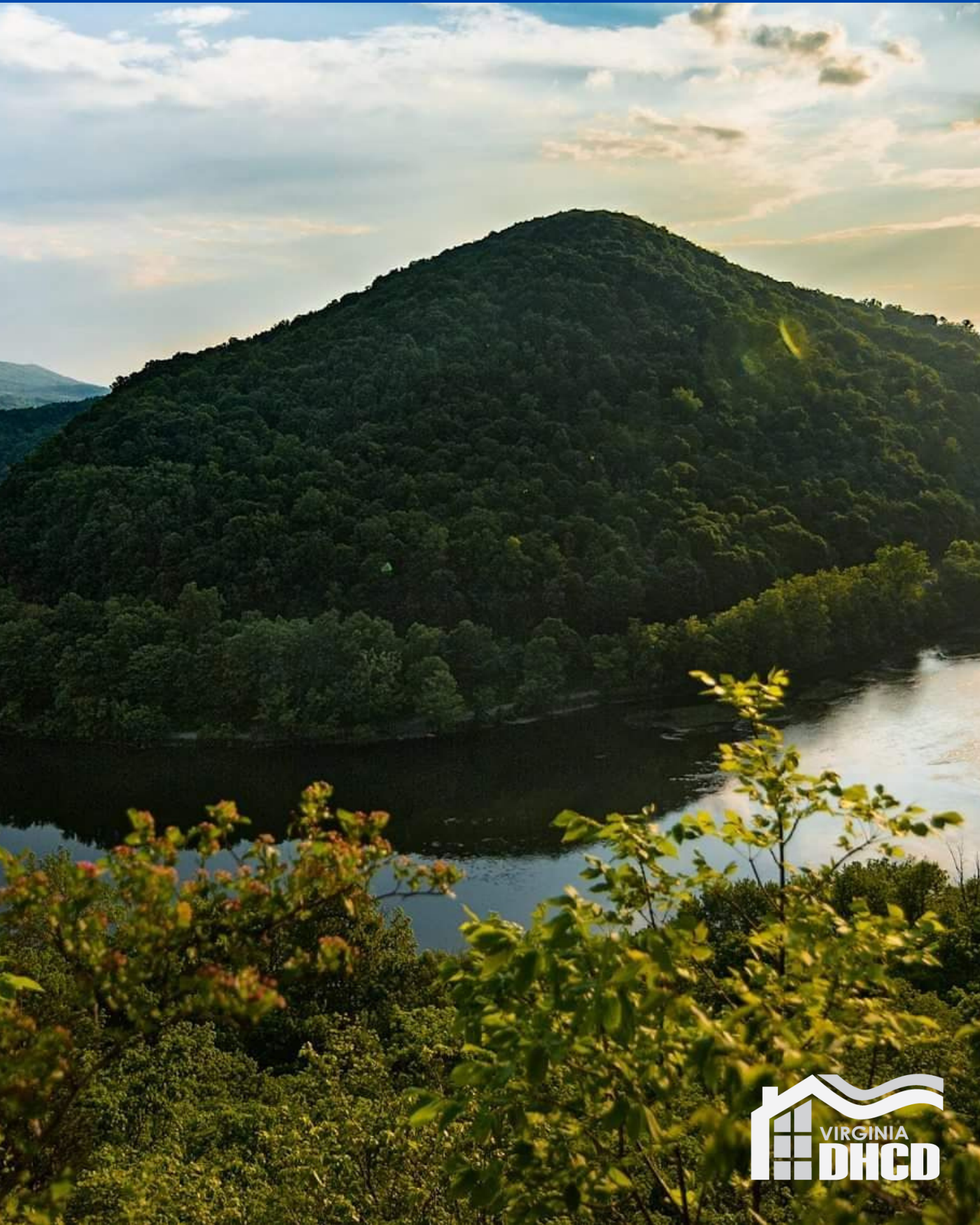


Inter-Agency Task Force for Economic Development in Southwest Virginia



CONTENTS

Executive Summary	2
Introduction.....	4
Regional Overview	5
Overview of Reviewed Programs	6
Recommendations.....	8
Additional Focus Areas Identified.....	10
Conclusion	10
APPENDIX 1 – Budget Language.....	11
APPENDIX 2 - Task Force Focus Area Analysis.....	12
APPENDIX 3 - Listening Session Notes	19

EXECUTIVE SUMMARY

On July 22, 2022, Governor Youngkin signed HB30 into law enacting the Commonwealth’s budget for the 2022-2024 biennium. The budget bill established an Inter-Agency Task Force to review and make recommendations to support economic development in Southwest Virginia (appendix 1). The Secretary of Commerce and Trade designated the [Virginia Department of Housing and Community Development \(DHCD\)](#) to lead the Inter-Agency Task Force and work with stakeholders to identify the necessary programs, resources and policy changes required to support workers and communities in Southwest Virginia.

In addition to DHCD, the Inter-Agency Task Force was made up of designees from several state agencies including the [Virginia Economic Development Partnership Authority \(VEDP\)](#), [Virginia Energy](#), the [Virginia Tourism Corporation \(VTC\)](#), the [Virginia Department of Agriculture and Consumer Services \(VDACS\)](#), the [Virginia Department of Environmental Quality \(DEQ\)](#), the [Secretary of Labor](#), the [Virginia Coalfield Economic Development Authority \(VCEDA\)](#), the [Tobacco Region Revitalization Commission](#) and the [Virginia Community College System \(VCCS\)](#).

Focus Areas

The budget language authorizing the Inter-Agency Task Force directed the members to initially review and make recommendations on its findings regarding four specific programs:

1. Establishment of a downtown revitalization matching fund for communities of less than 2,000 people.
2. Expansion of the Tobacco Commission's Talent Attraction Program
3. Support for the Southwest Virginia Energy Park, known as the Energy DELTA Lab
4. Support for the Energy Storage and Electrification Manufacturing project

Recommendations

Recommendations by the Inter-Agency Task Force represent the development of local capacity to foster vibrant places, attract and develop a strong workforce, and pursue large-scale, innovative energy solutions to support continued innovative economic diversification:

Matching Fund

- Regional coordinated capacity development efforts including with state agencies, task force stakeholder and local government partners to explore initial steps in overcoming challenges of limited staffing, funding and grant management.
- Investments in a “regional revitalization capacity fund” could be tapped by communities and regional partners and counted toward matching requirements in state and federal applications.

Talent Attraction Program

- Explore expansion of the Talent Attraction Program, potentially to include an increase in the number of awards and the breadth of educational outreach and industry target areas.

Energy DELTA Lab

- Continue to support efforts of the Energy DELTA (Discovery, Education, Learning & Technology Accelerator) Lab initiative in an innovative and comprehensive process, evaluating all feasible solutions to achieve a reliable, affordable, competitive and environmentally responsible energy grid.

Energy Storage and Electrification Manufacturing Project

- Support the Energy Storage and Electrification Manufacturing project as a continued approach toward building diverse marketing opportunities within the energy sector.
- Continue conversations with industries capitalizing on the energy storage opportunities in the region.

Through this report, recent successful projects and initiatives will illustrate the region's positive economic development efforts toward overcoming challenges or obstacles highlighted by previous studies. This report builds from previous Virginia Energy and Virginia Economic Development Partnership (VEDP) reports but will not specifically discuss findings from those reports. The intent of this report is to further strengthen the collaborative spirit of local and regional partners and continue the innovative approaches to grow the Southwest Virginia economy.

INTRODUCTION

On July 22, 2022, Governor Youngkin signed HB30 into law enacting the Commonwealth's budget for the 2022-2024 biennium. The budget bill established an Inter-Agency Task Force to review and make recommendations to support economic development in Southwest Virginia (appendix 1). The Secretary of Commerce and Trade designated the [Department of Housing and Community Development \(DHCD\)](#) to lead the Inter-Agency Task Force and work with stakeholders to identify the necessary programs, resources and policy changes required to support workers and communities in Southwest Virginia.

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The Inter-Agency Task Force initially hosted a public roundtable discussion with taskforce members, lawmakers, and representatives from community organizations. This meeting was followed by listening sessions in several communities in the region including Lee, Wise, and Dickenson Counties. The listening sessions were well-attended and included stakeholders with diverse backgrounds. Representatives from state and local governments, nonprofits, small businesses, educational institutions, and community members shared perspectives on a variety of topics. Summaries of listening sessions can be found on DHCD's [website](#) (appendix 2). The task force also received comments directly throughout the engagement process.

Overall, the work of the Inter-Agency Task Force looked not at the specific pros and cons of each proposed project listed in the legislation—a task beyond this report—but rather attempted to listen to the voices of the region to understand the anticipated implications of the proposed projects. These recommendations are made with the intention that the Commonwealth can support the development of Southwest Virginia's economy through innovative strategies and robust investment. By building upon the lessons of collaboration gained through the regional projects of the past two decades and by strategically aligning support for business and community development alongside larger scale industrial investment, the region—in population, in capacity and in prosperity—can grow.

