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Virginia First Cities 2025 Legislative Program Building Community Wealth in our Cities

In the twenty-five years since the founding of Virginia First Cities Coalition, our successful advocacy has provided much to celebrate. But there is more work to do to ensure continuous economic and social improvement in our core cities.

Virginia First Cities has been a consistent and proactive advocate for finding the right set of state funding tools, incubating programs and policies to improve Virginia city metrics, and working to make our cities desirable places to live, work and raise a family.

We are asking that the Commonwealth invest in the programs and policies outlined below:

Housing & Economic Gardening

The affordable housing crisis grows ever more urgent in our cities. Some of our member cities are experiencing displacement and gentrification. In some of our cities, the tax base includes too many non-taxpaying property owners with little incentive to rehabilitate property. For several cities, a glaring problem is an over-abundance of owner-occupied homes that have deferred maintenance issues and very little financial wherewithal to make the necessary upgrades. Even more of our member cities are experiencing growing numbers of individuals and families that are unhoused. Housing for teachers, firefighters and police, and even new industry and workforce partners, has become an exigent issue.

It is not “all of the above” in our seventeen member cities, it is more the “everything, everywhere all at once.” Our members tell us that they need more stackable financing tools to help them with these housing and redevelopment issues. We need greater funding mechanisms and grant opportunities to develop more housing, foster public-private partnerships, and expanded assistance for renters and first-time homebuyers. We ask that, wherever possible, the Commonwealth provide realistic thresholds for our fiscally stressed localities’ state local match requirements, as well as recognize that each of our cities is unique and faces housing and economic development challenges unique to them. Flexibility for local capacity and the tools listed below are critically important.

Proactive Requests:

The **Virginia Urban Public Private Partnership Redevelopment Fund (UPPPRF)** was created 24 years ago (but never funded) 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 UPPPRF exists to 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. The exigency for the UPPPRF is greater today than it was 24 years ago. However, there are statute language changes that are necessary to make it a useful and flexible tool for the urban areas of the Commonwealth that are facing housing access challenges.

Bill Request: Amend the **Urban Public Private Partnership Redevelopment Fund (UPPPRF)** in § 15.2-2414 of the Code of Virginia to: 1) allow non-profits, land banks, and EDAs/IDAs to be eligible for grant funding; 2) ensure that monetary and non-monetary contributions count toward the local match; 3) prioritize grant funding to localities experiencing an above average or high level of fiscal stress as designated by the Virginia Commission on Local Government; and 4) allow the grant funding threshold to be set by the agency.

Budget Request: Fund the **Urban Public Private Partnership Redevelopment Fund (UPPPRF)** at \$15 million in FY 2026. This program has been in the Code of Virginia since 2001 yet has never been funded. Along with the programs below, the UPPPRF will allow cities to **stack an array of financing tools for transformational housing and other development projects.**

Budget Request: Increase of \$4 million in FY 2026, specifically for the **Industrial Revitalization Fund** grant pool. Plus, budget language directing DHCD to **lower the matching grant/reimbursement requirement and prioritize funding to localities experiencing an above average or high level of fiscal stress** (as designated by the Virginia Commission on Local Government in its most recent *Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities*) and **match requirements that consider both monetary and non-monetary contributions.**

Budget Request: Fund the **Community Development Financial Institution Fund (CDFI)** at \$10 million GF in FY 2026 (a combination of grants and revolving loan funding) to support the growth and capacity of Virginia community development lenders, investors, and financial service providers.

Budget Request: Allocate an additional \$1.5 million GF in FY 2026 for the **Virginia Brownfields Remediation Fund**. Plus, add budget language that **lowers the matching grant/reimbursement requirement and prioritizes funding to localities experiencing an above average or high level of fiscal stress** (as designated by the Virginia Commission on Local Government in its most recent *Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities*) and **match requirements** that consider both monetary and non-monetary contributions.

