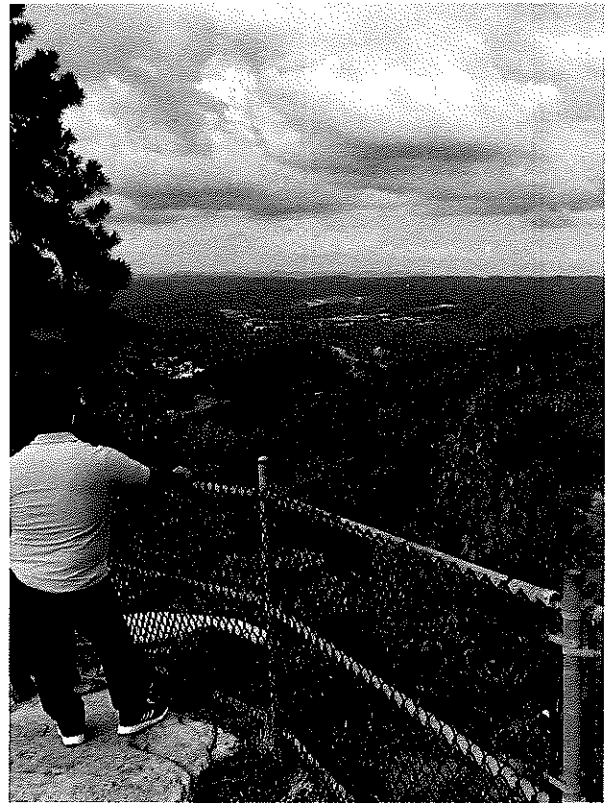# 2018-2021
APPALACHIAN REGIONAL COMMISSION

VIRGINIA
FOUR-YEAR DEVELOPMENT PLAN

Governor Ralph S. Northam

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Commonwealth of Virginia

Appalachian Development Plan

2018-2021

In accordance with Section 5.3 of the Appalachian Regional Commission Code, this document will serve as the Commonwealth of Virginia's Appalachian Regional Commission Four-Year Development Plan. The purpose of this plan is to establish a process to set forth goals, objectives, priorities and policies for Virginia's ARC region, identify broad statewide issues and needs that the governor has chosen to address with ARC resources and prioritize development projects and programs in these key issue areas in the seven Local Development Districts (LDDs).

Gov. Northam will use the resources provided by the Appalachian Regional Commission to assist the Appalachian region of Virginia, with an emphasis on broadband, early childhood education, addressing opioid and substance abuse, supporting the development of regional solutions to address water/wastewater infrastructure needs and addressing unmet housing needs.

Governor Ralph S. Northam

The implementation of this plan will continue to meet the diverse and changing needs of the Appalachian region of Virginia by targeting and focusing the resources and strategies that mirror ARC's defined goals and objectives of the region, as well as the governor's priorities, which are informed by input from the region.
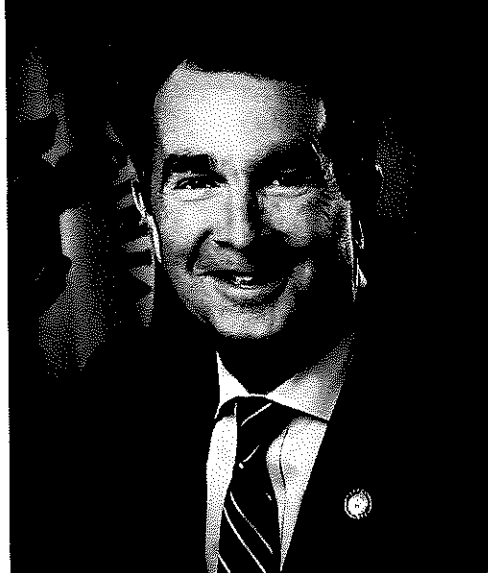
As required by Section 5.3 of the Appalachian Regional Commission Code, this document provides the following:

1. Overview and assessment of the region's economic needs, including current gaps, strengths and recent achievements.
2. Discussion of emerging opportunities, regional priority efforts and the alignment of state priorities with the Appalachian Regional Commission's strategic plan, goals and objectives.
3. Discussion of the inter-relationship between economic development in the Appalachian portion of the state and the Appalachian Development Highway System.
4. Outline how the state's ARC program is structured and implemented, including the role of stakeholders in developing and implementing the development plan.

Appalachian Regional Commission – Overview

In 1960, the governors from New York, Pennsylvania, Ohio, Maryland, Virginia, West Virginia, North Carolina, Tennessee, Kentucky, South Carolina, Georgia, Alabama and Mississippi formed the Conference of Appalachian Governors to develop a regional approach to resolving problems. In 1963, President John F. Kennedy formed a federal-state committee that came to be known as the President's Appalachian Regional Commission (PARC) and directed it to create a detailed program for economic development of the region. The resulting program was outlined in an April 1964 report that was endorsed by the Conference of Appalachian Governors. President Lyndon B. Johnson submitted legislation to Congress based on the PARC's report. The Appalachian Regional Development Act was passed early in 1965 by a broad bipartisan coalition and signed into law.

The Appalachian Regional Commission (ARC) was created by Congress in 1965 to address economic and quality-of-life issues in the 13-state Appalachian region. In the 1960s:
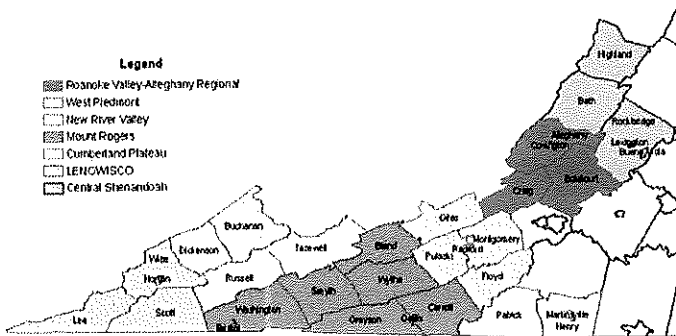
- One of every three Appalachians lived in poverty.

