

# 2014-16 Executive Progress Report

Commonwealth of Virginia  
Secretary of Commerce and Trade

Department of Housing and Community Development

## At A Glance

The Department of Housing and Community Development (DHCD) works in partnership to make Virginia's communities safe, affordable, and prosperous places in which to live, work and do business.

**Staffing** 94 Salaried Employees, 2 Contracted Employees, 108 Authorized, and 7 Wage Employees.

**Financials** Budget FY 2015, \$101.40 million, 43.35% from the General Fund.

**Trends**

- ↑ Number of Customers
- ↑ Distressed Communities
- ↓ Funding Support

**Key Perf Areas**

- ↑ # of jobs created in E. Zones
- ↑ \$ Private investment in E. Zones
- ↑ \$ Private investment attributable to community development
- ↑ # of jobs created attributable to community development

**Legend** ↑ Increase, ↓ Decrease, → Steady

**Productivity Legend**

- ↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to [www.vaperforms.virginia.gov](http://www.vaperforms.virginia.gov)

## Background and History

### Agency Background Statement

The Virginia Department of Housing and Community Development (DHCD) is committed to creating safe, affordable, and prosperous communities in which to live, work and do business in Virginia. DHCD partners with Virginia's communities to develop their economic potential, increase entrepreneurial capacity, and help produce affordable neighborhoods. By partnering with local governments, nonprofit groups, state and federal agencies, and others, DHCD is working to improve the quality of life for Virginians.

DHCD invests more than \$100 million each year into housing and community development projects throughout the state - the majority of these are designed to help low-to-moderate income citizens. This strategic investment of financial and technical resources fosters an environment that attracts private sector development and investment in communities. DHCD works to encourage and promote regional economic collaborations in economically distressed areas to stimulate job creation, economic development and build community capacity and leadership. By advocating for communities to work together on a regional basis, there are greater opportunities to package experiences more broadly, offering a wider array of economic opportunities to the communities.

DHCD implements comprehensive community revitalization strategies to improve the quality of life for Virginia's citizens. DHCD works collaboratively with various partner agencies, organizations and localities with a shared goal of strengthening local economies. The Department's focus is on enhancing small business and entrepreneurial development, incorporating community assets into revitalization strategies, strengthening downtowns and commercial corridors through various redevelopment activities that often include infrastructure enhancements, commercial and residential blight removal, and mixed-use reconstruction. DHCD also supports innovative strategies to redevelop underutilized properties or structures that are no longer economically viable.

The agency recognizes that safe and affordable housing is a critical component of a comprehensive approach to economic and community development. DHCD collaborates with community partners to reduce the impact of homelessness on individuals and families. Investments and support emphasize housing stabilization and rapid-rehousing, creating linkages to community resources and mainstream benefits, and helping clients develop a plan for preventing future housing instability. DHCD also supports efforts that target special needs populations, seeking to provide more integrated, community housing options for persons with intellectual, developmental, and physical disabilities. DHCD also promulgates Virginia's

building and fire codes and provides training and certification for building officials in Virginia. These codes strive to strike a reasonable balance between building affordability and safety. The Uniform Statewide Building Code enhances the state's overall business climate, supporting economic development initiatives that encourage business expansion or relocation. The open and consensus-oriented code development process and the absence of local amendments remove potential barriers to private investment.

Through the activities of the Commission on Local Government (CLG), DHCD promotes the viability of Virginia's local governments by fostering positive intergovernmental relations through activities such as reviewing boundary change and governmental transition actions; providing technical assistance to local governments and citizens; and estimating the cost of local mandates and calculating fiscal stress.

DHCD has worked collaboratively to launch the Virginia Velocity business plan competition as part of the Governor's strategy for building a new Virginia economy as well as Community Business Launch which will help communities develop an entrepreneurial ecosystem that will support community based small businesses

## Major Products and Services

DHCD's programs and services are often viewed as the "first rungs" on the ladder of economic development in communities across Virginia. DHCD takes a comprehensive and collaborative approach to working with localities to better prepare and position them for economic growth.

DHCD community development programs are designed to support and enhance revitalization efforts in Virginia's distressed communities. The assistance being provided is not limited to grant making. Key components of community development include development strategies and technical assistance, design assistance, asset based development, market development and branding, and local capacity building. The ultimate objective of DHCD is to improve the quality of life in Virginia's communities.

