



COMMONWEALTH of VIRGINIA

Office of the Governor

Glenn Youngkin
Governor

January 4, 2024

Mr. Brandon McBride
Executive Director
Appalachian Regional Commission
1666 Connecticut Avenue, N.W.
Suite 700
Washington, D.C. 20009

Dear Brandon,

Attached is Virginia's 2024 Appalachian Regional Commission Annual Strategy Statement. This document establishes the goals, objectives and priorities for Virginia's Appalachian Region.

Please be advised that the Strategy Statement shall be of record until otherwise notified and is consistent with the Appalachian Regional Commission's Code Section 5.4.

If there are any questions about the above mentioned document, please feel free to contact Bryan Horn with the Virginia Department of Housing and Community Development at bryan.horn@dhcd.virginia.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Glenn Youngkin".

Glenn Youngkin

2024 Virginia Appalachian Regional Commission

Strategy Statement



Governor Glenn Youngkin

Bryan W. Horn

Director, ARC Alternate

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Executive Summary

The Appalachian Regional Commission is a federal-state partnership targeted to serve the Appalachian regions of New York, Pennsylvania, Ohio, Maryland, Virginia, West Virginia, North Carolina, Tennessee, Kentucky, South Carolina, Georgia, Alabama, and Mississippi. ARC's mission is to innovate, partner, and invest to build community capacity and strengthen economic growth in Appalachia.

The purpose of the 2024 Strategy Statement is to establish our goals, objectives, and priorities for Virginia's ARC Region. The implementation of the 2024 Strategy Statement will enable the Commonwealth of Virginia to meet the diverse and changing needs of our Appalachian region. More specifically, the 2024 Strategy Statement will:

1. Discuss economic challenges and opportunities in the region, as well as new developments and resources that are impacting Virginia's Appalachian region;
2. Provide an overview of targeted investment priorities for the program year;
3. Discuss specific strategies for the state's distressed counties and census tract areas;
4. Discuss the Virginia ARC program policies; and
5. Describe the methods used to review proposals to ensure an equitable distribution of state contributions for projects to its Appalachian area.

Brief Summary of Virginia Priorities

1. Create jobs
2. Support workforce housing
3. Support affordable, reliable, high speed internet
4. Expand energy sources
5. Address water/wastewater infrastructure needs
6. Strengthen local and regional capacity

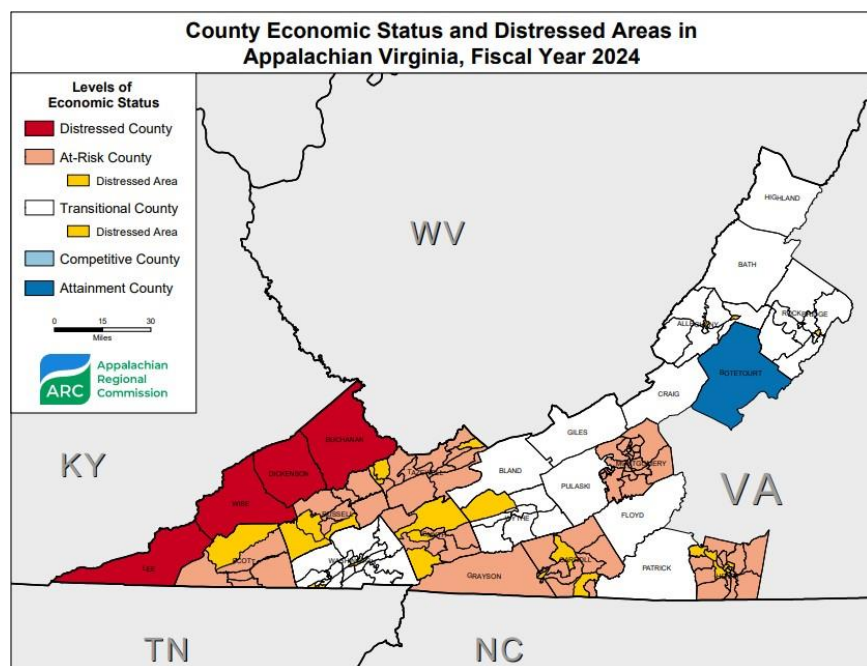
Appalachian Regional Commission – Overview

