. Bell, Interim City Manager, City of Lexington
Mr. Leon Towarnicki, City Manager, City of Martinsville (Secretary, Executive
Committee)
Mr. Glen T. Adams, Interim City Manager, City of Martinsville
Ms. Cindy Rohlf, City Manager, City of Newport News
Ms. Mimi Terry, Interim City Manager, City of Portsmouth
Dr. Lydia Pettis Patton, Interim City Manager, City of Portsmouth
Mr. Bob Cowell, City Manager, City of Roanoke

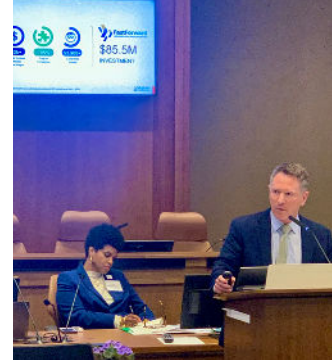


25

2024 Annual Meeting in Photos



Elizabeth Creamer, Lisa Lucas-Burke, Dr. David Dore



Dr. David Dore



Beautiful 25th Anniversary Celebratory Cake



VFC Chair Lucas-Burke congratulates the retiring Jim Regimbal (pictured with wife, Pam). VFC team: Kelly Harris-Braxton, Laura Bateman, Jamie Crawford



Kelly Harris-Braxton & Jim Regimbal



Former VFC Lobbyist Linda McMinimy & Mitchell Smiley



l to r - Laura Bateman, Jamie Crawford, Lisa Lucas-Burke (Chair), Jim Regimbal, Tina Vick (Vice Chair), Kelly Harris-Braxton, Pam Regimbal, Mamie Johnson



Current Chair Lisa Lucas-Burke & Former VFC Chairs Andreas Addison & Mamie Johnson