

NORFOLK, VIRGINIA

MEETING OF COUNCIL

TUESDAY, MAY 10, 2022

Mayor Kenneth Cooper Alexander, called the meeting to order at 4:00 p.m., with the following members present: Mrs. Courtney R. Doyle, Mrs. Mamie B. Johnson, Mrs. Andria McClellan, Mr. Tommy R. Smigiel Jr and Mr. Martin A. Thomas Jr. Ms. Danica J. Royster was present electronically.

Resolution

A Resolution approving the participation through electronic communications by Councilwoman Danica J. Royster in the May 10, 2022 Norfolk City Council Meeting.

ACTION: Adopted [Unanimous]
AYES: Doyle, Johnson, McClellan, Riddick, Smigiel Jr., Thomas Jr., and
Alexander
AWAY: Royster

Closed Session

Motion for closed session was approved at 4:08 p.m. for purposes which are set out in Clause 8 of subsection (A) of Section 2.2-3711 of the Virginia Freedom of Information Act, as amended:

(8) Consultation with legal counsel with regards to community development entities.

AYES: Doyle, McClellan, Johnson, Riddick, Royster, Smigiel Jr., Thomas Jr. and
Alexander

NO: None

Announcements

Ms. Pope stated that May 7th through 14th marks the inaugural Lifelong Learning Week. Lifelong Learning engages residents of all ages and stages of mind. Believe in Learning Norfolk is an initiative created by the Mayor's Commission on Lifelong Learning and it offers something for everyone. Citizens can visit the city's website to register and learn more about the activities planned for this week.

The Mayor's Commission on Social Equity and Economic Opportunity – Report Out

Presenters: Ms. Alea Slappy Wilson, Diversity, Equity & Inclusion Officer
Ms. Barbara Hamm Lee, Commission Member
Delegate Jackie Glass, Commission Member
Ms. Bev Sell, Commission Member
Ms. Patricia Richardson, Commission Member
Mr. Dwight McDowell, Commission Member

Ms. Pope stated the Commission began with the goal of identifying opportunities and resources to further support underserved communities through increased economic opportunity, affordable housing, resources for youth, and access to healthy food. Over the last 18 months, the commission met monthly with departments and community partners to examine current city programs and policies so they could identify new opportunities.

Mayor Alexander recognized and thanked Councilwoman McClellan and Councilwoman Royster for co-chairing the commission.

Councilwoman McClellan thanked Mayor Alexander for creating the commission and stated they worked and persevered through the pandemic and without a lot of resources. She thanked the commissioners and staff for their hard work.

Councilwoman Royster echoed Councilwoman McClellan and stated it was a joy working with this commission towards equity and opportunity in the city. She thanked the commissioners for their hard work and thanked city staff who provided resources and facilitated roundtables with business owners and stakeholders.

Ms. Slappy Wilson stated in 2020 during the height of the pandemic, Council recognized there needed to be a group to advise on how to move forward to create an equitable and inclusive city, by examining policies and programs and then figuring out what needs to be offered as a next step to ensuring everyone has a chance to thrive and grow and be successful in our city. Four focus areas were identified by Council: Economic opportunity, education and youth, health and food insecurity, and affordable housing.

Ms. Slappy Wilson next introduced Ms. Hamm Lee who served as the facilitator and moderator for the commission and sub-committee meetings. She noted that today's presentation touches on the main highlights and encouraged Council to review the full report provided.

Ms. Hamm Lee stated it has been an honor and pleasure to work with the commission and she next introduced its members. They next presented each sub-committee's findings.

Focus Areas

- Economic Opportunity
- Affordable Housing
- Education and Youth
- Health and Food Insecurity

Ms. Richardson reported on Economic Opportunity as follows:

Economic Opportunity

- Black entrepreneurs have historically faced unique challenges.
- Existing minority businesses have often expressed that support is lacking for them to be successful and additional resources are needed from the city and existing partners.
- Covid-19 has had a disproportionate financial impact on Black small businesses.