- Per capita income was 23 percent lower than the U.S. average.

- High unemployment and harsh living conditions had in the 1950s forced more than two million Appalachian people to leave their homes and seek work in other regions.
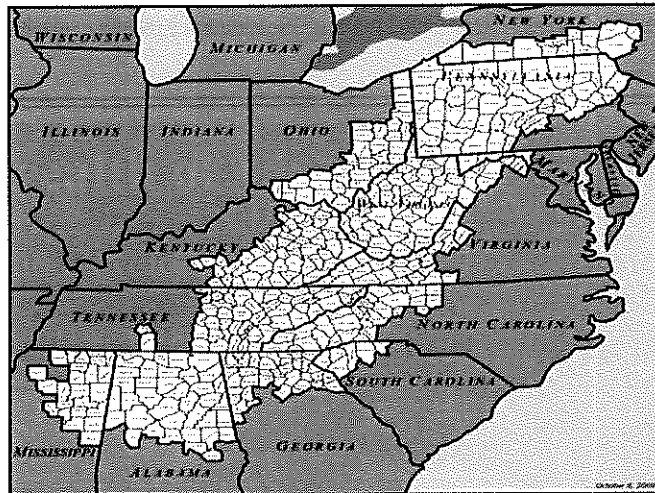
Federal-State Partnership

This federal-state partnership works to create opportunities for self-sustaining economic development and improved quality of life for the people of Appalachia. The region includes 420 counties and stretches from southern New York to northern Mississippi. The governors from the 13 Appalachian states and the federal co-chairman appointed by the president comprise the Commission. Gov. Northam serves as the Virginia commission member. Gov. Northam has appointed Erik C. Johnston as the director of the Virginia Department of Housing and Community Development (DHCD), the agency responsible for ARC program administration. Johnston serves as the governor's alternate to ARC. Tamarah Holmes, Ph.D., will serve as the ARC program manager and is responsible for program administration and oversees that agency's role as the Registered State Basic Agency (RSBA).

Virginia's ARC Local Development Districts

Legend
- Roanoke Valley-Alleghany Regional
- West Piedmont
- New River Valley
- Mount Rogers
- Cumberland Plateau
- LENOWISCO
- Central Shenandoah

The Appalachian Region of Virginia, commonly referred to as Southwest Virginia, consists of 25 counties and eight cities: the counties of Lee, Wise, Dickenson, Buchanan, Scott, Russell, Washington, Tazewell, Smyth, Grayson, Wythe, Bland, Giles, Pulaski, Carroll, Patrick, Henry, Floyd, Montgomery, Craig, Botetourt, Alleghany, Rockbridge, Bath and Highland, and the cities of Bristol, Buena Vista, Covington, Galax, Lexington, Martinsville, Norton and Radford.

The Appalachian Region of Virginia is served by seven Local Development Districts (LDDs) listed below:

- Cumberland Plateau Planning District Commission

- LENOWISCO Planning District Commission

- New River Valley Regional Commission

- West Piedmont Planning District Commission

- Mount Rogers Planning District Commission

- Roanoke Valley-Alleghany Regional Commission

- Central Shenandoah Planning District Commission

The Virginia ARC Program works closely with the LDDs in the development of eligible projects that are consistent with the ARC Code and Guidelines. Each LDD is governed by a board of directors comprised of local government representatives. The LDDs are an active and critical part of the ARC partnership. The Virginia ARC program meets with the LDDs regularly to discuss regional issues and to gauge the need for ARC resources.

ARC Economic Status

ARC's primary objective is to help "distressed" Appalachian counties improve their economic development potential in order to compete with the rest of the state, nation and world. The Appalachian Regional Commission uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties. The system compares each county's average for three economic indicators – three-year average unemployment rate, per capita market income and poverty rate – with the national average. The resulting values are summed and averaged to create a composite index value for each county. Each Appalachian county is classified by ARC into one of five economic status designations, based on its position in the national ranking as listed below. The Virginia ARC locality designations are shown in the map below and listed in Appendix B.

County Economic Status in Appalachian Virginia, Fiscal Year 2019
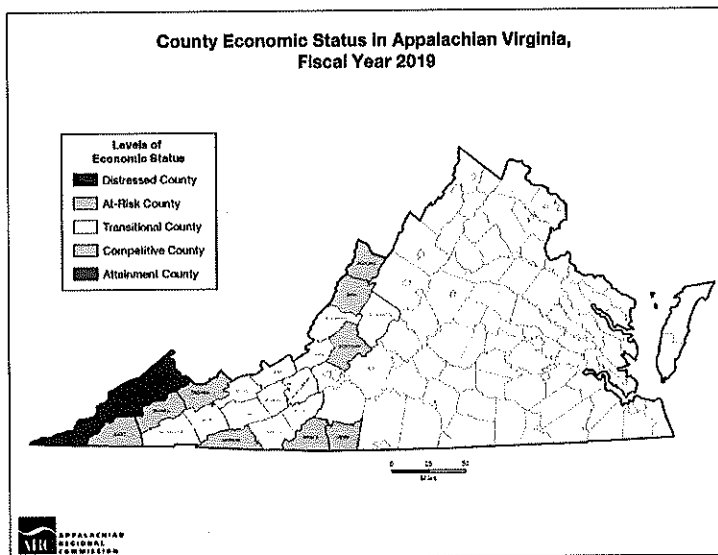
Distressed – Distressed counties are the most economically depressed counties. They rank in the lowest 10 percent of the nation's counties.

At-risk – At-risk counties are those at risk of becoming economically distressed. They rank between the lowest 10 percent and 25 percent of the nation's counties.

Transitional – Transitional counties are those transitioning between strong and weak economies. They make up the largest economic status designation. Transitional counties rank between the lowest 25 percent and the best 25 percent of the nation's counties.

Competitive – Competitive counties are those that are able to compete in the national economy but are not in the highest 10 percent of the nation's counties. Counties ranking between the best 10 percent and 25 percent of the nation's counties are classified competitive.

Attainment - Attainment counties are the economically strongest counties. Counties ranking in the best 10 percent of the nation's counties are classified attainment.