REGIONAL OVERVIEW

For the purposes of this report, the Inter-Agency Task Force defined Southwest Virginia as the coalfield counties of Lee, Wise, Scott, Buchanan, Russell, Tazewell, and Dickenson, and the city of Norton. This southwest corner of the state is incorporated within [Region 1 of the Virginia Growth and Opportunity Fund \(GO Virginia\)](#), a statewide effort investing in regional economic strategies. Consisting of over 3,000 square miles, the coalfield counties in Southwest Virginia possess numerous assets that continue to play a critical role in the economic future of the Commonwealth. The region is home to abundant natural resources, hard-working and resilient citizens, a vibrant culture and opportunities to shape Virginia's future.

The region has experienced modest population decline in recent years with the most recent Census data showing a 1.3% decline in 2021. This decline may be due in part to a slightly older population compared to the rest of the state. An encouraging sign, the region's proportion of persons under 18 is on par with the rest of the state at about 20%. Parents are choosing to raise their families in the region because of the lifestyle benefits, unique educational opportunities, and cost-of-living advantages. Retaining these young residents as they graduate and enter into the workforce will be critical for the region's future.

The top priority industries in Southwest Virginia are agriculture and energy. These sectors have historically been the top employers in the region and will continue to be the main drivers of the local economy. In addition to these foundational industries, public and private stakeholders have identified the opportunity to grow the region's involvement in other sectors, including advanced manufacturing and information technology. The Inter-Agency Task Force highlighted several efforts to grow these industries in the region, bringing high-paying jobs and opportunities for small business growth.

The coalfield counties have more than 3,200 employers and, while average salaries lag behind the statewide average, the region enjoys a more affordable cost of living compared to most of the state. Housing in particular is much more affordable in the region. For homeowners, according to data from the Census the average medium mortgage costs for Southwest Virginia is \$999 per month, while the rest of Virginia pays on average of \$1,891 per month. For renters, the coalfield counties have an average median rent of \$603 per month, while the rest of Virginia pays more than double at a median cost of \$1,326 per month.

In addition to the cost-of-living advantages of Southwest Virginia, the region has unique quality-of-life benefits that attract residents from all walks of life. The region has abundant recreational opportunities including trails, camping, swimming, fishing and hunting. The Appalachian Trail and Breaks Interstate Park also provide outstanding outdoor adventure. The region has a vibrant food scene with numerous farmer's markets, orchards, breweries, distilleries and wineries. Cultural heritage and music are also important to the region. The Crooked Road – Virginia's

Heritage Music Trail tells the story of the rich history of bluegrass and country music. Visitors to the area also enjoy the historic inns, shopping, antiques and art.

OVERVIEW OF REVIEWED PROGRAMS

The budget language authorizing the Inter-Agency Task Force directed the members to initially review and make recommendations on its findings regarding four specific programs:

1. Establishment of a downtown revitalization matching fund for communities of less than 2,000 people.
2. Expansion of the Tobacco Commission's Talent Attraction Program
3. Support for the Southwest Virginia Energy Park, known as the Energy DELTA Lab
4. Support for the Energy Storage and Electrification Manufacturing project

Matching Fund

State and federal grants often require the recipient to raise a specific portion of the grant in order to increase project revenue and support. Leveraging other resources is a key component when applying for limited public funds. These matching requirements can be a challenge for small rural communities applying for grants because they may lack the capacity to raise the necessary funds through private means, lack the staffing levels to oversee multiple grant applications with varying timelines of submission, or lack knowledge of the ever-changing grant programs and opportunities. For this reason, the Inter-Agency Task Force was directed to review a downtown revitalization matching fund concept for communities with a population of less than 2,000. This concept would consist of a fund established by the General Assembly for small communities in Southwest Virginia to access as they apply for federal grants that require matching funds.

The General Assembly has recognized the need to support capacity building efforts in smaller communities in Southwest Virginia by authorizing and extending the use of grant funds awarded by the Tobacco Region Revitalization Commission (TRRC) as matching funds for GO Virginia grants in Region 1. Additionally, state agencies have used funding programs to award planning grants to assist communities with designing downtown revitalization processes that include potential funding opportunities and timelines. However, small towns and unincorporated communities may not garner larger revitalization projects without assistance from larger entities.

Talent Attraction Program

The purpose of the Tobacco Commissions' Talent Attraction Program (TAP) is to encourage recent graduates to live and work in the Tobacco Region, comprised of 34 counties and seven cities in southwest and southside Virginia. The program is a direct response to workforce challenges in the region as more young professionals seek employment in urban centers. The TAP incentivizes graduates to fill positions in critical occupations by providing them with up to \$12,000 annually in student loan repayment. This incentive comes with a two-year commitment

to live and work in the Tobacco Region and can be extended to four years. Graduates can earn up to \$48,000 in loan repayment with the two-year renewal.

To be eligible for the program, applicants must be recent graduates and agree to work in one of the program's targeted occupations in the Tobacco Region; public school teacher in STEM or career and technical education, speech language pathologist, physical therapist, occupational therapist, industrial or electrical engineer, information security, network, or computer system analyst. Applicants must also fulfill a civic engagement requirement which involves participating in local government and/or community functions.

The program is in its fourth year and applications for eligible graduates between 2020-2022 closed May 1, 2022. To date, the program has awarded funds to nearly 350 individuals. The most common occupation among recipients are special education teacher, science teacher, physical and occupational therapist, and speech language pathologist.

Energy DELTA Lab

The Southwest Virginia Energy Park, recently named the Energy DELTA ((Discovery, Education, Learning & Technology Accelerator) Lab, is a collaboration between the Virginia Department of Energy, the Southwest Virginia Energy Research and Development Authority, Invest SWVA, Appalachian Power and Dominion Energy. The Lab serves as a testbed and research facility focused on electric generation, green-energy development, and technology projects. The project's initial site is located near the Town of Pound in Wise County on land owned by the Cumberland Forest Limited Partnership. The Lab is modeled after a project in Germany that utilizes reclaimed mine land for new energy research and development.

The lab concept was led by Invest SWVA and the LENOWISCO Planning District Commission with grants provided by the GO Virginia Region 1 and the U.S. Economic Development Administration. By utilizing the successful GO Virginia initiative as the catalyst for the Energy DELTA Lab, this innovative partnership is able to grow outside the traditional academic research institute setting. Public and private researchers and developers can test real-world technologies on a large scale, accelerating the implementation of new technologies into Virginia's energy marketplace.

Southwest Virginia provides tremendous opportunities for an "all of the above" energy generation approach because the region is a historic leader in energy production. The Energy DELTA Lab is a product of the recognition that technological innovation will be the primary reason the Commonwealth will meet its goals of a reliable, affordable, competitive and environmentally responsible energy grid. In the [2022 Virginia Energy Plan](#), Governor Youngkin included the Energy DELTA Lab in a list of innovative projects that are transforming Virginia's energy communities through partnership, growth, and diversification. The Energy DELTA Lab is

an important asset for research and development as new technologies are rapidly emerging in electric generation.

Energy Storage and Electrification Manufacturing Project

The Energy Storage and Electrification Manufacturing Project (ESEM) is a program investing in the region by providing funding for the region’s legacy manufacturers to enter into battery manufacturing and energy storage, technologies critical to provide baseload power for residents throughout Virginia. The ESEM project also focuses on supporting manufacturing for utility-scale solar development which presents an opportunity for high-paying job creation.

The project is administered by Appalachian Voices through a GO Virginia Enhanced Capacity Building Grant. GO Virginia funds are matched by regional partners and a cost share agreement is in place for the technical assistance provided by the project. The goal of the ESEM project is to support the businesses and workforce in Southwest Virginia who have historically supported the region’s mining industry. Energy storage and electrification provide an excellent opportunity for manufacturers to remain in Southwest Virginia and continue serving communities throughout the coalfields. The project is working to diversify the economy in Southwest Virginia and position the region as a nationwide leader in energy production.

RECOMMENDATIONS

By building upon the conversations during the listening sessions and the program observations, the following recommendations have been developed to guide economic development efforts for Southwest Virginia.

Matching Fund

- Continue coordination for the state agencies, task force stakeholders and local government partners in pursuing federal and state revitalization funds.
- Regional coordinated capacity development efforts should be explored as the initial steps in overcoming challenges of limited staffing and grant management experience faced by very small communities.
- Support revitalization efforts through existing regional partners with strategies that build upon local knowledge, leverage local strengths and foster the development of locally and regionally owned businesses.
- Investments in a “regional revitalization capacity fund” could be tapped by communities and regional partners and counted toward matching requirements in state and federal applications.

Talent Attraction Program

- Explore expansion of the Talent Attraction Program to include an increase in the number of awards and the breadth of educational outreach and industry target areas.

- Increase outreach to include additional universities in the Tobacco region, making upcoming graduates aware of the program as students complete pre-graduation student loan counseling and begin seeking jobs.
- Expand the industry target areas to increase the number of graduates in hard-to-fill occupations and bring additional graduates to the region.
- Market the program to align with high- and middle-school career pathway guidance to advance the sense of Southwest Virginia as a region of career opportunity in younger students.