Economic Opportunity Recommendations

- Create a Minority Business Development Center.
- Monthly/quarterly "Pulse Checks" with businesses conducted by staff of the Minority Business Center.
- Develop a Marketing and Communications position to ensure regular outreach and engagement with the minority business community.

Delegate Glass reported on Affordable Housing as follows:

Affordable Housing

- There is much confusion as to what affordable housing is, and it is often considered different things for different people
- Affordable housing is often built by a limited number of developers.
- Because of historical redlining that took place decades ago in Norfolk, most of the affordable housing inventory is concentrated in areas of poverty.

Affordable Housing Recommendations

- Create a user friendly, real-time, searchable database of affordable housing including its access to transit, healthcare, grocery stores, schools, etc.
- Remove barriers to developers building affordable houses by providing city-approved plan books for affordable housing, grants, and training.
- Establish inclusionary zoning policies to ensure the creation of more affordable units.
- Establish a fair auction process for city-owned GEM lots.

Mr. McDowell reported on Education and Youth as follows:

Education and Youth

- In the city of Norfolk 33% of youth and/or young adults ages 17-21 are not enrolling in institutions of higher education within 16 months of earning a federally recognized high school diploma.
- Several studies found that race, gender, and socioeconomic status is associated with low probability of enrollment into a four-year institution or two-year institution.
- According to the Virginia Department of Health from 2014-2018, there were 1,667 emergency room reports of incidents related to gun violence in the city of Norfolk. 87% of the victims were males; specifically, 53% were Black teens and young adults.

Education and Youth Recommendations

- Create a mentorship program for youth and/or young adults (ages 14-25) to prepare them for adulthood by encouraging career exploration, team building, and goal setting.
- Create Project Safe Neighborhood Program that will work to address crime including gun violence among youth.
- Reopen and revitalize recreational centers to 21st century technology to include digital check-in, tech education program, and virtual trainings.

Ms. Sell reported on Health and Food Insecurity as follows:

Health and Food Insecurity

- In Norfolk, social, economic, physical, and mental environments have an impact on the health of individuals, their families, and OUR community
- Lower socioeconomic status communities in Norfolk often deal with the negative aspects of the environment, such as busy thru-streets, poor-quality and/or no bicycle and pedestrian infrastructure, dilapidated parks and playgrounds, and crime, that deter physical activity which directly influence health outcomes.

Health and Food Insecurity Recommendations

- Create a network of Neighborhood Food Markets and Health Clinics ("**Food Clinics**") to be in low-income communities that are walkable providing access to better food choices.
- Improve access to biking resources and increase and maintain sidewalks to encourage walking and biking.
- Expand awareness of and access to mental health services by increased funding to the Community Services Board.
- Decrease "heat islands" and mitigate flooding by improving city's tree canopy, increased funding, and supporting Green Infrastructure Plan.

Mayor Alexander stated Council is grateful to the commissioners for their service. The recommendations presented are robust, rigorous, and challenging, and will not only improve the city but improve individuals, schools, organizations, and communities.

Hampton Roads Ventures Update

Presenters: Mr. Ronald Jackson, Executive Director, Norfolk Redevelopment and Housing Authority (NRHA)

Ms. Delphine Carnes, Esquire, General Counsel for Norfolk Redevelopment and Housing Authority and Hampton Roads Ventures

Ms. Jennifer Donohue, Executive Director, Hampton Roads Ventures

Mr. Alphonso Albert, Chair, Hampton Roads Ventures

Don Musacchio, Chair, Norfolk Redevelopment and Housing Authority

Mr. Albert thanked Council for the opportunity to provide clarity on issues surrounding Hampton Roads Ventures. He stated that he has encouraged their team to be responsive and respectful of Council who represent the citizens of Norfolk. He stated that most of the commissioners are present, and all the commissioners make up the board of managers for Hampton Roads Ventures.