The commission recognizes that some areas in non-distressed counties have substantially higher poverty or lower income levels than national averages and should be considered economically distressed. These areas should be an important focus of ARC's assistance. Accordingly, ARC designates "distressed areas," those census tracts in at-risk and transitional counties that have a median family income no greater than 67 percent of the U.S. average and poverty rate 150 percent or greater of the U.S. average. Designations are revised annually using the latest five-year estimates from the American Community Survey.

Appalachian Development Highway System

In 1964, the President's Appalachian Regional Commission (PARC) reported to Congress that economic growth in Appalachia would not be possible until the region's isolation had been overcome. Because the cost of building highways through Appalachia's mountainous terrain was high, the region had never been served by adequate roads. The nation's interstate highway system had largely bypassed the Appalachian Region, going through or around the region's rugged terrain as cost-effectively as possible.

The PARC report and the Appalachian governors placed top priority on a modern highway system as the key to economic development. As a result, Congress authorized the construction of the Appalachian Development Highway System (ADHS) in the Appalachian Development Act of 1965. The ADHS was designed to generate economic development in previously isolated areas, supplement the interstate system, connect Appalachia to the interstate system and provide access to areas within the region, as well as to markets in the rest of the nation.

The ADHS is currently authorized at 3,090 miles. By the end of FY 2016, 2,794.7 miles – 90.4 percent of the miles authorized – were complete or under construction. Many of the remaining 300 miles will be among the most expensive to build. Completion of ADHS remains a top priority for ARC.

Two ADHS corridors are located in Virginia's section of Appalachia. Corridor H runs from I-81 at Strasburg, VA west to the West Virginia state line near Wardensville, WV and further west to I-79 at Weston, WV. Corridor Q runs from I-81 at Christiansburg west to Breaks Interstate Park, VA/Elkhorn City, KY at the state line and further west to Corridor B (U.S. 23) at Shelbiana, KY (near Pikeville).

In addition to Corridors H and Q, ADHS funds are allocated to support the development of local access roads. ARC Local Access Road (LAR) funds are available for the initial construction of local access road projects. These funds may be used for preliminary engineering, right-of-way or construction. Local access road funding is not allowed for resurfacing/rehabilitation, upgrading and/or safety improvements on roads previously built or improved with ARC local access road funds.

Introduction and Background

Background

The Appalachian region of Virginia is an area of beauty and natural appeal with mountains of hardwood, fertile valleys, plateaus, and ridges. However, the same mountains that provide beautiful landscapes create geographical barriers to the rest of the commonwealth of Virginia. These barriers have created an economic divide between Appalachian Virginia and the rest of Virginia. This divide has been reduced throughout the past decade by federal and state investments, through strong local efforts and through technological investments. But, while the rising tide of the economy lifted the standard of living for all Virginians, a divide continues to exist between Appalachian Virginia and the rest of Virginia.

The region continues to experience lower levels of educational attainment, higher unemployment rates, lower median household incomes and a shortage of four-lane highways that connect to Regional

Highway Corridors. The region is working to transform its economy, as coal and other traditional industries, such as textiles, have declined.

An Assessment of Virginia's ARC Region

Virginia is a leader when viewed in terms of the quality of schools, well-balanced economy, excellence of the workforce and the high quality of life. Broadly speaking, the data that follows indicates that Virginia's ARC Region has benefited from federal, state and local investment throughout the past decade. The realized improvements are also a direct result of regional collaboration and asset-based development. Many portions of the region have longstanding and new economic momentum, but face headwinds due to an aging workforce, a substance abuse crisis and lack of access to essential infrastructure such as broadband.

Demographics

Population trends of a region are often indicative of the health of that region. The Appalachian Region of Virginia continues to lag behind the state in population growth.

Table 1-Virginia ARC Region – 2010-2017 Population Change

Data estimates for the LDDs located in the Virginia Appalachian Region indicate the average population change from 2010-2017 was nearly a 2 percent decrease (1.7 percent), while in stark contrast, the overall state population grew approximately 5.5 percent during the same period. Both Cumberland Plateau and LENOWISCO PDCs saw population loss by more than 3 percent during the period.
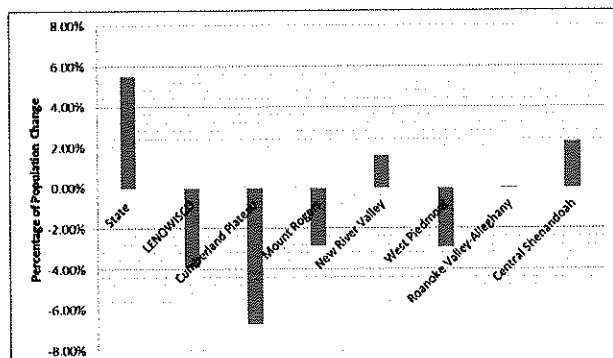
It is worth noting that 24 out of 33 localities in the Virginia Appalachian region lost population during that period, and no localities in the region had a higher percentage increase in population growth than the state. The city of Radford and Montgomery County had the greatest population gain over that period at approximately 4.8 percent and 4.3 percent respectively.
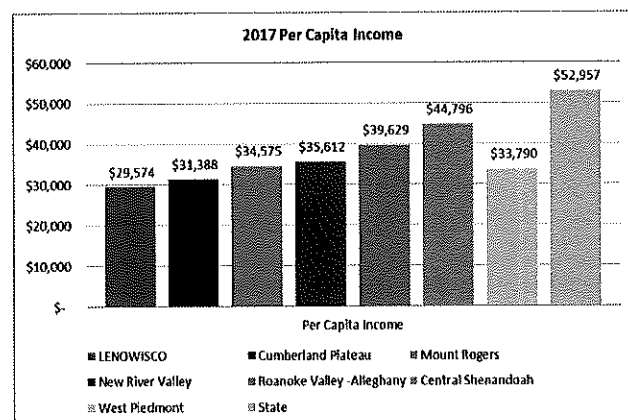
Increases in income have generally kept pace with the rest of the state, even exceeding the state average in some areas. Howeve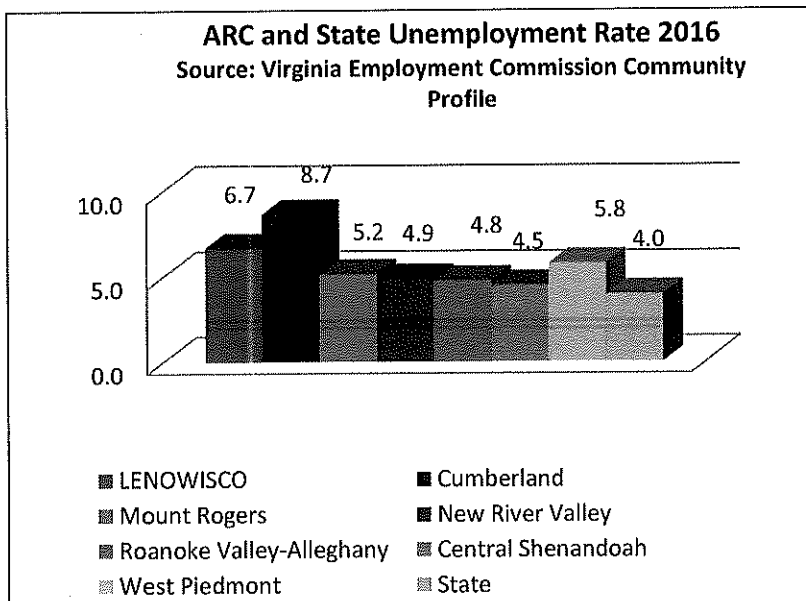r, the overall individual per capita income of the Virginia ARC region continues to lag far behind Virginia's per capita income. In 2017, the per capita income for the region was $35,623, while the state's per capita income was $52,957. Not only has the Virginia ARC region lagged behind Virginia, there are stark differences between localities in the ARC region. In 2017, Bath County had the highest per capita income at $51,519, while Dickenson County, at $27,807, had the lowest per capita in the region. The table below presents the per capita income average for each Virginia ARC LDD and the commonwealth.