In accordance with Chapter 5.3 of the Appalachian Regional Commission (ARC) Code, this document will serve as the Commonwealth of Virginia’s Appalachian Regional Commission 2024 Strategy Statement. The purpose of the 2024 Strategy Statement is to establish our goals, objectives, and priorities for Virginia’s ARC Region. The implementation of the 2024 Strategy Statement will enable the Commonwealth of Virginia to meet the diverse and changing needs of our Appalachian region. More specifically, the 2024 Strategy Statement will:

1. Discuss economic challenges and opportunities in the region, as well as new developments and resources that are impacting Virginia’s Appalachian region;
2. Provide an overview of targeted investment priorities for the program year;
3. Discuss specific strategies for the state’s distressed counties and census tract areas;
4. Discuss the Virginia ARC program policies; and
5. Describe the methods used to review proposals to ensure an equitable distribution of state contributions for projects to its Appalachian area.

Gov. Glenn Youngkin serves as the Virginia Commission member. Gov. Youngkin has appointed Bryan Horn as the director of the Virginia Department of Housing and Community Development (DHCD), the agency responsible for ARC program administration. Director Horn serves as the Governor’s alternate to ARC. Tamarah Holmes, Ph.D., serves as the ARC program manager and is responsible for program administration, as well as overseeing the agency’s role as the Registered State Basic Agency (RSBA).

The Appalachian region of Virginia encompasses 25 counties and eight independent cities for Program Year 2024. Independent Cities are separate government entities from the Counties they border. The counties of Buchanan, Dickenson, Lee, and Wise, the City of Norton, and 27 census tract areas are designated as distressed.



Regional, State, and Federal Partners

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 Local Development Districts (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 Program, which enables the agency to be in a unique position to coordinate these programs, as well as maintain the working relationships with federal and state agencies, including the United States Department of Agriculture-Rural Development (USDA-RD), and the US Economic Development Administration (EDA). State agency partners include the Virginia Department of Health (VDH), Virginia Department of Agriculture and Consumer Services (VDACS), Virginia Tobacco Region Revitalization Commission (VTRRC), Virginia Resources Authority (VRA), Virginia Department of Mines, Minerals and Energy (DMME), Virginia Economic Development Partnership (VEDP) 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 1, 2, 3 and 8, Virginia Coalfield Economic Development Authority (VCEDA), Virginia Community Capital (VCC), Blue Ridge Economic Development Authority (BRECDA), and the colleges within the region aligned with the Virginia Community College System (VCCS).

Economic Challenges and Opportunities

Challenges

- Limited capital for mid- and large-size construction projects
- Increased construction costs
- Shortage of available contractors
- Difficulty meeting local match requirements for grant funding
- Capacity issues

Opportunities

The Appalachian region of Virginia is rich in natural, cultural and heritage assets, and talented people. Future areas of economic opportunity in the region lie in maintaining existing and developing new infrastructure, including broadband, attracting new businesses and industry, the development of businesses to support a growing tourism and outdoor recreation industry, strengthening the competitiveness of existing industry and continuing to develop a highly-skilled workforce.

Virginia Targeted Investment Priorities

Projects that demonstrate their contributions to improving or increasing the economic impact of the targeted investment priorities identified will be given priority in rankings for funding. The Commonwealth's priorities are:

- Support efforts to reinvigorate the small business and entrepreneurial ecosystem, create jobs, train workers, and attract talent in Virginia.
- Support efforts to address unmet housing needs by strengthening the housing economy and ensuring quality workforce housing is available in coordination with economic development efforts.
- Support the deployment of broadband infrastructure to enable universal access in unserved areas of the region.
- Create opportunities to expand energy sources and ensure Virginia has reliable, affordable, and growing supply of power.
- Support the development of regional solutions to address water/wastewater infrastructure needs, economic and entrepreneurial priorities, asset-based development, and large-scale environmental projects.
- Create opportunities to strengthen local and regional capacity and promote strong partnerships among local leaders, stakeholders, investors, and community builders.

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 2022-2026 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: Strengthen and diversify the Region's economy through inclusive economic development strategies and investments in entrepreneurship and business development.

Strategies:

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

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

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

1.4 Support entrepreneurs, cultivate entrepreneurship and diversify existing businesses.

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

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

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. Invest in community-based ecosystems (housing, health care and childcare) that strengthens economic development efforts.