Energy DELTA Lab

- Support efforts of the Energy DELTA Lab initiative in an innovative and comprehensive process, evaluating all feasible solutions, to achieve a reliable, affordable, competitive and environmentally responsible energy grid.
- Utilize Energy DELTA Lab development as a launch pad for complementary and contributing programs that inspire and support:
 - Local entrepreneurship through business development support and supply chain incentives.
 - Youth development and career preparation through K-12, college and university partnerships.
 - Community development through creative partnerships with local jurisdictions and civic organizations.
- Align strategies that can develop at the appropriate level.
 - For instance, K-12 investments that build upon the excitement of new technologies to prepare students for STEM careers can contribute to the region's ability to support a potential DELTA Lab, but also prepare students to take advantage of other opportunities as well.

Energy Storage and Electrification Manufacturing Project

- Support the Energy Storage and Electrification Manufacturing project as a continued approach toward building diverse marketing opportunities within the energy sector.
- Continue collaboration with industries capitalizing on the energy storage opportunities in the region.
- Develop and expand upon complementary training programs that prepare youth and adults for careers in the energy sector.

ADDITIONAL FOCUS AREAS IDENTIFIED

At a September 8, 2022 roundtable in Abingdon, Inter-Agency Task Force members identified the four areas of particular interest for the development of Southwest Virginia's economy:

- Workforce
- Infrastructure
- Housing
- Site Readiness

These categories were seen as critical to any of the four investments reviewed and subsequently guided four December 2022 listening sessions attended by 80 regional stakeholders. Further discussion of these four focus areas, as well as an analysis of comments garnered through the listening sessions, can be found in Appendix 2.

CONCLUSION

The success of the regional economy in Southwest Virginia will depend upon a suite of approaches that may include the recommendations from this report and many other recommendations from recent, related studies. The economic development awards and investments noted above speak to the continued hard work by many parties in this region, as well as the continued innovative approaches and ideas generated from this region.

There has been positive momentum in all the four recommendation areas, but gaps still remain. Strategic investments should be supported by the Commonwealth and led, where possible, by regional and local partners. Building from the assets, voices and aspirations of communities and residents, any form of large scale, transformative economic strategy should incorporate aligned community development strategies. Efforts should support development of a regionally based supply chain by:

- Supporting the development of local businesses by local residents.
- Providing additional, flexible resources that support self-determined strategies at the local and regional level.
- Fostering regional ownership structures where possible.

Even with the successful projects and initiatives noted within this report, establishing a new energy economy takes time. Southwest Virginia has been diversifying local economies for years, and this process will continue to evolve in the coming years. The agencies of the Inter-Agency Task Force remain resolute to coordinate Commonwealth resources and collaborate with regional and local partners for strategic economic development advancements.

APPENDIX 1 – Budget Language

Item 115 V.2 of Chapter 2 of the 2022 Acts of Assembly Special Session I

The department shall establish an Inter-Agency Task Force chaired by the Secretary of Commerce and Trade, or their designee, and comprised of designees from the Virginia Economic Development Partnership Authority, Virginia Energy, the Virginia Tourism Corporation, the Department of Housing and Community Development, the Virginia Department of Agriculture and Consumer Services, the Virginia Department of Environmental Quality, the Secretary of Labor, the Virginia Coalfield Economic Development Authority, the Tobacco Region Revitalization Commission, and the Virginia Community College System. The purpose of the Inter-Agency Task Force is to review and make recommendations to support economic development in Southwest Virginia. The Inter-Agency Task Force shall initially review and make recommendations on its findings to the General Assembly by June 1, 2023 regarding (i) the establishment of a downtown revitalization matching fund for communities of less than 2,000 people; (ii) expansion of the Tobacco Commission's Talent Attraction Program; (iii) support for the Southwest Virginia Energy Park, known as the "Energy Lab" project; and, (iv) support for the innovative Energy Storage and Electrification Manufacturing project. The Inter-Agency Task Force may include additional recommendations that will support economic development and job creation in the region in its June 2023 report to the General Assembly. In conducting its review, the department's Division of Economic Development and Community Vitality shall conduct regular stakeholder outreach with impacted communities and regional stakeholders to identify the necessary programs, resources, and policy changes required to support transitioning workers and communities. The Inter-Agency Task Force shall consult with impacted stakeholders including residents of the coalfield counties, employers in the coalfield counties, local government representatives, and representatives of regional nonprofit entities.

APPENDIX 2 - Task Force Focus Area Analysis

The facilitated discussions around challenges quickly moved to recommendations as conversations built upon past successes and ongoing collaborative advances. Successes in the region today draw upon decades of collaborative investment that were led by the region and supported with state and federal resources. Continued state partnership and resources were called upon in the listening sessions to help “make it easier for people to choose the region and to live in the region.”

In each of the conversations, the clean lines of categories gave way to the interconnectedness of strategic investments and the need for comprehensive approaches that prepare and position the region and its communities. Participants called for increased awareness, understanding, and participation of the public in economic and community development processes—with transparency and engagement opportunities in setting goals, identifying strategies, and supporting priority projects that build on local strengths to benefit local people. Additionally, participants called for ongoing efforts that build cohesiveness between groups in the region. They emphasized increased communication, trust-building, and organization around shared interests and goals.

Housing

Throughout the engagement process, the Inter-Agency Task Force heard that the region does not have adequate housing stock. With this and other challenges of rural mountain life, including inconsistent or distant access to cell coverage, fresh food, work, health care, childcare and other of life’s necessities, a participant stated, “We don’t make it easy to live here.” However, many of the conditions that shape the challenges also offer the special quality of place that make living in Southwest Virginia worth the effort. While housing challenges are not unique to rural communities, addressing them requires an approach specific to the area.

Deficits span all levels of housing, including starter homes for young families, affordable homes for low- to moderate-income residents and homes for higher income individuals. For low- to moderate-income residents, the region requires housing products that not only provide affordable shelter, but those which can serve as asset- and wealth- building tools. For instance, one participant asked, “What would self-help housing look like in the region?”

Hard-earned advances in broadband availability are seen as the linchpin in the viability of the region for remote workers, but lack of quality housing will continue to limit growth. Multi-unit housing development—as happens daily in many parts of Virginia—has not happened in much of the region for decades. Local and regional partners are currently organizing to respond to a developer interested in the region. The long-demonstrated ability of these partners to work together in regional and multi-jurisdictional efforts to eliminate barriers will be called upon to bring housing development to fruition. State resources and a willing approach to barrier reduction can support the regional public-private partnerships.

An example of a successful housing project in Southwest Virginia is the student housing at Southwest Virginia Community College (SWCC) in Tazewell. SWCC is the first community college in Virginia to provide housing for students. By providing housing to students, SWCC is able to reduce the costs of attending school, overcome transportation challenges and increase enrollment and graduation rates. This project will have continued benefits for the broader community as young residents can begin to live and work affordably in the area, providing needed skills in the local workforce.

Infrastructure

At the listening sessions, the Inter-Agency Task Force heard much about topography, with the higher cost of wastewater infrastructure as a primary limiting factor in the growth of businesses and housing. Flood zones, user agreements and health department regulations also restrict sewer access as noted by session participants. Awareness of a DEQ proposal before legislature in the 2023 session offered the positive sense that there is some statewide movement toward solutions. Participants indicated that the challenges are regional, but the effective response will require coordinated state support with an eye toward the end goal of site readiness and the development of needed housing.

Additional resources and concerted efforts to get sewer in place in key locations can transform key market-ready locations, including the western corner of Lee County. Organizing state and regional resources to more quickly respond to areas of potential, such as the area surrounding the Lincoln Memorial investments at the DeBusk Veterinary Teaching Center, can serve as calling cards for the economic opportunity in the region as a whole.

Strides have been made in technology for rural septic systems, but regulatory structures may not be keeping up. A participant asked if the region might lead the way for the state and Appalachia in advancing this innovation if there were strong state support and a willing regulatory approach. Capacity in the electric grid remains an issue both for small businesses in a rural setting and for larger site development.

Optimism in the region stems from decades of successful infrastructure planning, resource attraction and implementation led by regional planning district commissions. With adequate resources and regulatory support, the region sees itself as confident and poised for action.

LENOWISCO, Cumberland Plateau and Mount Rogers PDCs received funding from DEQ to complete a new regional wastewater service plan for PDCs 1, 2, and 3. The purpose of the [Southwest Virginia Comprehensive Regional Wastewater Study](#) is to take inventory of current infrastructure, note completed projects from the 2005 study and identify areas that require development and additional improvements. This updated study will be valuable as Southwest Virginia seeks to improve its water and sewer infrastructure.

DEQ, VDH, DHCD and the Tobacco Commission have all funded recent investments in this region, including new infrastructure and replacement of existing infrastructure. Continued collaboration and coordination from state and federal funding agencies will create opportunities for strategic infrastructure deployment, which will also create a lasting impact on small Southwest communities.