In 2016, poverty level estimates from the Appalachian Regional Commission revealed that the percentage of citizens below the poverty level statewide was 11.4 percent, while the average percentage in Virginia's Appalachian region was 18.8 percent, a difference of 7.4 percent. Statewide, including Virginia's ARC region, there has been a steady reduction in the poverty rate. Thirty-one of the 33 localities in Virginia's Appalachian region have a higher estimated percentage of residents living below the poverty level than the statewide average. Southwest Virginia's population living below poverty accounts for approximately 12 percent of Virginia's population living below the poverty level, reflecting the region's substantially higher poverty rate.

Economy

ARC and State Unemployment Rate 2016
Source: Virginia Employment Commission Community Profile

Legend: LENOWISCO, Cumberland, Mount Rogers, New River Valley, Roanoke Valley-Alleghany, Central Shenandoah, West Piedmont, State

The Appalachian Region of Virginia has higher unemployment on average than the rest of the state. In 2016, the average annualized unemployment rate for localities in the Virginia Appalachian Region was 5.67 percent, higher than the state average rate of 4 percent. In 2016, Buchanan County had the state's highest unemployment rate at 10.8 percent.

Infrastructure

DHCD receives approximately $3 million in local access road projects to develop access roads in support of increased economic opportunities. Between 2015 and 2017, this program awarded nearly $6 million and was matched by $6 million of other funding, resulting in the creation of over 1,200 jobs.

Additional infrastructure challenges involve the accessibility problems of adequate water and sewer services. DHCD also administers the Indoor Plumbing Program (IPR) funded with federal HOME Investment Partnerships Program (HOME) funds and state general funds, primarily serving low- to moderate-income households lacking complete functional plumbing. In Fiscal Year 2019, nearly $900,000 is to be expended in the ARC region to combat the deficiencies in indoor plumbing. Through other federal, state and local resources, the Commonwealth of Virginia continues to address aging and lack of water and wastewater systems in the region. Distressed counties and areas are eligible to receive up to $500,000 per project in ARC funding to address residential infrastructure needs.

Up to $500,000 per project of ARC funds may also be used to construct or expand infrastructure to industrial sites for economic development projects that will result in job creation.

Health Care

Access to medical care continues to be a major concern in Virginia's Appalachian region. Data indicates that access to health care professionals is more limited in the Appalachian region of Virginia than the rest of the state. According to federal guidelines for the designation of geographic areas as a Health Professional Shortage Area (HPSA) the area must be: (1) An urban or rural area (which need not conform to the geographic boundaries of a political subdivision and which is a rational area for the delivery of health services); (2) a population group; or (3) a public or nonprofit private medical facility. Based on data from the U.S. Department of Health and Human Services, of the 33 Virginia ARC localities, 18 are designated as a HPSA. As referenced in the joint ARC and Robert Wood Johnson Foundation's 2017 report entitled "Creating a Culture of Health in Appalachia," mortality rates for chronic diseases in Appalachian Virginia are significantly higher than in the other areas of the commonwealth. Examples highlighting the disparities in the health of residents in Appalachian Virginia are:

- Appalachian Virginia's heart disease mortality rate is 24 percent higher than the national rate and 40 percent higher than the rate in non-Appalachian Virginia.
- Appalachian Virginia's cancer mortality rate is 10 percent higher than the national rate and 11 percent higher than the rate in non-Appalachian Virginia.
- Appalachian Virginia's Chronic Obstructive Pulmonary Disease (COPD) mortality rate is 36 percent higher than the national rate and 65 percent higher than the rate in non-Appalachian Virginia.
- Appalachian Virginia's stroke mortality rate is 13 percent higher than the national rate and 10 percent higher than the rate in non-Appalachian Virginia.
- Appalachian Virginia's diabetes mortality rate is 22 percent higher than the national rate and 44 percent higher than the rate in non-Appalachian Virginia.