ARC Goal: Expand and strengthen community systems (education, healthcare, housing, childcare, and others) that help Appalachians obtain a job, stay on the job, and advance along a financially sustaining career pathway.

Strategies:

- 2.1 Coordinate and focus workforce development programs coupled with access to safe and affordable housing to support economic development opportunities.
- 2.2 Strengthen the delivery of workforce readiness and training programs among the various provider agencies in order to improve 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: Ensure that the residents and businesses of Appalachia have access to reliable, affordable, resilient, and energy efficient utilities and infrastructure in order to successfully live and work in the Region.

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 preserving and investing in the Region's local, cultural heritage, and natural 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:

Invest in the capacity of local leaders, organizations, and communities to address local challenges by providing technical assistance and support to access resources, engage partners, identify strategies and tactics, and conduct effective planning and project execution.

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.

Strategies for Distressed Counties and Areas

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 averages for the following three economic indicators with national averages: the three-year average unemployment rate, per capita market income and poverty rate. The resulting values are summed and averaged to create a composite index value for each county. Each county in the nation is then ranked, based on its composite index value. Counties are designated as distressed, at-risk, transitional, competitive or attainment, based on their ranking in the index. Designations are revised annually using the most current data available. In 2023, four counties, one city and 13 census tracts are designated as distressed.

Three additional initiatives have been identified as emerging opportunities aimed at addressing economic challenges in the Commonwealth: GO Virginia, state-wide Broadband coverage, and the Virginia Energy Plan. GO Virginia Regions 1, 2, 3 and 8 encompass localities in the Virginia ARC region. There are presently 37 broadband projects investing \$259,427,900,474 within the ARC region providing high speed internet service to 106,366 locations.

GO Virginia is a 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.

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, regions must collaborate effectively.

- **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 1 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 1 Priority Industry Clusters are:

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

Region 2 consists of the cities of Covington and Radford, and the counties of Alleghany, Botetourt, Craig, Floyd, Giles, Montgomery and Pulaski.

Region 2 Priority Clusters are:

- Manufacturing
- Life Sciences and Health Care
- Food and Beverage Processing
- Information and Emerging Technologies

Region 3 ARC localities consist of the city of Martinsville and the counties of Henry and Patrick.

Region 3 Priority Clusters are:

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

Region 8 ARC localities consist of the cities of Buena Vista and Lexington, and the counties Bath, Highland, and Rockbridge.

Region 8 Priority Clusters are:

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

New Developments and Resources in the ARC Region

Broadband Program

The Virginia Department of Housing and Community Development's Office of Broadband partners with local governments and internet service providers through multiple programs to ensure Virginians have access to broadband infrastructure. The office's largest program, the Virginia Telecommunication Initiative (VATI), has invested over \$935 million of state and federal dollars to provide broadband access to over 388,000 homes, businesses and community anchor institutions. This investment has leveraged over an additional \$1.2 billion in matching funds from local governments and internet service providers, fully obligating funding for universal broadband access in 80 Virginia counties and cities.

2022 Virginia Energy Plan

Every four years, Virginia Energy develops a comprehensive energy plan for the Commonwealth; Governor Youngkin's vision for this plan is an all-sources approach to providing energy policy decisions for Virginians. The 2022 Plan focuses on four key objectives in order to make available energy sources affordable and transparent: lower cost of living, job creation, bringing people to Virginia, and an "all-of-the-above" approach to energy policy. The "all-of-the-above" approach will be informed by energy affordability, reliability, capacity, competition, environmental stewardship, choice and innovation. Ensuring all Virginians have access to affordable and reliable energy sources is a priority for the Commonwealth as well as for the ARC region.

Virginia Offshore Wind Supplier Development Grant

Launched in July of 2023, the new grant program is a competitive grant program designed to incentivize smaller existing Virginia manufacturers to enter into the production of goods to support the offshore wind industry in Virginia. Grant funds can go toward equipment costs related to the production of materials to support the offshore wind industry. The Virginia General Assembly approved \$2.5 million for FY24 and grants run on a three-year period.

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 high walls, subsidence, loss of water, acid mine drainage and open mine portals. AML sites eligible for reclamation must have been mined prior to December 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 sixteen (16) counties and four (4) cities in the ARC region that are in the Tobacco region.