DHCD collaborates with localities and federal and state partners to make strategic investments in communities. Through all of its programs, DHCD emphasizes building the capacity of communities and regions to improve their overall quality of life. DHCD works to invest resources in areas that address economic development needs and issues on a regional, rather than local, basis. By working in partnership with other jurisdictions and municipalities, distressed areas could greatly enhance their overall economic impact throughout the region.

Programs and services provided through DHCD have a primary focus of improving the quality of life for citizens and communities throughout Virginia. DHCD seeks to enhance community well-being through programs that focus on: (1) comprehensive regional economic development, (2) increased small business and entrepreneurial capacity (3) asset based economic development, and (4) enhanced downtown/commercial revitalization. The agency implements a wide array of economic development strategies aimed at creating new jobs, spurring private investment and improving the overall economic environment.

DHCD works in collaboration with communities throughout the Commonwealth as part of its comprehensive approach to addressing affordable housing needs through: housing production; housing preservation and rehabilitation; accessibility and energy-efficiency improvements; housing counseling, to include efforts to deconcentrate poverty; permanent supportive housing; homeless prevention and special needs housing. The agency also works closely with other partners, from non-profits and community action agencies, advocacy groups, state and federal agencies, developers, and other advisory entities. DHCD places a premium on stakeholder engagement and frequently conducts input sessions to gain feedback on how to work more effectively and efficiently. DHCD actively participates in the Homeless Coordinating Council, a collection of state agencies that meet regularly to discuss policy and develop strategies for creating more community-based housing options for persons with developmental and intellectual disabilities. The Committee is chaired by two Cabinet Secretaries and involves participation from five Secretariats. It includes staff from numerous state agencies, representatives from continua of care and nonprofit providers.

Virginia's statewide building and fire regulations, including the Virginia Uniform Statewide Building Code (USBC) and the Virginia Statewide Fire Prevention Code (SFPC), promote the construction of buildings and structures that incorporate critical structural and life safety features, and are healthy, accessible, energy efficient and affordable. Maintaining uniformity in the application of the building code across the Commonwealth is a key commerce and trade issue. Safe buildings and communities result from strategic partnerships between citizens, architects, builders, code officials, and trades people. DHCD supports the Board of Housing and Community Development in promulgating the Uniform Statewide Building Code and Statewide Fire Prevention Code. These codes strive to strike a reasonable balance between building affordability and safety.

## Customers

### Customer Summary

The primary focus of the agency's housing and community development activities is on communities demonstrating the greatest need. This includes economically distressed communities that lack the employment opportunities, resources or facilities that are essential prerequisites of a dynamic local economy. Generally, DHCD provides programs to assist low- and moderate-income individuals and households, the elderly and disabled, persons and families who are either homeless or face an imminent threat of becoming so, and economically distressed communities.

In its housing and community development operations, DHCD gives a high priority to those customers – whether individuals, households or communities – with a limited capacity to reach desired goals. Providing households and communities access to the opportunities available in Virginia's expanding economy is an important component of the state's effort to sustain economic growth and development. DHCD has increased its efforts to serve the most vulnerable populations, such as those with special needs or at risk of or currently homeless. The Department also strives to serve populations that historically have been economically disadvantaged. It also promotes wealth-building activities such as the creation of homeownership opportunities. Investments in projects serving extremely low-income individuals and those with disabilities have been prioritized and receive additional consideration during the evaluation process.

The agency's efforts in building and fire regulations further buttress the efforts to assure the health and safety of all Virginians and the built environment. Toward this end, the emphasis on the standardization of building and fire code and regulatory provisions, including consistency in their interpretation and uniformity in their application, promotes and facilitates code compliance in building planning, design, and construction. This, in turn, results in expedited reviews of building documents, the timely issuance of building permits as well as prompt compliance inspections and occupancy approvals.

In keeping with its emphasis on enhancing opportunities for community development in Virginia's localities, the Department is maintaining its commitment to working with communities in identifying those areas of greatest need and assisting through its grant and loan programs in meeting those needs. DHCD is positioning itself to work with localities, non-profit organizations, and other partners in responding to specific areas of anticipated need, including; growing numbers of disabled, elderly, and homeless households that are creating a higher demand for housing with access to critical supportive services. Increases in the number of requests for assistance for home modifications are resulting from an increase in the elderly population that is attempting to remain independent.

