Richmond City Council  
900 E. Broad Street, Suite 305  
Richmond, Virginia 23219

Dear Members of the Council:

Statement of Position on the Coliseum-Navy Hill Development Proposal

The Partnership for Smarter Growth is a local non-profit whose mission is to educate and engage the communities in the Richmond region to work together to improve our quality of life by guiding where and how we grow. At the core of our efforts to shape a more sustainable region is a commitment to public involvement and transparency in decision-making. It is this commitment that shapes our strong reaction to the Coliseum-Navy Hill proposal.

We support the continued revitalization of Richmond, including the heart of our downtown.

We strongly support Mayor Stoney’s goal to revitalize the important and historic Navy Hill area through mixed-use, walkable, and community-oriented redevelopment. Navy Hill is at the center of our city. It should be a great place. Regrettably, however, the destruction of a historic African American neighborhood for I-95 and associated misguided urban renewal schemes, including construction of the Coliseum, has left an area that is gloomy, largely vacant, and unwelcoming. Like much of our core city, the area was refashioned for cars, not people. The resulting lack of activity and the amount of publicly owned parcels and parking garages mean the area generates little revenue for the city. This is unacceptable.

We need to create a place for people. A new Navy Hill neighborhood should be humming with jobs, housing, and fun. Properties need to be put back on the tax rolls, helping to fund community needs. New housing units need to be ample in number and varied, and include market-rate units and designated affordable units for those most in need. Leigh Street, Clay Street, and other neighborhood streets and sidewalks need to be restored as walkable, two-way, and safe for everyone. Trees and greenspace should be an integral part of an improved infrastructure. Recognition of the history of the area, preservation and restoration of remaining historic sites, and returning homes and culture destroyed over the years should be a part of any redevelopment.

Public involvement and transparency is necessary.

Consideration of a vision, plan, and proposals to revitalize the Navy Hill area must be transparent and inclusive. These values should guide all major decisions in the city. Renewal of Navy Hill would be the biggest development project in Richmond’s history. Such a complex and important undertaking needs
thorough vetting to answer the central question of whether the approach being taken is the best means to benefit Richmond residents.

The current process is fatally flawed.

In light of the great need to renew Navy Hill, it is deeply regrettable that the process the city launched in 2017 has failed to embrace public input and failed to be transparent. This has resulted in a lack of buy-in among residents, and the absence of confidence that our community would be making the best use of valuable public land and tax dollars. The numerous and serious problems plaguing the process include:

- **No public plan.** The city failed to conduct a public planning process at the outset. The lack of an area plan is a critical, missed opportunity to welcome input, identify community needs and goals, and create concepts for transportation, land use, urban design, public space, affordable housing, public art, and all of the features that make for a great neighborhood.
- **No alternatives.** In a basic failure of due diligence, the city did not publish alternative economic scenarios for redevelopment and for the maximization of property value, tax base, and community benefit. Had there been a public process to develop a small area plan, the city could have issued individual requests for proposals (RFPs) for each city-owned parcel and sold the property to the highest bidder that also committed to particular improvements. The absence of any such processes means it cannot be known whether alternative approaches would have provided greater benefits, including affordable housing, revenue for city services, and infrastructure and street safety improvements.
- **No evidence of a lack of potential private investor interest.** The 2018 HR&A market analysis indicated that the city and its downtown are on the rise, and that market demand for housing, office, hotel and retail is strong and growing. In this context, there is no reason for the city to presume that the economic redevelopment of the Navy Hill area requires the fiscally opaque, complex, taxpayer-subsidized measures of the 2017 RFP.
- **No rationale for taxpayer purchase of a new coliseum.** The city failed to publish an evaluation of whether a publicly funded coliseum is needed to achieve the redevelopment goals for the area, and whether Richmond taxpayers should alone pay for a new coliseum, without help from surrounding jurisdictions. The primary purpose of the proposed tax increment district is paying the principal and interest on over $300 million in bonds for a new coliseum, but the city did not allow for public consideration of whether a coliseum is the best use of our future tax revenues from this valuable real estate.
- **Just one response to the RFP.** The city’s receipt of a lone response to its 2017 RFP is at odds with the high level of private investor interest in downtown Richmond, and is cause for great concern. Under Federal and other procurement best practices, receiving a single bid would halt the redevelopment process until there were at least three qualified responses. A single response means there is nothing to be compared, and no basis for considering whether the city would be making best use of public land and tax dollars. A lone response to the RFP suggests that the terms of the requested redevelopment are not economically viable and that there could be significant risks, or that the respondent knew something that other potential respondents did not.
- **Changing the terms after the RFP closed.** It appears that the terms of redevelopment changed after the close of the RFP response period. The special tax zone was expanded to include
additional properties south of Broad Street, altering the economic calculus. Had these properties been included in the originally advertised special tax zone, it is possible there would have been additional respondents to the RFP. The expansion of the tax zone resulted in the addition of properties owned by Dominion, whose CEO is affiliated with the sole development consortium that responded to the RFP. This creates an appearance of impropriety, including the appearance that Dominion is dictating that some of its future property taxes will pay for a new coliseum that is affiliated with its CEO rather than to schools or other public needs.