Another important effort to improve infrastructure in Southwest Virginia is expanded broadband. DHCD's Office of Broadband partners with units of local government and internet service providers through multiple programs to ensure Virginians have access to broadband infrastructure. In Southwest Virginia, the Commonwealth's largest broadband deployment grant program – the Virginia Telecommunication Initiative (VATI), has invested \$139,792,269 to provide broadband access to 62,767 homes, businesses, and community anchor institutions. The Appalachian Regional Commission also invests in last mile broadband expansion projects in the region, including a middle mile wireless project to extend wireless connectivity in the region and support economic development. DHCD's Office of Broadband also administers the Line Extension Customer Assistance Program to assist with the costs of extending broadband networks to income-qualified homes with large setbacks from existing network infrastructure.

Additionally, DHCD is the administrator of funds under two federal programs – the Broadband Equity, Access, and Deployment (BEAD) program, and the Digital Equity Act. Both programs complement existing efforts to provide affordable, reliable, high-speed broadband universally across the Commonwealth. The programs will allow the Commonwealth to build upon the investments made in extending broadband infrastructure to ensure existing and new networks are affordable, and residents and businesses along those networks fully understand how to take advantage of connectivity.

In addition to DHCD's efforts expanding broadband infrastructure in Southwest Virginia, the Virginia Coalfield Economic Development Authority (VCEDA) approved six grants to the Appalachian Council for Innovation, and Dickenson and Wise Counties to provide underserved households with school-aged children low earth orbit space-based broadband through Starlink. This program has reached over 900 households in Southwest Virginia, providing critical infrastructure for education and telework.

In the area of transportation, like other types of infrastructure, the Inter-Agency Task Force discussed the challenges topography poses to expanding roads for residents and commercial travelers. An ongoing effort, the Coalfields Expressway Authority, formed by the General Assembly in 2017, has proposed a [limited-access highway](#) to provide an artery through the coalfields region of far Southwest Virginia and southern West Virginia.

In addition to the Energy DELTA Lab and Energy Storage and Electrification Project, the region is pursuing other projects to build energy infrastructure including Project Energizer which is focused on smaller pumped-storage hydro power. This project is receiving funds from Dominion Energy, USDOE, GO Virginia and National Renewable Energy Laboratory.

Finally, health care infrastructure has received attention in Southwest Virginia through two recent VCEDA grants. One is a loan to help with the development of a new inpatient, residential substance abuse rehabilitation facility; another is for the Heart Stone Lodge, an assisted living facility project at Southern Gap in Buchanan County.

Workforce

Shortages of trades and construction talent threaten advancements in housing and business readiness.

Hands-on, on-the-job apprenticeship opportunities led the way in workforce recommendations, with an emphasis on engaging K-12 students in career paths and providing examples of positive career trajectories within the region through programs like GO TEC. Other bright spots include solar and electrical apprenticeship training programs at Mountain Empire Community College. Structuring incentives for schools and students that are aligned with job placement can increase participation and serve industry.

With the realities of the long term effects of the opioid epidemic, full-person support is required for those in recovery. One project under development in Dickenson County extends a successful Kentucky model, creating recovery housing near industrial businesses allowing for partnerships and workforce training while workers are in recovery. Acknowledging and addressing challenges such as these is a hallmark of a resilient region. Participants identified that support for models that address challenges by investing in local assets—local people—to build the economy will result in a region that grows far beyond the ongoing impacts of extractive industries.

Other projects in the region focused on workforce growth include Project Fuse, an innovative effort to design and execute telework employment strategies for Lonesome Pine Regional Industrial Facilities Authority (LPRIFA). The authority is comprised of five jurisdictions: the City of Norton and the counties of Dickenson, Lee, Scott and Wise. Foundational to the strategy are the benefits of the region's quality of life and low cost of living.

Projects working to bring high-paying jobs in manufacturing to Southwest Virginia are Project Oasis and Project Veer. Project Oasis, receiving funds from GO Virginia and the Virginia Energy, is studying Southwest Virginia's unique position for data centers. Because of the region's land availability, geology and workforce readiness, Southwest Virginia is positioned to capitalize on the growth of jobs in technology which have come to other parts of Virginia. Similarly, Project Veer is working to bring manufacturing jobs to the region by studying the

supply chain capabilities of Southwest Virginia to support offshore wind development. Project Veer is receiving funds from GO Virginia and the Virginia Tobacco Revitalization Commission.

VCEDA's efforts are also extensive in the area of workforce development in Southwest Virginia. Recent accomplishments include various grants to localities for workforce training in manufacturing and technology. These grants include funding to Russell County to assist with workforce development and training at TDEC, an IT employer in Lebanon, a grant to the Scott County EDA to assist with an expansion at VFP Inc., a local manufacturer, a grant to the Russell County IDA for workforce development and training at Polycap, a plastic injection manufacturing company in Lebanon, a grant to the Scott County EDA to assist with an expansion at Tempur-Sealy, another local manufacturer, and lastly a grant to the Wise County IDA for an innovation workforce development and training project using blockchain technology for public land records.

VCEDA workforce development grants have also been awarded to the region's strong educational institutions. In 2019, VCEDA approved a \$486,000 grant awarded to the UVA-Wise Foundation to assist with the development of the Clinch River Ecological Education Center at the Oxbow Center in St. Paul. More recently, in 2022, several workforce development and training grants totaling over \$1 million were made to the Southwest Virginia Community College Educational Foundation and the Mountain Empire Community College Foundation for various workforce development and training related initiatives, which have been used to assist with tuition, customized business training, credentials and certifications for students and solar energy training. Napoleon Hill Foundation also received a grant for the development of an online course in entrepreneurship skills for high school students.

Sites

At the Inter-Agency Task Force roundtable and listening sessions, members heard that site development in Southwest Virginia is limited by both terrain and land ownership patterns that include large swaths in control of landholders external to the region. Land reform strategies were proposed that might revisit the cost of holding useable land. Where land is available, site readiness critically depends on additional state resources and support for infrastructure development. Additionally, limited GIS capacity in the region constrains the planning, development, and marketing of smaller sites. Investment in a regional GIS system would assist local, regional and state partners.

Regional investments such as the Lonesome Pine Regional Industrial Facilities Authority are setting the stage for business attraction. Additional state investments in projects such as this, benefiting multiple counties, can go far in reinforcing the cooperation expected in a region of choice in which employers are drawing from a pool of regional workers.

Investments from the state are seeking to address challenges identifying and developing sites in Southwest Virginia. In the 2023 legislative sessions, with the support of Governor Youngkin, the General Assembly passed HB1842, creating the Virginia Business Ready Sites Acquisition Program to be administered by VEDP. The goal of the program is to acquire sites in order to maintain a portfolio of project-ready sites to increase the state's marketability and enter into development agreements with employers for large-scale projects. The Acquisition Program builds upon VEDP's Virginia Business Ready Sites Program Fund which is used to provide site characterization grants and site development grants.

Additional efforts to develop sites in Southwest Virginia include grants and loans from VCEDA. This funding is used to retain and attract businesses to Southwest Virginia by developing and repairing critical infrastructure on business-ready sites. Grants and loans approved from the fund in the last two years include:

- Southern Gap Infrastructure and Site Development
A grant to the Buchanan County Industrial Development Authority (IDA) for the development of additional industrial sites and infrastructure at the IDA's Southern Gap development.
- Former Haysi & Clintwood High School Properties Site Development
A grant to the Dickenson County IDA to demolish the old Haysi High School and Clintwood High School buildings to redevelop those two sites for economic development.
- Red Onion Industrial Site
A grant to the Dickenson County IDA to assist with site development of the IDA's approximately 90-acre Red Onion industrial site.
- "Chip Mill" Industrial Site
A loan to the Dickenson County IDA to assist with the acquisition of a 400+ acre site, formerly used as a wood chip mill, as a new industrial site for the county.
- "Green Lot" Site Development
A loan to the Dickenson County IDA to help with further site development of the IDA's approximately one acre "Green Lot" in downtown Clintwood. Previously, VCEDA helped fund the acquisition of this lot.
- St. Paul Industrial Building Acquisition
A loan to the Russell County IDA to acquire a 284,000 sq. ft. industrial building and 14 acres of land at St. Paul, Va.
- Acme Building
A loan to the Russell County IDA to acquire and begin renovating the 41,000 sq. ft. Acme Building and two-acre site in Lebanon. This was followed up by an additional renovation loan.
- Russell Place
A loan to the Russell County IDA to acquire and begin renovations of the Russell Place

industrial building and site in Lebanon. Another loan was approved to the IDA to help with further renovations.

- **Raven School Property**

A loan to the Tazewell County IDA to help with renovations at the old Raven elementary school property to convert it into an economic development site for a prospective tenant.

- **Tech Park Office Building**

A loan to the Wise County IDA to acquire an office building in the Lonesome Pine Regional Business and Technology Park for marketing as spec office space.

APPENDIX 3 - Listening Session Notes

Listening Session 1
Interagency Task Force to Support Economic Development in SWVA
Friday, December 9, 2022
10 A.M.-12 P.M.
Dickenson Center for Education & Research

Summary:

About 20 attendees from the area met at the Dickenson Center for Education and Research building to share input for the taskforce. Kristen Dahlman gave an introduction and overview of the taskforce's activities and mission. Doug Jackson presented the agenda and facilitated discussion. After introductions the group focuses on 3 of the four factor areas identified by the taskforce (workforce, housing, and infrastructure).