**Customer Table**

| Predefined Group                         | User Defined Group  | Number Served Annually | Potential Number of Annual Customers | Projected Customer Trend |
|--|---|------------------------|--------------------------------------|--------------------------|
| Consumer                                 | Public Interest Groups and Citizens given information about: boundary change and local government, technical information related to building codes, manufactured housing and industrialized buildings | 50,000                 | 100,000                              | Stable                   |
| Contract Employee                        | Independent Third-Party Inspection Agents   | 635                    | 655                                  | Increase                 |
| Employer/ Business Owner                 | Designated Enterprise Zones   | 57                     | 57                                   | Stable                   |
| Employer/ Business Owner                 | Industrialized Building Manufacturers   | 132                    | 135                                  | Stable                   |
| Employer/ Business Owner                 | Internal Customers. Vendors, Central Agencies, Job Applicants, Conference Attendees   | 43,000                 | 60,000                               | Increase                 |
| Employer/ Business Owner                 | Manufactured Home Brokers   | 11                     | 15                                   | Stable                   |
| Employer/ Business Owner                 | Manufactured Home Manufacturers   | 32                     | 40                                   | Stable                   |
| Employer/ Business Owner                 | Manufactured Home Retailers   | 163                    | 190                                  | Stable                   |
| Employee                                 | Manufactured Home Salespersons  | 537                    | 600                                  | Stable                   |
| General Assembly                         | General Assembly Members  | 140                    | 140                                  | Stable                   |
| Governor                                 | Governor's Administration   | 25                     | 40                                   | Stable                   |
| Local Government Employee                | Code Enforcement Professionals holding BHCD Certificates  | 4,000                  | 5,250                                | Increase                 |
| Local or Regional Government Authorities | Building and Fire Jurisdictions   | 324                    | 324                                  | Stable                   |
| Local or Regional Government Authorities | Compliance Assurance Agencies   | 15                     | 35                                   | Stable                   |
| Local or Regional Government Authorities | Local Government  | 175                    | 324                                  | Stable                   |
| Local or Regional Government Authorities | Technical Assistance Recipients   | 8,000                  | 8,400                                | Stable                   |
| Low-Income                               | Homeless individuals and families (Households)  | 14,389                 | 22,572                               | Increase                 |
| Low-Income                               | Individuals and families at or below 125% of poverty (Households)   | 150                    | 473,750                              | Increase                 |
| Low-Income                               | Low-income disabled individuals and families requiring accessibility improvements (Households)  | 320                    | 859,088                              | Stable                   |
| Low-Income                               | Low-income elderly individuals living in housing units that need repairs (Housing Units)  | 30                     | 159,681                              | Stable                   |
| Low-Income                               | Low-income households living in units without complete indoor plumbing  | 175                    | 13,400                               | Decrease                 |
| Low-Income                               | Low-income individuals and families at risk of homelessness   | 2,279                  | 159,681                              | Stable                   |

|  |  |     |           |          |
|--|--|-----|-----------|----------|
| Non-Profit Agency (Boards/Foundations),  | Nonprofit Organizations  | 75  | 75        | Stable   |
| Organization                             | Continuum of Care Organizations, local planning groups and Community Housing Development Organizations (CHDOs) | 50  | 50        | Stable   |
| Organization                             | Major Trade Associations/Organizations   | 45  | 45        | Stable   |
| Organization                             | Planning Districts   | 21  | 21        | Stable   |
| State Agency(s),                         | Three-Judge Courts   | 8   | 45        | Stable   |
| Resident                                 | Virginia Homeowners  | 250 | 2,038,207 | Increase |
| Employer/ Business Owner                 | Community Business Launch  | 0   | 0         |          |
| Local or Regional Government Authorities | Distressed communities   | 36  | 36        | Stable   |

## Finance and Performance Management

### Finance

#### Financial Summary

The Department of Housing and Community Development's (DHCD's) budget for FY 2016 includes federal funds (82%), general fund support (17%), and special funds along with other non-general funds (1%) as per the provisions of the 2015 Virginia Acts of Assembly, Chapter 665. From its General Funds (GF), DHCD provides Housing Assistance and Homeless programs grants, Enterprise Zone grants, Indoor Plumbing Revitalization (IPR) assistance, and the Industrial Revitalization Fund (IRF). DHCD receives pass-thru funding for several entities and organizations including the 21 Planning District Commissions (PDCs), the Southeast Rural Community Assistance Project (SERCAP, formerly known as the Virginia Water Project), and the Center for Rural Virginia.