Emerging Opportunities

The commonwealth of Virginia has identified GO Virginia, Opportunity Zones, the state broadband initiative and the Partnership for Opportunity and Workforce and Economic Revitalization (POWER) as emerging opportunities for the Virginia ARC Region.

GO Virginia

GO Virginia is a bipartisan, business-led economic development initiative that is changing the way Virginia's diverse regions collaborate on economic and workforce development activities. It supports efforts to create more high-paying jobs through incentivized collaboration between business, education and government to diversify and strengthen the economy in every region of the commonwealth. GO Virginia Regions One, Two, Three and Eight encompass localities in the Virginia ARC Region.

The initiative is based on three main points:

- Virginia urgently needs strong private-sector growth.
  Federal cutbacks have exposed our over-dependence on public-sector jobs. Virginia needs strong private-sector growth and job creation.

- Growth in Virginia's diverse regions requires collaboration.
  To grow and diversify our economy, business, education and government must collaborate effectively in each region.

- State government must be a catalyst and partner.
  State government must provide incentives for strategic, job-focused collaboration in each region of the commonwealth.

Go Virginia Regions located within the ARC Region

Region One consists of the cities of Bristol, Galax and Norton, and the counties of Bland, Buchanan, Carroll, Dickenson, Grayson, Lee, Russell, Scott, Smyth, Tazewell, Washington, Wise and Wythe.

Region One Priority Industry Clusters are:

- Advanced Manufacturing
- Agriculture and Food and Beverage Manufacturing
- Information and Emerging Technologies
- Energy and Minerals

Region Two consists of the cities of Covington and Radford, and the counties of Alleghany, Botetourt, Craig, Floyd, Giles, Montgomery and Pulaski.

Region Two Priority Industry Clusters are:

- Manufacturing
- Life Sciences and Health Care

- Food and Beverage Processing
- Emerging Technologies and IT

Region Three ARC localities consists of the city of Martinsville, and the counties of Henry and Patrick.

Region Three Priority Industry Clusters are:

- Business Services/IT Data Centers
- Advanced Manufacturing and Materials
- High-value Natural Resource Production
- Health Care

Region Eight consists of the cities of Buena Vista and Lexington; and the counties Bath, Highland, and Rockbridge.

Region 8 Priority Industry Clusters are:

- Financial and Business Services
- Health Care
- Information Technology/Communications
- Light Manufacturing
- Transportation and Logistics

Opportunity Zones

The Federal Tax Cuts and Jobs Act of 2017 included provisions for a new revitalization tool, the Opportunity Zone and Opportunity Fund. The program allows investors to receive tax benefits on currently unrealized capital gains by investing those gains in qualified census tracts referred to as Opportunity Zones. Qualified census tracts were eligible based on median income that does not exceed 80 percent of the statewide median income or has a poverty rate of at least 20 percent. The investors for Opportunity Zones could be local investors, from the wider region or from anywhere in the U.S. The policy enables funds to be responsive to the needs of different communities, allowing for investment in operating businesses, equipment and real property. Any entity can establish an Opportunity Zone Fund as long as they follow the guidelines set out by the statute and U.S. Department of Treasury.

The Virginia Department of Housing and Community Development (DHCD) currently serves as the coordinating agency for Opportunity Zones. Following the Governor's designation of 212 Virginia Opportunity Zones, the department identified local government contacts for zones with the intention to facilitate efficient communications between investors, funders and other stakeholders. DHCD has created a dedicated page on the agency website that contains information on Opportunity Zones, including a map and link to the 212 designated Opportunity Zones, the primary local government contact for each zone and information about the nomination process. These efforts foster a quicker connection between local partners and investors. DHCD serves as a clearinghouse for stakeholders including local governments, planning district and regional commissions, investors, developers, community development financial institutions, nonprofit entities, foundations and other economic development entities.

State Broadband Initiatives

Gov. Northam's vision is universal broadband coverage for all of Virginia within 10 years. The ARC program will coordinate with the chief broadband advisor and coordinated state and local efforts to achieve this vision.

Virginia Telecommunication Initiative

The primary objective of Virginia Telecommunication Initiative (VATI) is to provide financial assistance to supplement construction costs by private-sector broadband service providers in partnership with local units of government to extend service to areas that presently are unserved by any broadband provider. There is presently $4 million in funding available for FY2019 and FY2020.

Last-Mile Broadband

The Tobacco Region Revitalization Commission provides funding to applicants to provide service to unserved areas of the tobacco region of Virginia. Unserved areas are defined as having broadband speeds of less than or equal to 10 Mbps download and 1 Mbps upload. Projects may include fiber-to-the-premise, fixed wireless or some combination thereof, assuming greater than 10/1 Mbps service can be provided.

Partnerships for Opportunity and Workforce and Economic Revitalization (POWER)

POWER is a congressionally funded initiative that targets federal resources to help communities and regions that have been affected by job losses in coal mining, coal power plant operations and coal-related supply chain industries due to the changing economics of America's energy production. Since 2016, $16.3 million in the POWER funds have been invested in the Appalachian region of Virginia.

Virginia Department of Mines, Minerals, and Energy (DMME) Abandoned Mine Land

Virginia's Abandoned Mine Land (AML) Program was established in the late 1970's to correct pre-federal Act (1977) coal-mine-related problems adversely impacting public health, safety, general welfare and the environment. Abandoned mine-land-related problems include landslides, stream sedimentation, hazardous structures, dangerous highwalls, subsidence, loss of water, acid mine drainage and open mine portals. AML sites eligible for reclamation must have been mined prior to Dec. 15, 1981. There must also be no other individual, firm or organization responsible to reclaim the site. DMME's Division of Mined Land Reclamation (DMLR) annually applies for a grant from the U.S. Office of Surface Mining (OSM) to reclaim high priority AML sites across the state. Grant funds are used to design reclamation plans, obtain consents for rights of entry, publish public notices in local newspapers to advertise for construction contractors and to ensure the site is reclaimed and the problems abated according to the engineering design. Grant funds come from fees paid by the coal industry on each ton of coal mined.