Major Themes:

The group talked at length about workforce development, specifically the apprenticeship model as the best way to bring students into the trades. Business owners talked about the importance of school programs, however, the importance of hand-on, on-the-job training through apprenticeship was considered the ideal way to get kids into these professions. Showing the career paths to K-12 students is seen as an opportunity.

Sewer is considered a major piece of missing infrastructure. The group talked about the success bringing public water to communities and these projects can serve as examples for wastewater projects. The main challenges for sewer include the higher cost, topography, flood zones, user agreements, and health department regulations. A DEQ proposal coming before the legislature this session may provide additional resources.

We heard again about the challenges finding sites for development because outside entities own a majority of the property. These properties are simply not available to buy/develop. A new GIS system was mentioned several times as a way to identify potential sites for development. Property owners and governments alike need this technology to identify their properties.

On housing, a common theme was lack of supply for all income levels. Residents shared anecdotal stories about higher income individuals wanting to move to the region for the quality of life, but housing is not available. Universal broadband is the foundation because it will attract IT and remote workers. The area needs to develop housing stock for all incomes because these newcomers are looking for places to live.

Organizations Attending:

VCEDA, Town of Clintwood, Dickenson County, Friends of SWVA, Appalachian Voices, Appsol Solutions, Town of Clinchco, Mainboard LLC, Re/Max Cavaliers

Public Comment

1. Introduction

What a barrier to economic development looks like here. Give one example in any of the factor areas (workforce, housing, infrastructure, sites/business readiness). You can be as specific or as general as you want. We're looking for high-level here - sum it up in a sentence. Extra credit question...Current strategy if you're working one.

- The region needs planning by professionals in order to best utilize resources.
- There is no reliable GIS system for the county. This is needed to locate properties for development. Folks want to sell property, but it is hard to identify/find these locations.
- The area needs improvements in technology, namely, cell service and internet access.
- Housing is a big need. We need more assisted living facilities in order to open up housing and increase supply for other residents.
- Site readiness is important, currently working to locate properties to develop.
- Moved back to the area to bring experience in process improvements. Currently looking at how to improve quality of life and provide a higher standard of living for area residents. The area needs a one-stop-shop for business assistance. For Dickenson County, we need investments in the right timeframe. It is currently difficult to find housing. Site readiness should focus on “e-commerce” readiness. There are great opportunities to sell online. Population loss in the region is a symptom of lacking in the 4 factors.
- Represented the central Appalachian region at the UN regarding climate change. Focus was on flooding. Currently writing papers and letters on environmental concerns. Has a particular focus on addressing mental health and special education issues.
- A major challenge is the amount of funds available. Asked how do we match our vision with the money available? Asked how we are going to “meet this moment?”
- Working in the creative economy. There is an opportunity to shine a light on things we do well. We need to come together as a region and capitalize on the opportunities available.
- Has experience in site readiness. Shared his experience working in the area as they went from 40% to 90% of homes with public water. Without infrastructure there cannot be sites, without sites there are no businesses. Housing comes after businesses establish themselves in the area. Topography is a challenge but feels that groups are making progress. We need to “chip away at it.” Every group works together to accomplish these projects.
- Sites/buildings are key for traditional economic development projects. Timing is a challenge. An example is the coalfield expressway. That project was making progress but

partnerships fell apart because of shifting federal priorities in the early 2000s. This highway will be a “savior” for the region. Public sewer next big challenge in infrastructure. Topography a challenge for sewer. There are opportunity for young people because jobs are available in the region.

- Focusing on one project at a time to support countries solve their problems/projects. GIS and tax mapping can be improved. We need staff to develop GIS. The current staff wears lots of hats and expertise is needed. Region needs more development of wireless technology, cell towers especially. The wireless assessment project is looking at where service gaps are and where new developments can happen. This project is currently in the planning phase and will need money when construction phase begins in the next 5 years.
- Revenue from fiber optic network developments is being reinvesting in the area counties. We will have universal fiber by 2024 (this process began in 2002). SWVA will have the same service as any major city. This development was done with help from grants.
- It is hard to find employees and even harder to find employees willing to just work part-time. Another issue is new development attracts businesses, but old buildings/sites are left behind. Asked how can we get young people to invest in those old sites?
- A major problem is 85% of Dickenson County is owned by outside entities (lumber, corps, federal government, etc.). Asked how local entities/individuals can access this property to develop? The property currently owned by locals is not the best and hard to build on. There are not many places for young people to move into. The area need single family (3 bedroom), rather than apartments because folks with higher-paying jobs do not want apartments.
- The region needs people. Things like daycare and housing are needed to attract more people. Many jobs are unfilled so we need to attract people to fill current jobs before we bring in new jobs. People will come if they can find housing, services, etc.
- Water development is a big success story. We need to continue efforts like that in order to improve public health. Sewer remain a big issue because it affects clean water sources. Widespread internet access is a success. Cell service remains an issue and needs to be addressed because it is a safety issue. Workforce a challenge because the local economy has been going up and down because of coal. We need a strategic plan to make these factors (housing, infrastructure, sites/business readiness, workforce) blend together. Currently working with the Army Corps of Engineers to help folks living in flood zones. We need a vision and work with others to avoid tunnel vision. We need to work to find an overall goal.

2. Infrastructure

What recent current infrastructure investment has resulted in industry or business expansion or location?

- Recreational development (trails, shooting facility, etc.) has attracted residents. Buchanan County is a good model and there are world class trails in Haysi.
- There are good trails in Clinch but conservation groups do not want to develop more.
- Outside private ownership of property is a barrier for new trails.
- The coalfield expressway may limit access to some communities since Clintwood may be bypassed.
- Recreation development depends on folks with good paying jobs to spend the money. Is there an opportunity in the region for semiconductor manufacturing? There are a lot of workers in the coalfields with the experience needed for these jobs.
- Concerned that money invested by outside energy companies will not go to the communities. Concerned about waste produced by small nuclear reactors, threat to water. Residents depend on the reservoir, for drinking water and it should be protected from environmental threats. Gave an example of efforts to stop a landfill because toxins would have spilt into drinking water.

3. Housing

What housing success has the area seen recently?

- In Trammel, People Inc. got a grant through DHCD for a housing project. Phase 1 of the project includes 10 homes for rehabilitation and two additional grants from the federal government will help finish project. This project is fixing what used to be an eye sore in the community.

Are there current housing development projects in planned that are in need of resources?

- Leadership in Dickenson County is thinking about doing a housing study. The number of vouchers do not align with the supply of housing available. The county is working to attract businesses outside of coal. Working on training workers to fill these jobs. Working on rehabbing homes lost to fire, damage, disrepair.
- There is money in the Inflation Reduction Act (IRA) for home rehab (new heat pumps, etc.). There is funding and opportunities for landlords to rehab rentals and increase the supply of quality housing.
- We are seeing bidding wars for homes that are available, so we know the demand is there. The supply cannot meet demand, so folks look for homes in surrounding counties. People looking to move to the area are attracted to lower cost of living, lower taxes. There are good work from home jobs and their paycheck go a lot further here.
- We are seeing outsiders buying up land through tax bills at the county.
- There is a lack of supply of housing for all income levels. The three-bedroom home is common but there is demand for other options as well.
- New residents are attracted by the county's new school facilities.

- Expanded internet access has connected the region and there are opportunities for new residents who want lifestyle of SWVA. People are looking to move, we need places for these folks to live.
- There are barriers with Department of Health trying to permit/develop new sewer systems.
- The increase in federal resource for infrastructure is an opportunity to build sewer and other new projects. Localities need the help funding these projects because the cost of waste-water is much greater than public water. Flood zones are challenge to develop sewer and other regulations/reviews can stop projects. There is a SWVA pilot program at DEQ trying to get money for additional sewer development. Some projects face the issues of residents not wanting to be hooked up to public sewer. Asked if local governments are willing to do mandatory builds? On a regional level working on education, trying to educate folks when signing user agreements about what public sewer means.
- Sewer needs to be profitable for the providers.
- Flood zones are likely to grow. This presents a challenge for homeowners, buying insurance, raising homes, etc.

Is there a particular type of housing that you believe should be addressed as a first priority?

- Many homes in the area are not primary residences. Asked how these homes can become available for locals to purchase?

4. Workforce

What are the workforce challenges and opportunities in Dickenson County?

- We need survey workers and developers in general (contractors, etc.). Contractors are having a hard time finding workers. There is an opportunity to work with the schools and show this career path to students.
- There are currently classes on carpentry in schools but there used to be many more such as masonry and metal shop. It is becoming difficult to fill the classrooms teaching trade because there are fewer students. We should expand these classes to K-12 and partner with community colleges.
- Filling the current openings in trades would be very beneficial.
- The career center can help students get high paying jobs in IT that can be remote. We can show young people these opportunities in IT because they are already familiar with technology.
- Trades being taught in vocational school are important because young people are low-income.

What are the strongest tools or programs currently preparing the workforce?