Mr. Albert expressed concerns about recent news articles and stated we should not allow journalists to set the agenda. He stated that Mr. Jackson has always been forthcoming when inquiries were made about Hampton Roads Ventures' resources, money, or contributions. Today the team will address Council's concerns and questions. He stated that they all have a common goal which is to do the work of the citizens and to work towards common solutions.

Mayor Alexander briefly summarized Council's concerns. In 2003, the NRHA commissioners serving at the time, came to Council and asked for the creation of a for-profit entity called Hampton Roads Ventures and Council approved that request. At the same time, NRHA commissioners asked Council to approve the NRHA to participate in the Hampton Roads Ventures. However, the role NRHA was seeking was not made clear to the Council.

Mr. Jackson thanked Council for the opportunity to report on Hampton Roads Ventures and the role of NRHA. He apologized that they had not been more responsive in letting Council know what they are doing. He noted that NRHA is having a retreat next week to discuss some of their strategies and focus areas.

Mr. Jackson next introduced members of their team. He stated that they come before Council in the spirit of cooperation. They previously provided information to the City Attorney about operations, employees, finances, and financial audits of HRV and its reserves. Hampton Roads Ventures was created by NRHA in 2003 to provide a stream of revenue considering the decreased federal and local funding for resident services and youth programming. Since 2007, they have provided \$2.3 million.

Mr. Jackson stated that contrary to claims made in the newspaper, no employee of HRV or NRHA has ever been paid twice. He stated that HRV has a national footprint to use the New Markets Tax Credits allocation it receives from the U.S. Treasury, but all profits are used in Norfolk. HRV's profits are distributed to NRHA, and funds are also used to provide grants to Norfolk non-profit organizations. They no longer receive the type of funding they previously received from HUD for resident services like workforce development and youth programming, so HRV was created for that purpose. What they receive from HRV is very important and it supplements the funds they get from the federal government.

Mr. Jackson stated that the New Markets Tax Credit Program is very complex. It requires compliance with stringent regulations. It is also a very competitive program, which has required HRV to evolve over the years. The decision to make HRV's service area national was made by HRV and NRHA leadership about 15 years ago. The New Markets Tax Credit funding to qualifying businesses is in the form of a loan, it is never a grant, and most of which must be paid back. Each community development entity (CDE) has a business strategy that it needs to adhere with to be successful. HRV's business strategy includes investments in healthcare facilities, manufacturing projects, and retail developments providing fresh food to communities.

HRV has never refused to provide New Markets Tax Credit funding to a qualifying Norfolk business. If there were any slighted Norfolk businesses, the reporter, Mr. Morrison, would have been able to point them out, but, in fact, it is the opposite. HRV has offered to provide New Market Tax Credit financing to several Norfolk businesses and developers who ultimately declined to participate, citing the complexity of the program, the reporting requirements, and the fact that it is not a grant. There is little demand for New Markets Tax Credit funding in Norfolk. The Norfolk market is not comparable to the various examples Mr. Morrison pointed out, and he chose to ignore many critical factors in his attempt to soil HRV's reputation. HRV does a lot of good in low-income communities and the profits it generates are funding critical services in Norfolk that the city does not pay for. HRV continues to accept funding requests from Norfolk businesses and works with city staff to identify eligible local businesses.

Mayor Alexander asked, as relates to the profits that HRV has earned, is there any prohibition from making those profits available in loans or grants to Norfolk businesses who are not seeking New Market tax credits?

Ms. Carnes answered no, there is no legal or regulatory prohibition regarding the use of HRV's profits. The allocation and its use are regulated; however, the profits are not regulated. However, to be in business as HRV, they do need reserves so that when investors make an investment in HRV for a transaction, they are comfortable should there be a recapture event, that HRV is able to provide some guarantees. Contrary to other CDEs that have a parent entity providing guarantees, NRHA does not provide any guarantees for any of the activities of HRV. Therefore, at present, they have the prudent reserve of \$5 million and approximately \$1.3 million in an operating reserve. Those amounts vary as transactions are closed or as transactions reach the end of their compliance period. As of today, the balance of approximately \$2 million is pure profit that could be distributed. They usually hold it and invest it. Housing authorities are limited in terms of the investments that they can make with their funds, so they hold those funds at HRV until the Board of Commissioners directs Mr. Jackson to make a request for a distribution, usually for a specific program, resident transportation, summer youth activities, etc.