Tobacco Region Revitalization Commission

The Tobacco Region Revitalization Commission is a 28-member body created by the 1999 General Assembly. Its mission is the promotion of economic growth and development in tobacco-dependent communities, using proceeds of the national tobacco settlement. To date, the commission has awarded 2,102 grants totaling more than $1.1 billion across the tobacco region of the commonwealth and has provided $309 million in indemnification payments to tobacco growers and quota holders. There are 16 counties and four cities in the ARC region that are in the tobacco region.

Regional Priorities

- Support the deployment of broadband infrastructure to enable universal access in unserved areas of the region.
- Support efforts that address the opioid and substance abuse crises.
- Support the development of regional solutions to address water/wastewater infrastructure needs, economic and entrepreneurial priorities, asset-based development and downtown revitalization.
- Support efforts to increase access to quality early childhood development/education.
- Support efforts to strengthen the housing economy and ensure quality affordable housing is available.

Alignment of Virginia ARC Objectives with ARC Goals

The governor's priorities have been developed with broad input from the Virginia ARC region. Future decision-making and strategic investment decisions in the Appalachian region of Virginia will align with ARC goals and objectives as required by Section 7.3 of the Appalachian Regional Commission Code. The Virginia ARC state objectives and strategies are closely aligned to the goals and objectives in the Appalachian Regional Commission 2016-2020 Strategic Plan. Virginia's objectives, the corresponding ARC goal and the specific State strategies are as follows:

Virginia ARC Objective I

Promote regional partnerships that support regional economic development, encourage activities that diversify the economic base and enhance entrepreneurial activities.

ARC Goal:

Invest in entrepreneurial and business development strategies that strengthen Appalachia's economy.

Strategies:

1.1   Assist with installation of public infrastructure (water, sewer, broadband) for new business location/expansion and creating jobs for the region.

1.2   Support projects that encourage broad-based, regional cooperation and provide increased regional economic growth opportunities.

1.3   Support entrepreneurs, cultivate entrepreneurship and diversify existing businesses.

1.4   Support tourism activities that are directly linked to overall regional economic development strategies.

1.5   Encourage the development of telecommunications and other technologies to assist in improving the participation of Appalachian businesses in the international marketplace.

1.6   Coordinate economic development projects with housing production, supporting housing production technology and supporting regional and local pilot projects that increase the supply of affordable housing units.

Virginia ARC Objective II

Develop a healthy, world-class and highly-skilled, competitive workforce that is well-educated and appropriately trained for the job market.

ARC Goal:

Increase the education, knowledge, skills and health of residents to work and succeed in Appalachia, as well as focus on solutions to address the opioid and substance abuse crisis.

Strategies:

2.1   Coordinate and focus workforce development programs to align with industry and economic development targets.

2.2   Strengthen the delivery of workforce readiness and training programs among the various provider agencies in order to improve the business retention, recruitment and expansion.

2.3   Encourage the establishment of partnerships and innovative arrangements among health care providers in Appalachian Virginia in order to assure quality care and the efficient use of available health care resources.

2.4   Support efforts that address the opioid and substance abuse crisis.

2.5   Support efforts to initiate and expand early childhood education programs.

2.6   Continue efforts to place doctors and other medical professionals in medically underserved areas through physician and other recruitment programs.

2.7   Support projects, which include wellness and healthcare prevention efforts, such as the use of telemedicine technology.

Virginia ARC Objective III

Assist communities to develop, expand and upgrade infrastructure, including broadband, to allow for greater access to resources and opportunities for increased economic growth and to improve the quality of life.

ARC Goal:

Invest in critical infrastructure – especially broadband, transportation (including the Appalachian Development Highway System) and water/wastewater systems.

Strategies:

3.1   Support the deployment of broadband infrastructure to enable universal access in unserved areas of the region.
3.2   Encourage strategic, appropriate development along ADHS corridors (industrial parks, commercial development and intermodal transportation).
3.3   Capitalize on the Appalachian Development Highway System (ADHS) and its development potential.
3.4   Support local access road projects, which would result in job creation or retention opportunities.
3.5   Assist water supply and wastewater treatment projects that will support private investment, leading to job creation or retention.
3.6   Support the deployment of regional solutions to address water/wastewater infrastructure needs.

Virginia ARC Objective IV

Assist communities in the preservation, development and promotion of natural and cultural assets for local economies and improved quality of life.

ARC Goal:

Strengthen Appalachia's community and economic development potential by leveraging the region's natural and cultural assets.

Strategies:

4.1   Support strategic investments in natural, cultural and heritage resources to advance local economic growth.
4.2   Preserve and strengthen existing natural and cultural assets in support of economic opportunities that generate local and regional benefits.
4.3   Preserve and strengthen existing natural and cultural assets through strategic investment that advance local and regional benefits.
4.4   Encourage the leveraging of natural and recreation opportunities to the town/city center area.

Virginia ARC Objective V

Strengthen current and next-generation local and regional leadership capacity to enhance collaborative and community-based skills to improve quality of life in Appalachian Virginia.

ARC Goal:

Build the community skills and current and next-generation leaders and organizations to innovate, collaborate and advance communities.

Strategies:

5.1 Support efforts encouraging civic engagement and participation in an effort to advance communities.

5.2 Encourage the development of leadership development opportunities.

5.3 Support visioning, strategic planning and implementation of resident engagement approaches to foster increased civic participation.

5.4 Support local and regional networks, partnerships and other models of collaboration that catalyze public, private and nonprofit action for regional impact.

5.5 Foster civic entrepreneurship.

State Development Plan for the Appalachian Region

The data shows that Virginia's Appalachian region has not kept pace with the rest of the commonwealth on some key indicators of economic success. The key to future economic growth and prosperity in the Appalachian region of Virginia lies in strengthening the competitiveness of existing industry, supporting the formation of new small- and medium-sized businesses (especially high-wage, high-growth industry) and continued development of the region's assets as economic development drivers.