Virginia Department of Workforce Development and Advancement

In 2023, the Department of Workforce Development and Advancement was created to consolidate workforce development programs under one roof, when previously Virginia had six cabinet secretaries, 12 state agencies, and 35 different programs dealing with workforce development. This more centralized department will allow Virginia to provide better services and highly skilled workforce training and create more high-paying jobs.

Recent Investments in the ARC Region

The Virginia ARC program provides assistance and resources in the development and implementation of strategies that improve the region's quality of life through local and regional planning, community and economic development programs, and building local leadership capacity.

Recent Housing Investments in the ARC Region

The following is a list of housing grants invested in the ARC region from 2022-2023 and includes DHCD programs, Virginia Housing, Housing Trust Fund, and other resources.

Affordable and Special Needs Housing (ASNH)

- Aaron Mills Apartments, Martinsville, 52 units, \$1.7M (FY23)
- Claremont School Apartments, Pulaski, 50 units, \$2.1M (FY23)
- Goodson Hills, Bristol, 36 units, \$700,000 (FY23)

- Northway, Galax, 72 units, \$1.75M (FY23)
- Monroe North Housing, Wythe County, \$900,000 (FY23)
- Fairview Townhomes, Wythe County, \$230,348.30 (FY23)
- Grayson Manor, Independence, 32 units, \$1,061,180 (FY22)
- Roanoke Valley Habitat for Humanity, Buchanan, 8 units, \$700,000 (FY22)

Housing Trust Fund

- Family Crisis Support Services, Inc. (Dickenson, Lee, Scott, and Wise counties, City of Norton), \$432,241 (FY23)
- Family Crisis Support Services Youth Innovative Project (Dickenson, Lee, Scott, and Wise counties, City of Norton), \$379,773 (FY23)
- Valley Community Services Board Rapid Rehousing Youth (Bath, Highland, Rockbridge counties, Buena Vista and Lexington cities), \$227,115 (FY23)
- Council of Community Services Rapid Rehousing (Alleghany and Craig counties, City of Covington), \$203,610 (FY23)
- New River Community Action Rapid Rehousing (Floyd, Giles, Montgomery, and Pulaski counties, City of Radford), \$132,850 (FY23)
- People, Inc. Cumberland Plateau Permanent Supportive Housing (Buchanan, Dickenson, Russell, Tazewell, and Washington counties, City of Bristol), \$89,859 (FY23)

Virginia Housing

Predevelopment Loans

- The Advancement Foundation, Rockbridge County, \$625,000 (FY22)
- Aggregate Capital, LLC, Tazewell County, \$100,000 (FY23)
- Helping Overcome Poverty's Existence, Inc. (HOPE), Wythe County, \$100,000 (FY23)
- Weststar Investments, LLC, Washington County, \$82,650 (FY23)

Community Impact Grants

- West Piedmont PDC, City of Martinsville, \$120,000 (FY22)
- New River Valley Regional Commission, City of Radford, \$50,000 (FY22)
- Cumberland Plateau Regional Housing Authority, Town of Lebanon, \$150,000 (FY22)
- Town of Clifton Forge, \$50,000 (FY23)
- Town of Pennington Gap, \$150,000 (FY23)
- Cumberland Plateau PDC, Town of Lebanon, \$80,000 (FY23)
- Pulaski County, \$19,800 (FY23)
- County of Wise, \$20,000 (FY23)
- IDA of Wythe County, Wytheville, \$45,000 (FY23)

The following is a list of other DHCD resources invested in the Virginia ARC region for the 2022-2023 period and the localities or organization that received grant awards:

Community Development Block Grant Program (CDBG) provides funding to eligible units of local government for planning and implementing projects that address critical community development needs, including housing, infrastructure and economic development.