- Software at VCEDA is identifying employers in the trades and engineering who need workers.
- The “self-help” program can serve as a model for sewer projects and workforce development in the trades.
- There are programs at schools to get kids certificates in trades and IT. Partnerships are growing and we are working to survey past students to improve our programs. It is good for current students to see graduates and understand salaries/career path.
- Speaking from experience in the mining industry, success comes from apprenticeship opportunities. Working alongside skilled tradesperson is the best way to train. Training should go beyond school. We do not have an employment problem, we have a people problem (not enough people). We need people to live locally and send kids to local schools.
- All new technologies started though apprenticeships.

Listening Session 2
Interagency Task Force to Support Economic Development in SWVA
Thursday, December 8, 2022
2-4 P.M.
UVA Wise, David J. Prior Convocation Center

Summary:

In the first meeting at UVA Wise, 28 members of the community attended to discuss the barriers they see to economic development in SWVA. Kristen Dahlman gave an introduction and overview of the taskforce. Doug Jackson started the discussion and asked for everyone to introduce themselves and talk about what they see as a specific barrier related to the four factors identified by the task force. For “extra credit,” Doug asked for each group to share what specific project they are working on to address these barriers. Andrew took notes. The meeting lasted 2 hours. We were able to get around the room once with a brief time at the end to share final thoughts (about 10 minutes).

Major Themes:

A common theme was the concern that projects are being planned that the public does not know about. Folks are concerned that outside entities/developers are making decisions without public input. The public learns about major developments at the last minute and folks must simply accept the result.

On housing, several attendees expressed concern about housing supply, affordability, and infrastructure for new housing developments. We heard some negative comments on mobile homes. Folks said they are frequently overcrowded, lack proper services, and are not good investments (wealth building tools).

On workforce, students in attendance said they would be more willing to stay in SWVA if there were higher paying jobs. Others echoed this concern and added many low-paying jobs (minimum wage) already exist. Students want to see examples of success and a positive career trajectory in the region. Older individuals in the room expressed their desire to listen to young people and hear their goals/desires for the future. We heard about efforts in workforce training at local correctional facilities, at UVA Wise, and other local groups.

A final theme was a desire to build cohesiveness between groups in the region. Non-profit organizations, local governments, and citizen groups are working toward the same goals but have different visions. These groups may not be communicating to the best of their ability. Sessions like this builds trust between groups.

Organizations Attending:

Town of Wise, Appalachian Community Action, Friends of SWVA, UVA Wise, GO Virginia, Wise County, Big Stone Gap, Committee for Constitution and Environmental Trail, Appalachian Voices, Clinch Coalition, New Economy Network, Stephens Community, Family Crisis Support Services, Office of Senator Tim Kaine, Russell BOS, LENOWISCO PDC.

Public Comment

1. Introduction

What a barrier to economic development looks like here. Give one example in any of the factor areas (workforce, housing, infrastructure, sites/business readiness). You can be as specific or as general as you want. We're looking for high-level here - sum it up in a sentence. Extra credit question...Current strategy if you're working one.

- We are experiencing a “taking” in the area from industries such as coal and lumber. We are working on educating residents on their rights. Other issues include road maintenance, housing for the elderly and retaining young workers in the area.
- There is too much corporate ownership of property.
- Big/regional ideas often come with only a few jobs for a few people. We need to focus on childcare and transportation. Families have to commute far to get access to childcare.
- Everyday citizens hear about regional decisions late in the process. Communities are not included in the process.
- The region needs people to defend air and water. We have an opportunity to get the community engaged on environmental issues.
- Land use is an issue because much of it is owned by corporations. Land does not go on the market. Localities need flexibility to set tax rates.
- The region should use its natural resources to bring economic development.
- Sites needs to be identified for housing development. We need to identify the most suitable land to build more housing, this includes infrastructure for housing which should be developed by local workers. Barriers include water/sewer costs and household waste. EPA grants can be used for these environmental related projects. These issues need engagement from community from the earliest point in the project.
- Last mile infrastructure funding is a barrier for housing development. Current projects include a reused surface mine site being developed for a facility for sexually abused residents and Permanent Supportive Housing.
- The region needs housing for young people to draw them to the area rather than driving them away.
- A local organization, St. Paul Tomorrow is working to engage the community. They operate based on a three leg stool model, 1) community, 2) environment, 3) businesses. Internet is needed to finish projects. Housing (not mobile homes) supply needs to increase, this adds value to community/tax base. We need homes for young family with children. Localities should work to attract businesses in new energy marketplace because the region has a culture of producing energy. One example is the Virtual Center for Economic Development, an old coal facility that will train workers for new economy. We should bring in partners to advance projects and teach other communities about lessons learned.

- Organizations and stakeholders should have meaningful, realistic and unselfish cooperation
- The taskforce's study should focus on positives (not negatives). An example of a positive is the over \$500K investments in infrastructure projects. We are seeing more activity in mixed use and middle-income projects. Another example is the Vet school in Lee County which will be largest in U.S. Job in the area can be industrial and work-from-home. There are lots of studies happening including those focusing on building more industrial sites. There are lots of good workforce projects at community colleges and at UVA Wise. There is too much focus on the region's decrease in population. This is a nationwide trend in rural areas, and it is not as bad as media portrays. We are focusing on efforts to help folks recover from opioid addiction and bring them back into workforce.
- All four focus areas [workforce, housing, infrastructure, and sites] are related. Permanent Supportive Housing projects work in SWVA. These projects are expanding and help individuals experiencing housing instability. They help individuals with set incomes or with minimum wage job. There are need more family support services. Homeless and eviction rates increasing and there is over-capacity in mobile homes. There is untreated drug abuse and mental illness which requires more support services. Permanent Supportive Housing includes efforts to treat health issues.
- Public transportation and childcare are needed to support the workforce. Childcare in the area is not affordable and has poor hours. Current childcare support services leave gaps. Both parents are working and driving far to drop kids off at daycare. Childcare helps parents with their own personal wellness.
- The area needs transportation, health services, and higher paying jobs. There are already low-level jobs. High paying jobs will help keep young people and recent graduates. There is a gap between median income and housing prices.
- Students like the area but are afraid to start their life in SWVA. Jobs and housing are concerns for recent graduates. Students need to see model of success to motivate them to stay.
- There are several barriers to find and afford housing for young professionals in the area. Mixed use development (living and businesses) is an opportunity for communities.
- In order to attract better paying jobs, we need locations for companies to come into. The county is investing in site readiness including a new technology park and improving infrastructure. Site readiness is a process and can take up to 3 years. We are missing projects if business cannot have a ready site. VDEP can focus on the availability of power, marketing and branding to attract business to the area.
- We are working on a housing market study for Wise County. Demand, location, and affordability are being analyzed. Working on a free online entrepreneur course on how to start small businesses and working on connecting folks to small business grants.
- GO Virginia is investing in all four areas. The Growth and Development plan shows the investments made in workforce. Predicts we will see population trends reverse. Folks in

Wise County correctional facility are getting welding training and gaining employment after time served. GOTEK is coming to middle schools and engaging kids with STEM education. These efforts help current business and will help market the region.

- There is a project in Clintwood focused on affordable housing. Focus is on low/moderate income. State funding is needed for that development.
- The Community Builders program at UVA Wise is working to place young professionals through the region. A major barrier for these young people to stay is the availability of housing.
- There is a lack of cohesiveness between groups (public, private, non-profit).
- Southwest Virginia has a low-cost living. This is an opportunity for folks to move here for more affordable housing. Concerned with investors (not residents) buying up housing/land.
- Internet access is limited - no fiber (still on copper wire). Community is applying for grants for broadband funding.
- Concerned with the age of housing inventory (1976 average). We need to bring old housing up to modern standards (i.e. energy efficiency). The state should look at providing more financing options for new homebuyers. The financial opportunity center does housing counseling - helping folks in their unique situation - helping educate young people on renting/buying homes.
- It is hard to find sites for businesses to expand.
- Many organizations with different visions are working toward the same goals. Energy is being divided and it hard to bring people together. The perceptions of other groups can get in the way of working together. Communication helps bring down the barriers.
- Recommends the group read the book “Upstream” - it is about how to change culture “upstream” by getting children involved with home and community work. This helps fix negative associations.
- Young people should be brought together and talk about their wants/needs for their future.
- We should support locals, the folks that have always been here. Issues like opioid addiction are exacerbated by other issues like infrastructure and lack of jobs, etc.
- Networking can help break down trust issues.
- Land availability problems are due to outside corporate investment. The opioid crisis is deliberately caused by outside organizations.
- \$1.3 million has been distributed through PDCs to help with housing, homelessness, and opioid crisis. Reach out to director@family-crisis.org
- Wise county has made improvements to drug-court. This includes 10-20 rooms in the recovery house for folks to live to get back on their feet. Money is coming to help this effort. “If we don't recover inside we will not fix our communities.” Rooms like this builds trust. Socializing should be a priority.

- The Interagency Task Force should open the next meeting to public comments and hear input on the 4 programs mentioned in the legislation.
- The culture of central Appalachian Mountains is collaborative. We need a cooperative development of resources because of the concerns over outside developers coming in. The region needs resources for local communities to find funding/grants/assistance. Take a “holistic” approach.
- Communities need broadband access to help with the workforce. Recently took a work from home job because of difficulty finding childcare. Fiber will help with employment because of work from home options.

