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## Council Approves Commission to Vet Navy Hill Proposal

*The large-scale downtown redevelopment project would replace the Richmond Coliseum, renovate the Blues Armory and build 2,800 apartments and a hotel*

by Sarah King

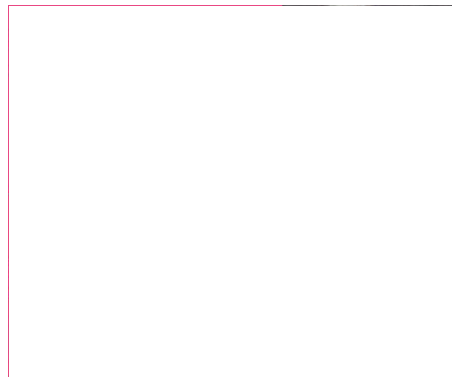
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*A coalition of community organizers held a news conference on the steps of Richmond City Hall before Monday's City Council meeting to express opposition to the Navy Hill development. (Photo by Sarah King)*

Richmond City Council on Monday approved a modified measure sponsored by 2nd District representative Kim Gray and 8th District representative Reva Trammell to form a Navy Hill Development Advisory Commission to evaluate a \$1.4 billion redevelopment proposal that includes replacing the Richmond Coliseum with a new arena and directing new tax revenue from a large chunk of downtown real estate toward the project.



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"Well, apparently I'm the deciding vote on this," Council President and 3rd District representative Chris Hilbert said shortly after 10 p.m., following several hours of discussion and public comment both in support and opposition of the commission. "I believe this group could provide that expertise, as well as hiring [an] outside consultant. I think we can do both and we should do both."

After Hilbert's statement in support, the measure passed 8-1, with 9th District representative Michael Jones being the first to vote, and the only opponent.

Mayor Levar Stoney's administration has yet to present the project, labeled Navy Hill, to City Council or the public, but has been negotiating since February with the development group NH District Corp., the lone bid submitted to the city's November 2017 request for proposals.

The nonprofit NH District Corp. is headed by private business titans including Dominion Energy CEO Tom Farrell and Altria CEO Marty Barrington. According to the State Corporation Commission, the principal officer for NH District Corp. is C.T. Hill, whose office is listed at 6 N Laurel St., which is the location of the Altria Theater.

Gray and Trammell's ordinance narrowly made it to the full council for consideration after a heated discussion at the Dec. 3 Organizational Standing Development Committee meeting. Committee members voted 5-4 vote in favor of taking the measure before the full council. The matter was originally scheduled for the Dec. 10 meeting, but that week's snowstorm delayed the meeting.

Just before the Dec. 3 meeting, Stoney sent out a statement dismissing the idea of selecting a commission to evaluate the proposal. In addition to supporting an "enhanced public process," he said in the statement, "I also encourage Council to seek independent experts in relevant fields to review the proposal, and advise council *at their relevant committee and full Council meetings*, so that the entire community can benefit from their perspectives."

In an interview before Monday's meeting, Gray said, "There are reputable people throughout the region that we're hearing from." She added that "from all indications, there are people out there who are scrutinizing this with a high level of ability."

Among the reservations expressed by council members at the Dec. 3 committee meeting about forming a commission were that there would not be city residents qualified to properly review the redevelopment proposal. Other ideas proffered by council members included finding money in the council's budget to hire an independent consultant or pursuing a request for quotes (RFQ) which, Gray says, is different from a request for proposals because it is a pre-selected group of professionals — and the city does not necessarily have to go with the lowest bidder on the professional contract.

"Just to be clear, we wouldn't be hiring anyone — it would be the administration," Gray said. "So I don't think there's a way to accomplish a truly independent opinion if we go through the city's procurement." Her goal, she said, is to pull together people with expertise "and fully vet this project."

Everyone who spoke during the public comment time at the Dec. 3 meeting was opposed to the creation of the commission, and many represented different facets of the minority business community. All argued that creating a commission

to review the proposed development would only serve to further delay the jobs and workforce participation among minority business stakeholders. Stoney has pledged \$300 million in city contracts to minority business enterprises. By definition, a minority business enterprise (MBE) is at least 51 percent owned and controlled, or operated, by minority group members, according to the city's Office of Minority Business Development.