Position Statements:

- Preserve our cities' local land use authority. Our cities are responsive to new processes to promote housing access, greater density, and an array of options. However, we oppose any legislative attempts to preempt local government zoning authority, particularly regarding **Accessory Dwelling Units, Short-Term Rentals, in-fill re/development and housing access.**
- Oppose efforts to expand the number of **Enterprise Zones (VEZ) without increasing the appropriation for the VEZ program.** Any new VEZs must be funded with an advance appropriation that does not cause contraction or proration of the existing Real Property Improvement Grant Program (RPIG) of the VEZ. Unfortunately, the VFC experience and history tells us that promises of appropriations at some point in the future are neither reliable, practical, or sustainable. **Should the program be expanded, so too should funding to support it in the FY 2026 budget.**

Without adequate funding, VFC opposes the creation of a new tiered system for larger businesses as part of the VEZ program. The RPIG has been a game changer for our cities, particularly our smaller cities, because it assists with rehabilitation, expansion and new construction projects within the boundaries of the Enterprise Zone. Expansion to create an elevated tier for larger businesses undercuts the intention and impact of the RPIG and dilutes its utility for our cities and current recipients. Our member cities with an EZ tell us that very few recipients would meet the \$20 million and over investment threshold. We suggest that for projects over \$20 million that there currently exist economic development incentives like the Commonwealth Opportunity Fund, the Major Eligible Employer Grant Program, the Virginia Economic Development Incentive Grant, GO Virginia, the Virginia Jobs Investment Program, Major Business Facility Job Tax Credit.

In short, the VEZ has been an essential tool for our fiscally distressed, landlocked cities. We urge the General Assembly to: 1) **resist efforts to create a tiered system** for larger prospects (the program should not pick winners and losers simply by size of investment); 2) **ensure that if additional zones are created that there is funding in the FY 2026 budget** and beyond for the new VEZs; and 3) **provide greater support for the program and to avoid grant proration.**

- Increased funding for the **Main Street Program.** The Main Street Program has been an invaluable tool to help jump start our downtowns.
- **Support member efforts to reduce blight and promote an array of housing options,** including changes to the Constitution of Virginia to increase housing stability and our cities' ability to provide more flexibility and responsiveness in the collection of real estate taxes.
- The **5000 Families Pilot Program** – Invest in the future of Virginia students and families by providing monthly rent relief to keep rents affordable for the long term. This will empower families and their children by ensuring they have a stable home and, thus, a stronger foundation for success at school and beyond.

- Additional contributions to the **Virginia Housing Trust Fund**.
- Support **Housing Opportunity Tax Credits** and other tools to stack supports for cities' unique housing needs.
- Support legislation that aligns Virginia policy with U.S. HUD policy surrounding **housing for formerly incarcerated individuals**.
- **Monitor, Educate & Communicate**
Short-Term Rentals - VFC member have consistently made clear that any change to the current **short-term rental statute** that confers status on any 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.**

Skill Games

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, Petersburg
- Charitable gaming

All 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 these forms of gambling, there is and was money siphoned off to support the Virginia Problem Gambling Treatment and Support Fund. Should the General Assembly face the question of making skill games legal 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, and are still, experiencing the proliferation of these unregulated and untaxed skill game machines and we do not receive any tax revenue or tangible cost/benefits.

PreK-12 Education

Virginia First Cities has been a coalition voice for many years advocating for increased funding for our at-risk Pre-K-12 students as well as for funding to deliver high-quality instruction and differentiated student support. The 2024 General Assembly made great progress advancing many recommendations from the Virginia Joint Legislative Audit and Review Commission's (JLARC) July 2024 Report on Virginia's K-12 Funding Formula. However, there is much more to be done.

Position Statements:

- Support amending the Code of Virginia and including language in the Appropriation Act to designate the At-Risk Add-On program as a Standards of Quality funding program, in recognition that the funding is essential for providing Virginia K-12 students with a quality education.
- Fully **recognize and fund the costs of rebenchmarking** and **eliminate the support cap** once and for all.
- Increase state-level K-12 resources, including additional instructional and support positions, targeted to assist schools with high concentrations of economically disadvantaged students.
- Increase at-risk students' 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.
- Expand state funding to include universal free meals at schools for all students and farm-to-table offerings to improve nutritional and child health and educational outcomes.
- Support **statewide authority for local governments to impose a one percent sales tax to help address critically needed funds for school construction and renovation.**
- Boost Virginia teacher salaries so they are at or above the national average.