Listening Session 3
Interagency Task Force to Support Economic Development in SWVA
Thursday, December 8, 2022
6-8 P.M.
UVA Wise, David J. Prior Convocation Center

Summary:

In the second meeting at UVA Wise, 8 members of the community attended to discuss the barriers they see to economic development in SWVA. Kristen Dahlman gave an introduction and overview of the taskforce. Doug Jackson started the discussion and asked for everyone to introduce themselves and talk about what they see as a specific barrier related to the four factors identified by the task force. For “extra credit,” Doug asked for each group to share what specific project they are working on to address these barriers. Andrew took notes. The meeting lasted 1:45. With the smaller group we were able to explore the outlined questions.

Major Themes:

“Making it easy for people to live in the region” in this conversation applied to young families, recent graduates, professionals recruited to UVa-Wise and other businesses. It’s not easy to afford quality housing because the stock is not there. Housing is a major limiter and combined with other challenges of a rural mountain life including cell phone coverage, access to fresh food, long travel times for work, healthcare, childcare, and other life necessities, “We don’t make it easy to live here.”

Bright spots include solar / electrical apprenticeship training programs at Mountain Empire, the Lonesome Pine Regional Industrial Facilities Authority, and the Abandoned Mine Land Program, downtown mixed use projects completed and underway.

Housing is need in all categories, from incentives and support for homeowners to reinvest in existing stock to new multifamily project to attract those who want to take advantage of the region’s assets without caring for a yard. While the 175 to 250K range is needed, so are homes at \$100K. What would a ‘self-help’ housing program look like in the region?

On infrastructure, sewer investments should be a new priority to protect waterways and repair aging systems. Additionally, strides have been made in technology for rural septic, but regulatory structures may not be keeping up. Keeping up with expectations for a region and quality of life point to ongoing broadband investments and electric car charging stations. Power remains an issue both for small businesses in a rural setting and for larger site development.

Prioritizing and coming together on key strategies is essential. Outlook due to progress in towns, word about new housing developments, and collaborative effort like the regional industrial facilities authority make attendees optimistic. That’s also in the nature of a resilient region. Optimism includes a sense that the region would be welcoming to people from other countries making a home here.

Organizations Attending:

Coalfield Progress, Southern Appalachian Mountain Stewards, Clinch Coalition, Virginia Department of Energy, Town of Wise, UVA Wise, VCEDA.

Public Comment

1. Introduction

What a barrier to economic development looks like here. Give one example in any of the factor areas (workforce, housing, infrastructure, sites/business readiness). You can be as specific or as general as you want. We're looking for high-level here - sum it up in a sentence. Extra credit question...Current strategy if you're working one.

- There are limited sites for businesses to come into.
- Educational institutions (UVA Wise in particular) need housing for students, faculty and staff. UVA Wise hired 80 employees in past year with plan to hire 30 soon. Had to pass on folks for limited housing.
- Transportation is an important part of infrastructure. Supports the “innovation highway” which will connect Route 58 and the Lonesome Pine Regional Business and Tech Park. This will be an important corridor because parents/students at UVA Wise rarely pass through town.
- When considering the downtown revitalization matching fund concept, the Task Force should look at the Community Builder program as an example – gives young professionals an opportunity to try new career in the region.
- We need to have more information sharing between agencies because things can fall through the cracks. In local government, folks wear many different hats and they may not have time or resources to pursue beneficial projects and funding. The renewed energy between the town and UVA Wise is a positive. That relationship is an economic asset.
- The four focus areas are interwoven. Housing and workforce and very connected. The history of coalfields shows that when the workforce came, then housing came. We need to have the housing for the workforce that is coming with the big projects. In order to attract a trained workforce, we need to have good housing with “all the bells and whistles.” Infrastructure is very important for housing development. The abandoned land mine program is a positive effort.
- Housing is expensive and in poor condition (cost and quality). There is low supply.
- The region needs good technical training for a better workforce. Many students go to school but cannot get good paying jobs. The electrician apprentice program prepares students for good paying full-time jobs.
- Agencies should communicate and share information. Please share information for the Task Force with young people. Conversations with the future workforce are important.

Newsletters and traditional ways to communicate may need to change. We need to reach young people and get them involved.

- Site preparation is not just for businesses, they can be for housing, mixed use, etc.

2. Infrastructure

What recent current infrastructure investment has resulted in industry or business expansion or location?

- Project Interstation – This is the first project of the Regional Industrial Facilities Act (RIFA). The project is utilizing prior mine sites which are dangerous situations. It is a collaborative approach between localities and each county gets a portion of the tax revenues.
- The Abandoned Mine Land (AML) program which provides federal funding to reclaim abandoned mines.
- Broadband development is helping sell the region to businesses. “We have the same speed as NOVA without the traffic.”

What untapped infrastructure do you see as an opportunity for economic development in the region?

- We are working to identify where businesses are getting their products with the goal to manufacture those products locally. The region can attract other businesses to fill those needs.
- Electric car charging stations. More than 50% of people say they want their next car to be electric.
- Broadband - progress has been made but there are areas of Wise and Lee Counties who do not have access. Extremely rural, low income do not have access yet. Important for work/school.
- Water/sewer in Lee Co. - there is opportunity for investment here. The regulatory environment for sewer needs to be addressed or else rural areas will not grow. DHCD and USDA should start funding sewer (they have helped a lot in the past with rural public water). It is expensive but it is needed to protect waterways.
- Virginia Tech is publishing a study to build/maintain new septic systems. It is hard to get permits to build new septic systems.

3. Housing

What housing success has the area seen recently?

- Big Stone Gap center (where Kirkland’s is) - mixed use, shops, housing. Benefits students.

Are there current housing development projects in planned that are in need of resources?

- UVA Wise efforts to tear down townhouses and build mixed use (living and retail). This is a way to get the campus to feel closer to town. Funding needed to rebuild. Need to plan what exactly is needed to build.

Is there a particular type of housing that you believe should be addressed as a first priority?

- All of the above - single family, townhouse, multifamily, condo...etc. Housing for all incomes is needed (not just low-income). The region needs a variety to support companies coming to region. We need starter homes and homes to age in.
- This region does not make it easy for young people to stay. Housing a big part of this issue.
- Some big landlords overcharge and do not maintain properties. There is a general lack of housing supply.
- Lack of childcare, transportation, healthcare are barriers for young people staying.
- Interested in estimating the number of people working in Wise County but not living there. It is hard to gauge the real number due to living arrangements with family, etc.
- The area needs transitional shelters.
- Workforce housing - there are houses in the price ranges for higher-paid professionals, but we need more for affordable options. This includes more supply under \$100K. This will help keep students in the area who are getting their first job.
- Addressing cost of construction - builders should focus on condo, townhomes...etc. Buyers are not looking for huge homes. It is hard to find local workers to build housing. Ww should invest in trade schools.
- Owning a home is financially beneficial for young people.
- The permitting and inspection issues in Scott County make it more expensive to build.
- The housing supply is aging. The area needs money and expert help for housing rehabilitation.
- We should consider a loan or grant program to bring homes up to standards.
- Abandoned homes - communities need help to address these structures (resources, tax strategies, etc.). Efforts should incentivize owners of these properties to fix/clean sites.

4. **Business**

What are the critical challenges your business faces today?

- Power outages in winter. Internet, utilities, rely on steady power.
- Owns a seed company - No laws in VA regarding rare and endangered plants. Cannot legally sell inventory. Cross-border regulatory issues.

What is the geography of your customer base?

- Out of state due to legal challenges in Virginia.

What is the geography of your supply chain?

- Sourcing seeds locally, some materials from NC, WA, OR. Drives to terminal in Kingsport to pick up supplies. City water.
- Promotes a successful business model for growing native plants, every small town can adopt this model. Greenhouses for fruits and vegetables are expensive projects but vertical farming is an opportunity. European companies are looking for regions with reliable power in the US.

5. Workforce

What are the strongest tools or programs currently preparing the workforce?

- Electrician apprenticeship program - getting schools in other counties around coalfields to sign-on.
- Lineman program - placing workers with power companies
- UVA Wise programs produce students with high technical skills. Needs to introduce students to these programs. Efforts introduce middle school students to trades, opportunity to expand.
- OSHA limits ability to bring hands-on experiences in trades to students.

Looking for a job?

- It was difficult finding jobs for graduates during pandemic. We should focus on the trades, rather than liberal arts education. The advice given to young people does not align with the jobs that are available.
- We need to align funding with the skills that need to be taught.
- Support all skills in education. One is not better than the other. The skills taught in universities and trades schools are all positive.
- Address the issues with certification/license requirements.

*How do you feel about the future. Is the economy growing/thriving?
Recovering/stabilizing? Or other?*

- “Growing” because we are meeting in formats like this. We are looking at energy in a new way. We are addressing housing, reversing the population loss trend, and people will

move here. There is an opportunity for a more diverse culture, encourage immigrants to bring their talents here.