To date, two expert reports have been published with regard to the Navy Hill project: one by Hunden Strategic Partners, contracted by the city's financial advisor, Davenport & Co., assesses the revenues generated by the potential project, and another by the VCU Center for Urban and Regional Analysis estimates the potential impact.

Chicago-based Hunden Strategic Partners was hired by Stoney and paid \$100,000 for the report in addition to the \$500,000 in consultant fees the city has paid Davenport throughout the duration of the project timeline. Previously, Hunden published a report stating Richmond was a top market "ready to host a major league franchise." The VCU study was commissioned by the developer, NH District Corp., and estimates a "one-time, direct" \$1.9 billion economic impact from construction.

Some members of the community have expressed concerns about the financing structure, which would use a tax increment financing (TIF) model, which is hailed as a reduced-risk solution for a locality seeking to revitalize blighted areas.

Rich Meagher, a political science professor at Randolph-Macon College and author of RVApol.com, expressed reservations about the VCU impact numbers, noting that "this model essentially translates costs into benefits — literally *everything* becomes an economic 'impact,' " he writes in a Dec. 10 post.

"I suspect that once citizens see the actual math, particularly in a year-by-year breakdown, these billion-dollar numbers won't be quite so impressive," Meagher writes, "but this is something City Council's review commission should absolutely do."

The Hunden analysis estimates \$125.8 million in new admissions tax revenue over 30 years from tickets to events at the new arena, Blues Armory and Greater Richmond Convention Center, of which 81 percent of attendees will be from out of town.

The project is also estimated by Hunden to generate \$342 million in new real estate tax revenue, which relies on the assumption of \$10.8 billion in new spending. The Hunden report also estimates more than 790,000 attendees annually at the new arena.

Using Hunden figures, Stoney announced last month [priorities for spending an estimated \\$1.2 billion](#) in surplus funds the project would generate over 30 years, beyond what would be needed to pay off the debt. The mayor said that \$600 million of that amount would go to schools, \$180 million to housing needs, \$400 million for neighborhood services and infrastructure and \$12 million for artistic and cultural projects.



*A display in the lobby of the Altria Theater promotes the Navy Hill development.*

"Downtown Richmond is the ugliest downtown in the commonwealth," said James E. J.J. Minor III, a city employee and president of the Richmond chapter of the NAACP, during public comment in opposition to the commission proposal. "You [as council members] have an opportunity to create history here so we can get revenue in for education; so we can get new schools built; raises for teachers — I'm all for education; infrastructure ... You all are the best of what Richmond has to offer, that's why we elected you: to do your job. ... don't pass it on to a commission."

Perhaps the most surprising appearance during public comment on the measure, which was initially listed as a consent agenda item before being moved to item 46 (out of 50) on the regular agenda hours before the meeting, was "Fighting' Joe" Morrissey — the former mayoral candidate, state legislator and lawyer — speaking in support of the commission.

"To vet what's been described as the coliseum proposal — a total \$1.4 billion project, and we're going to spend \$620 million, including debt service, over the next 30 years — and to say we don't need a commission is, frankly, nonsensical," Morrissey said, noting that Richmond has had commissions for things ranging from deciding to erect the Maggie Walker statue in the Arts District to deciding the fate of the Jefferson Davis statue on Monument Avenue.

According to the city administration, new tax revenue generated within a tax-increment-finance (TIF) district will pay for the revitalization of the area without posing risk to residents. Private investments would pay for the affordable housing, hotel, office, retail and restaurant space and bonds issued by NH District would pay for the public, city-owned assets including the new \$220 million arena slated to replace the Coliseum and the \$10 million Blues Armory restoration.