- **Selling city land at a discount.** The public properties to be sold to the selected development consortium have not received an updated appraisal and are being offered at less than their assessed value. This further changed the economic calculus of the redevelopment after the closing of the RFP response period. City staff argues this concessional sale of public property is justified by the potential social benefits of the area’s redevelopment. If this is the case, the concessional sale could have been part of the terms of the RFP so that all potential respondents could have included it in their economic evaluation.

- **Loss of accountability to the EDA.** If approved by the City Council, most authority over the financial oversight of the redevelopment will be transferred to the unaccountable economic development authority, which will negotiate the terms of the bond indenture and oversee the construction.

- **Elimination of staff neutrality.** An overarching procedural flaw is the failure to have the city staff (with public input) objectively evaluate alternatives. The failure to consider a broader range of alternatives is noted above, and the strong public endorsement of the Coliseum-Navy Hill proposal by the Mayor means that city staff must advocate for this proposal, and cannot identify risks or problems with the proposal to the City Council and the public.

- **Inadequate public notice and review for Planning Commission action.** The disposal of up to a dozen downtown city blocks to private owners is a momentous action that warrants extensive advertisement so as to welcome and consider public input. Yet the Planning Commission’s October 16 special meeting appears not to have had any commensurate public notice. It appears that only the website of the Coliseum-Navy Hill development consortium advertised this procedurally pivotal meeting. The agenda for the meeting made no reference to Navy Hill or suggested the major import of the planned actions. This lack of transparency is a major and disappointing procedural lapse.

- **Paid interests dominating public meetings.** At the December 7 meeting of the Navy Hill Development Commission, at least 30 city staff and consultants for the development consortium and the Mayor appeared before the volunteer commissioners, with no independent, professional expertise available to the commission or the public to vet or respond. An unlevel playing field limits the capacity for effective external review when both city staff and the private developers are arrayed before our nine-person, part-time City Council, the small council staff, and a volunteer commission. The late addition of a separate consulting firm to advise City Council does not fully address this imbalance, given the short 90-day review for an agreement negotiated for more than a year, and the potential conflict of interest identified by the media.
Substantive problems also plague the proposal.

There are a number of positive substantive components of the current Coliseum-Navy Hill proposal. The absence of a sound process, however, means the critical, substantive issues of Navy Hill redevelopment cannot be appropriately considered. Even absent an appropriate vetting process and notwithstanding some positive elements, however, a number of substantive problems and unacceptable risks appear to be part of the current proposal. Absent a new process, it is not possible to take a stand on these issues. Yet PSG considers it important for the public and decision-makers to note these issues and ensure they are fully addressed in a subsequent process. These issues include:

- Parcels improperly included in the tax district.
- Potential negative impact on city credit rating and borrowing capacity.
- Uncertain revenue projections.
- Unknown timing of housing funding and location for offsite housing, and lack of certainty of housing affordability for on-site.
- Unknown timing and lack of certainty for school funding.
- Uncertainty as to whether the tax increment district would continue indefinitely.
- Uncertainty of the condition and value of a new coliseum once debt is paid off.
- Lack of alternatives analysis for a transit center.
- Lack of provisions to make Leigh Street safely walkable.

PSG urges City Council members to reject this proposal and fix the process.

Our community deserves better. Let’s do this right.

Process matters. Objectively analyzing alternatives is important. An inclusive, transparent process builds trust in government. A process that people think is predetermined or not reflective of community views sows distrust in government. Richmond’s history of racism and, at times, poor governance, including a series of economic development projects that have not met projections, has left a legacy of mistrust among residents. Navy Hill redevelopment is an important, once-in-a-generation opportunity to help reverse that. For the largest economic development proposal ever considered in Richmond, the city must ensure the best use of valuable public land and tax dollars, and prove that community input and objective analysis matters.

Because Richmond is now such an attractive area for investment, the city can re-do the process quickly, smartly, and with confidence. We can determine if we need a coliseum in this location, and if it’s even necessary for the city and for Navy Hill redevelopment. We can ensure that community members truly have a voice in the planning of the new neighborhood, through a focused small-area plan. This blueprint would inform a new RFP for redeveloping the neighborhood on terms that have community buy-in. Richmond neighborhoods have the capacity to develop organically, led by community members.

The new RFP would reflect best practices for transparency and clarity. Potential redevelopment of Navy Hill would move forward only if the RFP attracted responses from at least three experienced, capable, and community-conscious respondents. The selection of a potential developer through the new RFP would not
represent the final endorsement of the city. Instead, it would mark the beginning of an effort on the part of the selected respondent to further develop its plans, negotiate community benefits, and take further input from community members. City staff would be in a renewed position to exercise their expertise as neutral evaluators, not cheerleaders.

A successful process would be celebrated with renewed trust in city government -- and would create a fantastic new Navy Hill community where all people are welcome to live, work, and play.

If any comments or questions arise please email Stewart Schwartz, PSG Policy Chair, at stewart@smartergrowth.net.

Sincerely,

Martha Wingield
President of the Board of Directors

CC The Honorable Mayor Levar Stoney
   City of Richmond Planning Commission
   Navy Hill Development Advisory Commission