- “Growing” with a little bit of “other.” The region is making progress in Big Stone and Norton. Global trends of income inequality and technological disruptions is a threat for the next ten years. Predicts rapid displacement of workers across industries from technology. Social cohesion can improve.
- “Other” - thriving not likely without real fundamental change. We need social change, consideration for the environment, and addressing historical harms.
- “Recovering” but our trend line is going up. We tend to shy away from the dynamic tension when groups begin to talk. We try to be outcome focused and need to try doing a better job listening to each other. There is an opportunity to have good project managers bring all stakeholders together. Managers are needed with the ability to build large regional projects.

Listening Session 4
Interagency Task Force to Support Economic Development in SWVA
Wednesday, December 7, 2022
2-4 P.M.
Pennington Gap Community Center

Summary:

12 members of the community attended the 2-hour session hosted by the Town of Pennington Gap. After a welcome by Town Manager Keith Harless, DHCD's Matt Weaver gave a brief overview of the project. The introductions included a collective listing of specific barriers to economic development in Lee County. The introductions took about 30 minutes but resulted in a pretty comprehensive litany of specific examples in the four focus areas. "They are right on," one participant said of the focus areas.

Many of the questions listed in the process were already touched on by the time the group got to the deeper dive. There were points where it may have felt a little repetitive and the energy dropped accordingly.

Major Themes:

Sewer was immediately identified as a limiting factor for housing development and site readiness.

Specifically, much attention was placed on the western side of the county as an opportunity area to relieve student housing pressures, maximize the tourism potential of the state and national park, and attract original equipment manufacturers in the supply chain of the automotive industry in Tennessee and Kentucky. There are no significant housing projects underway in the county.

Industry attraction limiters include lack of site readiness, quality of K12 facilities and limited K12 programs in relation to surrounding states. Meanwhile small business development in a rural setting suffers from both the requirements of infrastructure standards developed for denser environments and limited grant and incentive opportunities. VCEDA's Seed Grant Funding is a bright spot.

Workforce limiters include a lack of full-person support for those in recovery, although a bright spot project under development in Dickenson County based on a Kentucky project was identified. Additionally trades and technical programs offered at the community college suffer from the non-technical requirements of certification, even if a student gets a placement earned through their studies. Shortages of trades and construction talent threaten advancements in housing and business readiness.

Organizations Attending:

Appalachian Voices, Keokee residents, Ewing residents, Whistlepig Country Store, Friends of SWVA, Pennington Partners, Pennington Gap residents, Clinch Coalition, VECEDA, Town of Pennington Gap, Lee County.

Public Comment

1. Introduction

What a barrier to economic development looks like here. Give one example in any of the factor areas (workforce, housing, infrastructure, sites/business readiness). You can be as specific or as general as you want. We're looking for high-level here - sum it up in a sentence. Extra credit question...Current strategy if you're working one.

- Water infrastructure is more plentiful than sewer. It is hard to get the funding for sewer. Starting a commercial development without public sewer is a major challenge
- Quality and affordable housing is a need
- The veterinary school has driven up housing costs in western portion of Lee County, primarily rental units - adding 100 additional students in 2023.
- Housing cost has more than doubled in recent years.
- Infrastructure and housing go hand in hand.
- There is a need for housing opportunities for middle-wage workers also. There needs to be reinvestment in the existing housing stock.
- Private landfills detract from tourism and environmental assets, it is an obstacle to housing and infrastructure development. Government policies create this problem.
- The region has opportunities for additional tourism marketing and attraction.
- Limited buildings and sites in the VCEDA region hurts business attraction efforts.
- There are opportunities for Lee County to capitalize on proximity to automotive industries in neighboring states.
- VEDP's is working to market large sites and there is a need to also market smaller sites in SWVA. The region has opportunities in original equipment manufacturing (OEM).
- The region needs housing to attract larger economic development projects.
- There are great roads within the region.
- Younger people are leaving and this reduces the workforce.
- Opioid settlement funding should provide concrete actions and services for people to participate in the recovery services.
- This process needs transparency. We need to include the community members and those directly impacted by potential reports.
- Starter homes are a need.
- Childcare is lacking. This is a deterrent for those potentially moving into the county as well as parents trying to remain in the workforce.
- We should identify resources to connect community members and build staying power.
- There are infrastructure rules that are not effective for rural areas without sewer. I can be a challenge working with the multiple agencies required to develop the infrastructure project.

- The state’s requirements for contractors limits project readiness. This problem would be solved with reduced classification requirements.
- A barrier to economic development is aging infrastructure. We face challenges updating and maintaining these properties for potential future commercial growth.
- Cellular infrastructure and the limited coverage area is an obstacle.
- Student housing prices are out-pricing local residents. The growth of the veterinary school will increase the demand for housing units.
- Boones Ridge housing development in KY on abandoned strip mine is an example of the development we need.
- Would like to see local partners invest in the community rather than corporate investors.
- Actions needs to attract housing developers. We need to provide potential project opportunities.
- Need for more community involvement in these processes.
- Downtown revitalization in Jonesville is needed.

2. Infrastructure

What untapped infrastructure do you see as an opportunity for economic development in the region?

- State Park and National Park infrastructure is needed. These areas are limited in what activities and amenities can be offered because they do not have sewer systems.
- Tourism programs and development could be increased to draw state and national park visitors into the communities.
- There is a limited number of restaurants and hotels for visitors. Sewer capacity is often the main barrier.
- There are cultural heritage education opportunities because the area has many Appalachian cultural assets. These opportunities can be targeted specifically to students.

What aligned investments would put that infrastructure to work creating jobs and boosting the economy?

- Most state and federal grant opportunities are for larger development or projects and they are very limited or non-existent for small business development. Small businesses can support as many employees as the large industries and can be more resilient over time.
- More funding for small business developments because they are the backbone of the community. An example is the seed capital program at VCEDA.
- Grant programs are often too involved and onerous to complete for small businesses – businesses need someone that knows the process and speaks the program language
- We can work to identify who within the county is asking for grant money and how to best educate them on funding availability.

How else is infrastructure restricting investments?

- Lack of internet, transportation, wastewater, etc.
- Cellular coverage can be an obstacle – it is a safety issue at some tourism attractions.
- School system educational offerings may not match surrounding states.
- Schools are offering virtual educational classes due to staff shortages.
- Region should increase utilization of vocational and technical education and prepare the school system for potential future growth

3. Housing

In what instances has a lack of housing products constrained economic or industrial attraction?

- Building code officials are trained for statewide codes which are not always applicable for rural areas - often local issues are not in-line with state training and enforcement.

What specific populations are in need of additional housing options?

- Students, young families, workforce housing.
- More opportunities for in-home eldercare.
- Affordable housing- Due to lack of affordable options, there are concerns with residents inhabiting homes that do not meet state building code.
- Programs to assist with housing rehabilitation are not plentiful or widely known.
- The region has opportunities for short term rental housing.

What housing success has the area seen recently?

- A request to create a pilot project for a public/private partnership to develop comprehensive housing - Public funds was used to put in the infrastructure to offset the developers' costs for housing development.

4. Sites/Business Readiness

What factors limit the development of available sites?

- Road access into industrial areas can be challenging and a barrier to site development – VDOT's regulatory process limits development of roads.
- The area needs additional power stations and power capacities
- Industry recruitment
- Electrification and energy storage industry requirements
- There are vertical farming opportunities on available sites.

What limits the interest of site selectors and industry in the region?

- Large absentee organizations holding larger percentage of land in SWVA

5. Workforce

How stable is the labor force? – Do you see it growing or shrinking?

- Not stable - utilization of government subsistence funding creates challenges with attracting workforce
- Rural areas have limited workforce inherently compared to urbanized areas, especially with increasing numbers of retirees.
- The proximity to job locations has created/evolved a more mobile workforce.
- Water and sewer operators are challenging to find. Also, hard to fill technical trades positions.
- Having targeted industries for technical training programs is critical to grow these jobs and industries.
- Shrinking workforces is apparent from the US Census data showing declining population.
- Community Colleges do a good job with technical trainings but often the trainees leave the programs early for a paying job with industries that need workers.
- There should be incentives for technical skill achievement once hired by company/industry.
- Availability of land in eastern portion of Lee County is limited - land prices are increasing due to increased purchase prices from out-of-state buyers.
- The quiet peaceful beauty of the area is an attraction for out-or-state families

Businesses, where do you recruit from? What specific skills, certifications, or backgrounds are you looking for?

- Teachers are interacting with businesses and learning what is applicable for current trends/needs.
- United Way is an example.
- Remote education limits student knowledge of available careers or jobs.
- Travel time limits the time for programming.
- Looking for skills in solar, welding, IT.
- Look for a workforce that wants management responsibilities.

What level of success do you have?

- Turning opioid recovery programs into workforce possibilities in Dickenson County.
- Attracting out-of-state attention due to beauty and quietness of the area.

If you know anyone struggling to find employment, what barriers do you see preventing their success?

- The county is looking for building trades positions – it is in the beginning phases but the last effort took over 1 year

What potential investments have we not asked about that are critical for a strong economy in SWVA?

- The area needs competitive healthcare.
- The region needs school infrastructure - physical investments to improve heating sources and conditions.