In August 2018, the Virginia ARC program held an input session with various regional stakeholders who identified the following as economic challenges in the region:

- Shortage of affordable capital
- Assistance with worker training technology adaptation/modernization and formation of new technology-based businesses
- Support for manufacturing enterprises, which would process and add value to existing Virginia products, particularly wood products
- Assistance for the area's entrepreneurial business efforts
- Assistance in locating and accessing markets, particularly exporting assistance
- Assistance in providing telecommunications infrastructure and access
- Assistance in developing telemedicine infrastructure
- Lack of local capacity to identify and develop viable economic development strategies to move their communities forward
- Substance abuse and opioids
- Support for improved development, networking and marketing of the state's tourism attractions
- Lack of quality social and cultural amenities that can be found in larger, metro areas
- Need to diversify the local economies and promote green and renewable energy options

Development and Planning Organization

The region's seven Local Development Districts (LDDs) and various federal and state agencies, as well as regional partners, assist the Virginia ARC Program with investment strategies and project development.

The LDDs are:

- Cumberland Plateau Planning District Commission

- LENOWISCO Planning District Commission

- New River Valley Regional Commission

- West Piedmont Planning District Commission

- Mount Rogers Planning District Commission

- Roanoke Valley-Alleghany Regional Commission

- Central Shenandoah Planning District Commission

DHCD is a leader in the commonwealth for the development and implementation of strategies that improve the quality of life in Virginia communities through local and regional planning, community and economic development programs, the availability of affordable housing and building local leadership capacity. DHCD administers the Virginia Small Cities Community Development Block Grant (CDBG) program which uniquely positions the agency to coordinate these programs, as well as maintain the working relationships with federal and state agencies including U.S. Department of Agriculture - Rural Development (USDA-RD) and the Economic Development Administration (EDA). State agency partners include the Virginia Department of Health (VDH), the Virginia Tobacco Region Revitalization Commission (VTRRC), Virginia Resources Authority (VRA), Virginia Department of Mines, Minerals, and Energy (DMME), Virginia Economic Development Partnership (VEDP), Virginia Community College System (VCCS), Virginia Department of Transportation (VDOT) and Virginia Tourism Corporation (VTC). The Virginia ARC program relies on partnerships with various regional organizations, including but not limited to the Southwest Cultural Heritage Foundation and Friends of Southwest Virginia, GO Virginia Regional Councils One, Two, Three and Eight, Virginia Coalfield Economic Development Authority (VCEDA) and the Blue Ridge Economic Development Authority (BRECDA).

Coordination between ARC, LDDs and citizens

A public input session is held each year to solicit comments on Virginia's Annual Strategy Statement and program policies. Participants representing LDDs, educational institutions, nonprofit organizations, economic development organizations, public service authorities and local governments are invited and are heavily represented. The input of those in attendance is useful in preparing the 2018-2021 Four-Year Development Plan and Annual Strategy Statement and in allowing ARC Program staff the opportunity to ensure investment strategies are matched with the changing needs of the region.

An input session specifically for the LDDs is also held to solicit their feedback on the previous year's program and to obtain suggestions for the next year. The state ARC program staff also consult with the seven LDDs throughout the year regarding specific project development and implementation. The LDD input meeting and the constant consultation between ARC Program staff and the LDDs provides a useful avenue of communication whereby investment strategies are reviewed and projects can be aligned with this strategy.

In addition to these input sessions, the state ARC program staff conduct how-to-apply workshops to educate interested parties on ARC funding offerings. These workshops provide an opportunity to discuss the ARC Access Road program, as well.

This process will be repeated each year during Gov. Northam's administration to ensure that Virginia's ARC program is responsive to changing needs and priorities.

Virginia ARC Operating Policies

In Virginia, the level of ARC funds requested may not exceed 50 percent of the total project cost except: 1) in designated at-risk and distressed counties, cities, or census tracts; 2) access road projects that are eligible for up to 100 percent; and 3) regional projects that meet the requirements outlined in the Appalachian Regional Development Reform ARC of 1998 which involves the participation of distressed counties, cities or census tracts. The level of ARC funds requested for projects in designated competitive counties or cities may not exceed 30 percent of the total project cost unless the applicant provides adequate justification to meet the exceptions in the ARC Code.

Funding Limits

Area Development

- Construction projects are eligible for up to $500,000 in funding.
- Non-construction projects are eligible for up to $100,000 ($300,000 for regional projects) in funding.
- Planning grants are eligible for up to $50,000 in funding.

Access Road

- Access road projects are eligible for up to $500,000.

Administrative Allowance

- Up to 10 percent of ARC funds can be used to cover administrative costs except for projects that use CDBG funds as match.
- Up to $2,500 is available to assist with environmental review costs.

Project Management

In Virginia, DHCD serves as the ARC Registered State Basic Agency and is responsible for administrative and fiscal oversight and compliance monitoring of construction projects.

All construction projects must have a project sign installed at the construction site within 30 days of the execution of the ARC Grant Agreement. The sign must include the DHCD and ARC logos.

General Information

- DHCD staff is available to provide pre-project development technical assistance.
- Applications are available in the DHCD Centralized Application and Management System (CAMS) after the how-to-apply workshop.
- All projects must meet an ARC goal, ARC objective and Virginia ARC goal and strategy from the four-year plan.
- Applicants must consult with the planning district commission prior to submission to DHCD.
- Match funds cannot be expended prior to final approval by the federal co-chair.
- Higher priority is given to projects that are deemed ready to go. To meet this requirement, the applicant should have all other funding for the project committed.
- Project applications must include measurable outputs and outcomes that are consistent with ARC performance measurement requirements.
- Individuals and for-profit enterprises are not eligible for direct grant assistance, but may benefit from and be served by the investment of ARC funds.
- Any project requesting start-up funds should be prepared to identify the sources that will underwrite the costs after the first year of ARC funding.
- For awarded construction projects which have been appropriately procured, DHCD may, on a case-by-case basis, approve additional funding if available, not to exceed 15 percent, upon approval of corresponding documentation.

Application Review Process

Step One:

DHCD will review applications using evaluation criteria and priorities established in the Four-Year Development Plan. DHCD will develop a preliminary list of funding recommendations for submission to the governor's office. The governor will have final approval for the recommendation of a project for funding to the ARC. Please note the recommendation from the governor's office DOES NOT guarantee funding from the federal co-chair.