2023 CDBG Competitive Awards in ARC Region Totaling \$13,429,324:

Bland County (\$1,250,000), Lee County (\$983,991), Town of Abingdon (\$945,259), Town of Glade Spring (\$702,584), Town of Stuart (\$990,272), Town of Big Stone Gap (\$1,291,524),

2022 CDBG Competitive Awards in ARC Region Totaling \$4,142,768:

Dickenson County (\$1,454,800), Buchanan County (\$1,000,000), Henry County (\$1,000,000), Town of Gate City (\$687,968)

Mount Rogers Planning District Commission (MRPDC)

- Mount Rogers Regional Housing Study – Bland County, Smyth County, Washington County, Wythe County, City of Bristol (\$60,000 CDBG 2022)

West Piedmont Planning District Commission (WPPDC)

- WPPDC Housing Initiative – regional housing assessment and plan (\$2M, CDBG plus others, 2022)
- Henry County Regional Housing Assessment (\$60,000, CDBG 2022)

Virginia Main Street (VMS) is a preservation-based economic and community development program that follows the Main Street Four-Point Approach developed by the National Trust Main Street Center. VMS offers a range of services and assistance to communities interested in revitalizing their historic commercial districts.

2023 Virginia Main Street Awards Totaling \$72,000:

Downtown Wytheville Inc. (\$25,000), Clifton Forge Main Street (\$7,000), City of Buena Vista (\$5,000), Tazewell Today Inc. (\$25,000), Marion Downtown (\$10,000)

2022 Virginia Main Street Awards Totaling \$195,000:

St Paul Tomorrow (\$10,000), Tazewell Today (\$10,000), Marion Downtown Revitalization Association (\$25,000), Pulaski on Main (\$7,000), City of Bristol (\$150,000),

Industrial Revitalization Fund (IRF) provides gap financing for construction projects aligned with local and regional economic development strategies, primarily in economically distressed communities. The program targets vacant non-residential structures whose poor condition creates physical and economic blight to the surrounding area in which the structure is located.

ARC Region Grantees (2023) Totaling \$5,750,000:

Town of Abingdon (\$5,000,000), Town of Bluefield (\$750,000)

ARC Region Grantees (2022) Totaling \$2,168,750:

The Town of Vinton (\$468,750), Town of Wytheville (\$600,000), Town of Bedford (\$550,000), Town of St Paul (\$550,000)

GO Virginia brings together leaders from business, higher education, local government, workforce, economic development, and planning to ensure alignment of resources, the closing of skills gaps, and that each region finds success; this will lead to a growing and diversified Virginia economy.

GO Virginia ARC Projects (2022-2023) Totaling \$5,687,588:

Patrick and Henry Community College Expanding GO TEC Pathways (\$118,545), Small Modular Reactor Site Feasibility (\$100,000), Small Modular Reactor Supply Chain Analysis (\$50,000), Falling Branch Corporate Park Regional Site Development (\$324,000), GO TEC Region 1 (\$308,924), Mountain Empire Community College Project WELD (\$101,025), United Way of Southwest Virginia Employer-Sponsored Child care Benefit (\$269,406), CS/root (\$175,000), GO TEC 2025 Statewide Competitive Award (\$3,474,821), Industry 4.0 for the Automated-Connected-Electrified Workforce (\$500,000), BTEC – Expanding Welding Training Capacity & Jobs in the Roanoke Valley (\$166,667), the Gupton Initiative (\$99,200)

GO Virginia ARC Projects (2021-2022) Totaling \$3,628,257:

Small Nuclear Reactor (SNR) Site Selection Study (\$100,000), SWVA Startup Program (\$290,850), Project Veer (\$49,750), Building a Regional Health Sciences Talent Pipeline (\$100,000), Region 2 Flexible Laboratory Space Assessment (\$99,360), Future Workforce for Industry 4.0 (\$ 45,360), Project Eagle+ (\$599,437), GO-TEC (\$648,000), Strengthening Southern Virginia’s Shovel Ready Sites (\$1,534,900), VGA Refresh/Restart (\$100,000), The Local Ordering, Communication, and Agriculture Logistics Initiative (\$60,600)

Virginia Telecommunication Initiative (VATI) extends broadband service to currently unserved areas. VATI prepares communities to build, utilize, and capitalize on telecommunications infrastructure with the goal of creating strong, competitive communities.