Councilman Smigiel stated it is never a good idea to attack the media. He added that coming here in a defensive tone is not helpful. He stated if not for the news article, Council would not have known about the operations of HRV. The miscommunication and lack of transparency is very troubling. He stated it is important for Council to know that a potential commissioner will also serve on a board of managers for the HRV and to know what those duties and responsibilities are. He questioned why Council was never told this in discussions or presentations with NRHA. He also asked why Council was not notified when the business model shifted to focus more on rural. He expressed concern that he has never met Ms. Donohue until today. He stated it is almost as if Council was purposely left out of any conversations because nobody wanted Council to know anything about HRV.

Councilwoman Johnson recognized Mr. Albert and Mr. Kownack for their service to the community and helping different organizations. She expressed concern about citizens' anger because the NRHA and HRV have not responded to Council and the public. She agreed that common solutions must be found by Council, HRV, and the NRHA. The purpose of the NRHA and HRV is to serve the citizens and that should be the number one goal.

Considering the decrease in funding for resident services, Councilwoman Johnson asked Mr. Jackson if HRV could assist with funding. Mr. Jackson answered yes, and he stated that since 2017 they have contributed \$2.3 million. Councilwoman Johnson stressed the importance of resident services that will help our citizens to become self-sufficient.

Councilman Riddick expressed concern about the conditions in our public housing neighborhoods. He stated that in the 1960s, he lived in public housing and those

properties were well-maintained. He expressed outrage that he called NRHA over a month ago about repairs needed in Young Park and as of today they still have not been done. He stated it is a disgrace that NRHA is not taking appropriate care of these properties.

Councilwoman McClellan echoed Councilman Riddick's concerns. She stated that the main problem today is that NRHA and HRV have \$2 million that could be used to make the repairs that Councilman Riddick referred to. She stressed that the money needs to be dispersed and that is key to today's discussion.

Councilwoman Doyle thanked everyone for their participation in the discussion today. Moving forward, she strongly encouraged more transparency from NRHA and HRV. She stated she has served on Council for four years, met with Mr. Kownack early on to learn about NRHA but learned nothing about HRV. Moving forward she asked:

- To meet regularly with NRHA instead of just being giving an annual report.
- HRV to invest in Norfolk, understanding that the New Markets Tax Credits can be difficult.
- That changes be made to the process because it imposes a lot of responsibility on the Norfolk Economic Development Department and they should be a partner, not have sole responsibility.
- For more transparency and accountability, stating it was suspect that the day after an inquiry was made by the media, \$970,000 was transferred from HRV to NRHA.

Mayor Alexander thanked Mr. Jackson and the commissioners for attending today and for their service to the City of Norfolk. He stated that in 2003, when Council approved NRHA to participate in Hampton Roads Ventures, there was no accountability or terms and conditions offered and nothing was memorialized. Moving forward there needs to be something in writing, such as a resolution, and the attorneys, along with the city manager, can examine what is needed. They also need to determine how the \$2 million can be utilized and then report back to Council. Councilman Smigiel added that any resolution should define what participation in HRV by NRHA commissioners means so there is clarity on the role of current and future commissioners.

Mayor Alexander stated that Council understands the nuances of New Markets Tax Credits and that they can be very complex; however, Council is hopeful that HRV can facilitate projects here in Norfolk. Again, he stressed that Council's focus and interest is for the growth, prosperity, success, and security of Norfolk and its citizens.

Mr. Albert thanked Council for engaging today and that this is the best possible outcome with Council telling them what they would like to see and giving them clear directives. He added that he advocates for projects in the City of Norfolk and especially for small and minority businesses. He stated that he believes their teams can fashion something that will meet Council's expectations.

along Little Creek Road.