Step Two:

Following an announcement by the governor's office, DHCD staff will contact the applicant for additional information and to obtain federal forms required for submission to ARC. The submission to ARC will include required federal forms and may require the applicant to revise the application, provide clarification or additional information prior to submission. Failure to respond by the DHCD deadline may jeopardize funding.

Please note that ARC may request additional information during their review. Final approval of funding under this program will be made at the discretion of ARC's federal co-chair.

Application Evaluation Criteria

The following evaluation criteria are used in the project selection process:

1. Applicant and activity eligibility
2. Demonstrated need for the project
3. Ability to meet the challenges and opportunities identified in the proposed service area
4. Ability to fill a "gap" in currently offered services available locally or regionally
5. Possession of clearly described performance targets (product-focused outputs) to be achieved throughout the project and the overall outcomes
6. Capacity of applicant organization to implement the project and readiness of project to begin
7. Leveraging of non-ARC resources
8. Establishment or significant enhancement of collaborative relationships among local and regional providers
9. Sustainability or the ability to maintain the proposed effort into the future

Appendix A – Virginia Demographics

Locality	Income	Poverty Rate	2016 Unemployment Rate
Alleghany (+ Covington city)	37436	19.1	5.1
Bath	51519	8.4	3.7
Bland	33354	9.7	5.2
Botetourt	46748	8.3	3.6
Buchanan	31677	23.9	10.8
Carroll (+ Galax city)	33418	17.4	5.1
Craig	34705	12.9	4.7
Dickenson	27807	21.5	9.9
Floyd	34622	11.8	4
Giles	36957	11.8	5.3
Grayson	31556	19.8	5.2
Henry (+ Martinsville city)	35899	20	5.6
Highland	44881	12.6	3.2
Lee	28013	26.1	6.8
Montgomery (+ Radford city)	33650	26.2	4
Patrick	31682	22.2	4.8
Pulaski	37219	13.5	5.8
Rockbridge (+ Buena Vista city + Lexington city)	37989	17.6	4.4
Russell	32163	17	6.5
Scott	31208	20.1	4.8
Smyth	34516	17.7	5.8
Tazewell	33908	17.8	7.5
Washington (+ Bristol city)	39321	15.9	4.5
Wise (+ Norton city)	29502	21.7	8.5
Wythe	35287	16.2	5.7

Appendix B – ARC County Designations

Virginia's ARC Region

In Virginia, 25 counties and eight independent cities are eligible for the ARC program. These localities and their economic stress designation for 2016 are listed below. The designation is updated annually in Virginia's strategy statement.

Counties			
Alleghany County	*Transitional*	Lee County	*Distressed*
Bath County	*Competitive*	Montgomery County	*Transitional*
Bland County	*Transitional*	Patrick County	*At-Risk*
Botetourt County	*Competitive*	Pulaski County	*Transitional*
Buchanan County	*Distressed*	*Rockbridge County	*Transitional*
Carroll County	*Transitional*	Russell County	*At-Risk*
Craig County	*Transitional*	*Scott County	*At-Risk*
Dickenson County	*Distressed*	*Smyth County	*Transitional*
Floyd County	*Transitional*	*Tazewell County	*At-Risk*
Giles County	*Transitional*	*Washington County	*Transitional*
*Grayson County	*At-Risk*	Wise County	*Distressed*
*Henry County	*At-Risk*	Wythe County	*Transitional*
Highland County	*Competitive*		

Cities			
*City of Bristol	*Transitional*	City of Lexington	*Transitional*
City of Buena Vista	*Transitional*	*City of Martinsville	*At-Risk*
City of Covington	*Transitional*	City of Norton	*Distressed*
*City of Galax	*Transitional*	City of Radford	*Transitional*

*Denotes localities which are not designated as "Distressed," but contain Distressed Census Tracts

Appendix C – Virginia's Local Development Districts (LDDs)

LENOWISCO Planning District Commission
372 Technology Trail Lane, Suite 101
Duffield, Virginia 24244-5330
Executive Director: Duane A. Miller
http://www.lenowisco.org
Counties of Lee, Scott and Wise, and city of Norton

Cumberland Plateau Planning District Commission
P.O. Box 548
Lebanon, Virginia 24266
Executive Director: Jim Baldwin
http://www.cppdc.org
Counties of Buchanan, Dickenson, Russell and Tazewell

Mount Rogers Planning District Commission
1021 Terrace Drive
Marion, Virginia 24354
Executive Director: Aaron Sizemore
http://www.mrpdc.org
Counties of Bland, Carroll, Grayson, Smyth, Washington and Wythe and cities of Bristol and Galax

New River Valley Planning District Commission
6580 Valley Center Drive, Suite 124
Radford, Virginia 24141
Executive Director: Kevin Byrd
http://www.nrvpdc.org/
Counties of Floyd, Giles, Montgomery and Pulaski, and city of Radford

Roanoke Valley–Alleghany Regional Commission
P.O. Box 2569
Roanoke, Virginia 24010
Executive Director: Wayne Strickland
http://www.rvarc.org
Counties of Alleghany, Botetourt and Craig, and city of Covington (Franklin and Roanoke counties, and cities of Roanoke and Salem are non-ARC localities.)

Central Shenandoah Planning District Commission
112 MacTanly Place
Staunton, Virginia 24401
Executive Director: Bonnie Riedesel
http://www.cspdc.org
Counties of Bath, Highland and Rockbridge, and cities of Buena Vista and Lexington (Augusta and Rockingham counties, and cities of Harrisonburg, Staunton and Waynesboro are non-ARC localities.)

West Piedmont Planning District Commission
1100 Madison Street
P.O. Box 5268
Martinsville, Virginia 24115-5268
Executive Director: David Hoback
http://www.wppdc.org
Counties of Henry and Patrick, and city of Martinsville (Franklin and Pittsylvania counties, and city of Danville are non-ARC localities.)