VATI Awards (2022-2023) Totaling \$9,352,987:

West Piedmont Planning District Commission (\$8,013,600), Floyd County (\$1,339,387)

VATI Awards (2021-2022) Totaling \$189,094,579:

Lee, Wise, and Scott (\$22,190,500), Buchanan, Dickenson, Russell, and Tazewell (\$23,478,429),
Smyth, Washington, and Wythe (\$65,883,228), Floyd County (\$1,310,267), Bland,
Montgomery, and Pulaski (\$68,355,355), Bath and Highland (\$7,876,800)

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 are eligible for up to 100 percent; and 3) regional projects that meet the requirements outlined in the Appalachia Regional Development Reform Appalachian Regional Commission 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 \$700,000 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 for single localities, up to \$100,000 for regional projects

Access Road

- Access Road projects are eligible for up to \$1,000,000

Administrative Allowance

- Up to 10 percent of ARC funds can be used to cover administrative costs, except for projects that use CDBG funds as a 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 are 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 Virginia ARC Four-Year Development 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 the ARC federal co-chair.

Application Evaluation Criteria

The following evaluation criteria will be 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 to-go of project.
7. Leveraging 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.

Application Timeline

February 2024 – How-to-Apply Workshop

February 2024 – Application for funding is active in CAMS

March 2024 – Application deadline

March/April – Applications reviewed by DHCD staff

April through June – Applications are submitted to the Governor’s office for review and announced contingent upon ARC approval. Final approval of funding under this program will be made at the discretion of the ARC federal co-chair.

July through September – Applications are submitted to ARC for review

October - ARC approved projects and applicants are awarded

Appendix A

**2023 Virginia Appalachian Regional Commission (ARC) Program Grant
Recommendations**

Project Applicant/Project Title	Funding	Project Description
<p align="center"><i>The Barter Foundation, Inc./Barter Theatre Campus Renovation Phase I</i></p>	<p align="center">\$700,000 ARC</p>	<p>Barter Theatre seeks \$700,000 to assist in the renovation of Gilliam Stage and Smith Theatre, its two historic performance venues in Downtown Abingdon. These renovations will make the institution more attractive and accessible to a diverse population of regional/national artists and patrons and further its mission to serve others through the creation of world-class theatre in Appalachia.</p>
<p align="center"><i>Blue Grass Resource Center/Highland Inn Revitalization</i></p>	<p align="center">\$700,000 ARC</p>	<p>By restoring and renovating the interior of Highland County’s premier architectural and historical landmark, the Highland Inn Revitalization Project will reopen one of the region’s most important economic engines, thereby catalyzing the revival of Highland County’s tourism industry, attracting mid-week business to local businesses, and ultimately generating over \$3 million annually in new economic activity.</p>

<p><i>Lee County Board of Supervisors/St. Charles Waterline Replacement</i></p>	<p>\$700,000 ARC</p>	<p>The proposed St. Charles – Monarch Water Line Replacement Project will replace approximately 9,970 LF of waterlines, install 4 gate valves, and 1 fire hydrant in the St. Charles – Monarch communities, benefiting 38 reconnections.</p>
<p><i>Lee County Board of Supervisors/Western Lee Sewer System Wastewater Treatment Plant</i></p>	<p>\$700,000 ARC</p>	<p>The proposed Western Lee Wastewater Treatment Plant Project will construct a new 0.3MGD WWTP in the previously unserved area of western Lee County to serve up to 750 customers in Lee County, Lincoln Memorial University’s Debusk Veterinary Teaching Center, and the LMU Main Campus in Harrogate, Tennessee. This project opens up the opportunity for new housing in the westernmost portion of the Commonwealth.</p>

<p><i>Patrick County/WPPDC West ARC/VATI 2023 Universal Broadband Project</i></p>	<p>\$700,000 ARC</p>	<p>This project will construct 101 miles of fiber to the home/business in areas of Patrick County that are currently unserved or underserved with broadband (100 up/20 down), ensuring service is available to 3,424 locations. This funding will leverage VATI funding and other funding resources.</p>
<p><i>Town of Stuart/Downtown Revitalization</i></p>	<p>\$700,000 ARC</p>	<p>The purpose of this project is to design and construct elements identified in the Stuart Downtown Revitalization Plan that align with the goals and strategies of the Appalachian Regional Commission; this project proposes to improve community-based infrastructure through construction of an expanded roof covering at the Stuart Farmers' Market and replacing a multi-property deck structure, providing emergency egress, within the historic business district of Downtown Stuart.</p>