The district lines are drawn based on agreement between the city and developer, according to NH District spokesman Jeff Kelley. The TIF district would function like this: After the city evaluates the property tax revenue currently flowing into

the general fund as of Jan. 1 — or, if the amount is lower, the current value of the property — from there, as the development is built, the increase in property tax value will go into a separate fund to pay off the bonds issued by NH District Corp.

The problem is that the 10-block area initially outlined by Stoney for development when he announced the project last fall does not generate a lot of real estate tax revenue because of the high concentration of state properties such as VCU, government office buildings, the General Assembly, nonprofits and houses of worship — which are all tax-exempt.

This is why, according to the administration and developer, the TIF district may need to extend beyond those initial 10 blocks to remain viable, and it will only work if an existing taxable property is included in the district. In this case, that encompasses an additional 70 blocks, including Dominion's headquarters and an in-progress adjacent skyscraper at 600 Canal Place. The justification, says Kelley, is that including the towers offers bondholders additional security in their investment.

This, too, has been cause for public outcry. Prefacing Monday's meeting, a coalition of community organizers representing 19 local grassroots groups held a news conference on the steps of City Hall. Members of the coalition, including 3rd District School Board member Kenya Gibson, voiced different reasons for being opposed to the Navy Hill development.

Among them: the city's "years of disinvestment" in public services and communities of color, reservations about the economic projections attributed to the project's financing model and the administration's perceived lack of transparency with the community.

"When I ran for office, I emphasized the dire need to fix our schools, and that is why I ultimately cannot support this coliseum proposal," Gibson said. "I'm disappointed our city has spent so much time and money on a proposal that is truly contrary to that promise to finally do right by our kids."

Organizer and VCU professor Kristin Reed dug in further, noting that the projected revenue from the project is still "highly speculative" — so much so, she told the crowd, that professor Meagher likened it to "fairy dust."

"'Fairy dust' is not a funding plan for schools, and future fairy dust is especially hard to accept after being told by City Hall that 'RVA Kids Can't Wait,'" Reed said, invoking the campaign slogan championed by city and school officials when council was considering the controversial meals-tax increase to fund school improvements.

Members of the coalition also expressed concern over what had transpired earlier Monday afternoon during the Planning Commission meeting, where the council was asked to green-light the city's intent to amend the official zoning ordinance for the "Coliseum Mall (CM) District" to eventually allow for the realization of the "development vision [which] includes signage of types and sizes not currently permitted and which would be unique to this district."

The resolution passed after one 3rd District resident, Nicholas Smith, offered a "word of caution" during public comment to the commissioners.

"I think part of [this resolution] doesn't fit with the intent of how public processes are supposed to work because it references the proposed development and the problem is, I'm sure some of you read in the news this week, or last week, that the proposed development is not a public document," Smith said during the meeting.

"For the commission, as representatives of the public, to declare a necessity to change the zoning — based on a document the public is not able to see — just doesn't fit right with how the planning process is supposed to work," Smith added, "as a planner myself."

The resolution notes that "good zoning practices of the city require the initiation of an amendment to the City Zoning Ordinance in order to accomplish the vision of the Pulse Corridor Plan and the intent of the City's Request for Proposals, through the proposed development."

According to the Planning and Development Review staff report on the resolution, the proposed development includes "some uses, like a bus transfer terminal and residential units, which are not currently permitted in the CM district, while other uses currently permitted in the CM district would not be appropriate in the new development."

The Planning and Development Review report notes that the new development area has been earmarked for years as a hotbed for potential economic development activity that is consistent with the city's 2009 master plan, put forth by the administration of former Mayor Dwight Jones.

Planning Commissioner and City Chief Administrative Officer Selena Cuffee-Glenn made the motion to approve the planning resolution Monday afternoon, noting the step was procedurally necessary for the administration to submit the potential zoning change to the council for ultimate approval. Cuffee-Glenn also offered insight as to when the public could expect to see the package of papers encompassing the negotiated project.

"Introduction date [on the mayor's ordinances] will be once we've been able to ensure the city's interest is protected, and what is promised is delivered on," Cuffee-Glenn said during the planning meeting, "so we continue to work with the city attorney as it relates to timeline."

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