Community Wealth Building

Virginia First Cities continues to encourage collaboration between government agencies, community nonprofits, and government funding streams to engage historically marginalized job seekers to connect job seekers with the training and resources they need to secure family-sustaining employment that aligns with local needs. This is a strong pillar in our cities' economic development efforts to align workforce needs with the under-employed by leaning in on the wraparound supports necessary to move to family-sustaining employment/wages.

The Virginia Department of Social Services TANF Employment Training Grant Program has been a game changer for many of our cities who have received and rely upon this grant funding because it has increased wages and career prospects, demonstrably increased collaboration, lifted families out of poverty, and simultaneously helped employers recruit qualified workers. There are several proven approaches for engaging historically marginalized job seekers and all of these approaches are imperative to the work of community wealth building.

Proactive Requests:

Retain the \$9 million funding (either GF or NGF or combination thereof) for the TANF Employment Training Grant Program for competitive grants for community employment and training programs designed to move low-income individuals out of poverty. These programs are designed to assist TANF, low-income recipients, and individuals reentering the workforce in obtaining and retaining employment with the prospect of a career path and wage growth and other supportive services designed to break cycles and permanently move individuals out of poverty. We support services and technology platforms that help grantees boost their capacity and multiply the value of these grants.

Position Statement:

Support a FY 2026 Virginia Community College System appropriation for ongoing Network2Work programs.

Health and Human Services

Position Statements:

The Commonwealth is requested to cease mandates on local governments when the mandate comes without funding. Unfunded mandates, particularly in the Health and Human Services and Public Safety fields, are hitting our cities particularly hard. The closing of state hospitals, the lack of mental health facilities and personnel translates into extreme operational challenges when it comes to Temporary Detention Orders (TDOs), Emergency Orders (ECOs), as well as a growing homeless population that so often impacts our jails.

- Support members' legislative efforts to remove the mandates that law enforcement must stay with ECO patients at the hospital and that law enforcement no longer must transport TDO patients.
- State pressure to consolidate and close juvenile detention facilities should prioritize local and regional governments as part of the solution, as well as serving youth closer to their families, the courts and legal counsel.
- Support members' efforts to obtain financial support to meet the requirements of legislation mandating fire and emergency departments maintain their own

pharmaceutical stock for patient care. This mandate necessitates substantial upgrades to technology, software, security, infrastructure and additional personnel.

- 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) **Marcus Alert program** 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.
- **Support** ongoing state funding to assist our cities with **gun violence prevention** efforts which are crucial to our local gun, youth and gang violence prevention.

Public Safety

Proactive Request:

Budget Request: State Aid to Localities with Police Departments (HB599) – 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. We ask the General Assembly to please fund the HB 599/State Aid to Localities with Police Departments as per statute and then some, so that our cities can better support critical public safety services. Increasing HB 599 funding is essential to address growing demands on law our enforcement and emergency responders.

Position Statement:

- Provide a **direct** sustainable **funding solution** and source to localities for **fire and EMS** that could flow through the Virginia Department of Fire Programs, the Virginia Department of Health’s Office of Emergency Medical Services, or another entity.

Infrastructure

Virginia First Cities members are among some of the oldest cities in the United States. With the moratorium on annexation and the inability to grow tax revenue to meet increasing demands from environmental, safety, and modern practice, the infrastructure in our cities faces increasing pressures. VFC supports the following:

Environmental Quality Position Statement:

- **Water Quality Improvement Fund (WQIF)** - VFC supports the \$93.7 million deposit to the Virginia WQIF, per the statutory year-end-surplus formula.

- **Stormwater Local Assistance Fund (SLAF)** - Based on the Summer 2024 SLAF needs assessment, the General Assembly is requested, and the VFC supports, a \$50 million request for SLAF in the FY 2026 budget.

Transportation & Mobility

Our cities are vibrant, urban centers that have been or are making proactive transportation improvements 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 requires safety first. This is vital to jobs and thriving cities.

Position Statements:

- 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.**
- Support to ensure **transit funding** is maintained in the state budget.
- **Support** member city efforts to **deploy traffic safety programs and technologies** on locally owned rights of way, such as **expanding photo-camera traffic enforcement** to **school and university/college zones**, and transportation safety programs that model engineering for pedestrian, bicycling and motor vehicle operator safety and enforcement.

Statement/Disclaimer: Individual items in the 2025 VFC Legislative Program may not be officially supported by every member city.