<p><i>Wise County Board of Supervisors/CWIA Wastewater Treatment Plant Force Main</i></p>	<p>\$700,000 ARC</p>	<p>This project will replace the over 40-year-old deteriorating wastewater treatment plant at the former Appalachia Elementary School, now the Center for Workforce and Innovation in Appalachia, and construct a new pump station and 11,500LF of new force main to connect to the existing Wise County Public Service Authority sewer system. The Center for Workforce and Innovation partners with Mountain Empire Community College to provide workforce training in conjunction with direct industry needs.</p>
<p><i>Bland County/Bland Ministry and Dental Clinic</i></p>	<p>\$500,000 ARC</p>	<p>The Bland Ministry Dental Center, in partnership with the Bland County Medical Clinic, proposes to construct a new dental clinic in Bland, VA to service the region’s dental needs for all citizens. This clinic will offer dental care for those without insurance and those seeking free dental care.</p>
<p><i>Dickenson County Board of Supervisors/Red Onion Industrial Park Project - Revision</i></p>	<p>\$500,000 ARC</p>	<p>Development of a 30-acre industrial park in Dickenson County, Virginia adjacent to Virginia State Route 83 (ADHS Corridor Q) involving on-site access roads, fiber broadband extensions to the site, site development (3 pads of 5 to 15 acres), on-site water and sewer and natural gas line extensions and related costs to support the creation of up to 300 jobs in an ARC Distressed County.</p>

<p><i>New River Valley Regional Commission/New River Valley Passenger Rail Station Authority Planning Grant</i></p>	<p>\$ 354,000 ARC</p>	<p>The primary purpose of this project is to propel the Commonwealth of Virginia’s goal of extending passenger rail service to communities of the New River Valley; through the provision of construction ready architectural/engineering plans of the Station and ancillary facilities needed to begin operations by 2026.</p>
<p><i>Friends of Southwest/Gateways to Southwest Virginia: Outdoor Economy Recreation Plan</i></p>	<p>\$300,000 ARC</p>	<p>This project will expand the scope of the recent outdoor planning initiatives and focus on the LENOWISCO and West Piedmont Planning District regions of Southwest Virginia. Through development around regional outdoor economy expansion, this project will help define how the LENOWISCO and West Piedmont regions can diversify and create sustainable outdoor recreation development.</p>
<p><i>Southwest Virginia Higher Education Center Foundation/Regional Simulation Lab for Nursing and Allied Health</i></p>	<p>\$300,000 ARC</p>	<p>The Southwest Higher Education Center will create a 1,200 SF regional simulation lab by purchasing hi-fidelity manikins and task trainers, including software, as well as audio/visual equipment (computers, microphones, video recording) to add in instruction as well as development of debriefing and educational space by the Spring of 2024.</p>

<p><i>LENOWISCO PDC/LENOWISCO Invest SWVA Initiative</i></p>	<p>\$234,000 ARC</p>	<p>This public-private economic development partnership will be focused on building organizational capacity in order to accelerate existing projects led by InvestSWVA, an initiative creating new jobs, investment and opportunities for Southwest Virginia’s communities hit hard by the decline of the coal industry.</p>
<p><i>Round the Mountain/Southwest Virginia Artisan Gateway Project</i></p>	<p>\$100,000 ARC</p>	<p>Southwest Virginia's Artisan Gateway Project led by Round The Mountain takes a five-pronged approach that includes a strategic plan for artisan initiatives in Southwest Virginia: feasibility study for satellite boutiques/ additional sales channels, marketing promotion and advertising, SWVA artisan conference and artisan capacity building trainings with educational implementation consulting for the artist and craftsman of the 18-county region in Southwest Virginia.</p>
<p><i>Washington County/Mendota and Creeper Trail, Broadband</i></p>	<p>\$100,00 ARC</p>	<p>As part of the County’s planning efforts, the County performed a Broadband Mapping study which identified the Virginia Creeper and Mendota Trail as areas of high importance. The ARC planning funds will be used to develop a cost-efficient network design that aims to minimize the broadband coverage gaps along the Virginia Creeper Trail and the Mendota Trail.</p>

<p><i>The Crooked Road/Celebrating the Crooked Road</i></p>	<p>\$64,135 ARC</p>	<p>Support from ARC will assist key aspects of project development, from offsetting production costs (artist fees), providing additional funding for a contract project coordinator and website updates and assisting with educational exhibit updates and production.</p>
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