Note that the federal funds include a provision to accommodate approximately \$172.3 million in federal housing assistance to be paid in FY 2016 as a pass through to low-income housing providers through the medium of Performance Based Contract Administration (PBCA) funding that DHCD anticipated administering as the result of the award of a contract with the federal Department of Housing and Urban Development (HUD). However, because of recent litigation in the federal courts addressing its administrative procedures, HUD has receded from making new contract awards for this program. Thus, the date when or even if these funds, which represent over three-quarters of the federal trust funds included in the budget, would ever be available is uncertain.

#### Fund Sources

| Fund Code | Fund Name   | FY 2015      | FY 2016       |
|-----------|---|--------------|---------------|
| 0100      | General Fund                                      | \$43,952,071 | \$46,161,460  |
| 0200      | Special   | \$2,220,453  | \$2,220,453   |
| 0280      | Appropriated Indirect Cost Recoveries             | \$869,381    | \$869,381     |
| 0787      | Virginia Housing Trust Fund                       | \$0          | \$0           |
| 0925      | Va Manufactured Housing Transaction Recovery Fund | \$300,000    | \$300,000     |
| 0933      | Virginia Tax Check-Off For Housing Fund           | \$100,000    | \$100,000     |
| 0934      | Virginia Water Quality Improvement Fund           | \$0          | \$0           |
| 1000      | Federal Trust                                     | \$53,957,779 | \$226,234,885 |

#### Revenue Summary

The predominant source of revenue for the Department of Housing and Community Development (DHCD) comes from federal government programs that provide grants to non-entitlement localities and nonprofits that apply for and receive funding for qualifying housing and community development projects. The major federal grants received from the federal Department of Housing and Urban Development (HUD) include Community Development Block Grants (CDBG), HOME Investment Partnership Grants (HOME), Emergency Solutions Grants (ESG) and Housing for Persons with AIDS (HOPWA). DHCD is also able to use recycled funds derived from the Neighborhood Stabilization Program (NSP) to provide targeted grants countering the disproportionate effects of concentrated foreclosures in certain neighborhoods. Other federal fund sources include the Appalachian Regional Commission (ARC), the Department of Energy (DOE) and the Department of Health and Human Services (via a pass through arrangement with the Virginia Department of Social Services). DHCD also receives special funds derived from locally-collected building permit levies that are used to support training programs for local building and fire code enforcement personnel.

### Performance

#### Performance Highlights

DHCD works in collaboration with communities throughout the Commonwealth as part of its comprehensive approach to meeting the housing needs of: (1) the homeless; (2) those at risk of becoming homeless; (3) special needs populations; (4) individuals with HIV/AIDS and (5) those that could not otherwise afford decent housing. Each year, more than 30,000 persons are served by programs that prevent homelessness, shelter those who are homeless, move the homeless into permanent housing, offer supportive services to those with special needs including victims of domestic violence and assist low-income citizens in accessing decent, safe and affordable housing. If it were not for these programs, the safety and lives of thousands of individuals and families would be in jeopardy. The demand for housing assistance and homeless prevention and services increased during the recession and continues to remain high.

Despite the increased demand, the agency has been very effective in strategically aligning resources has changed its approach to homeless services programs. In FY 2013, approximately 60 percent of homeless services funding was targeted to rapid re-housing efforts. This is a nationally acclaimed best practice that quickly moves persons experiencing homelessness out of shelters and into permanent housing, with supportive services provided as appropriate. This approach has proven to be more cost efficient and more effective in moving people into stable housing more quickly. For FY 15, overall homelessness in the commonwealth remained fairly stable with a slight decrease. Veteran homelessness decreased by 1.6 percent and the number of families experiencing homelessness increased by 3.5 percent. This follows a significant decline (23%) in homelessness between 2010-2014.

The biennium budget for fiscal years 2015-16 allocated \$4,000,000 in the first year and \$4,000,000 in the second year to fund activities through the Virginia Housing Trust Fund. This follows the 2013-14 biennium budget which allocated \$8,000,000 to create the Virginia Housing Trust Fund. The Trust Fund is flexible, valuable resource which creates and preserves affordable housing and reduces homelessness in the commonwealth. The Fund is key to closing the financial gap for affordable, special needs housing projects, providing housing stabilization for homeless persons, assisting with predevelopment assistance to support long-term housing opportunities for the homeless, and support comprehensive neighborhood revitalization efforts. A study is currently underway to determine a dedicated source for the Trust Fund.

DHCD has also joined with VHDA, and the Departments of Behavioral Health and Developmental Services, Medical Assistance Services, and Aging and Rehabilitative Services to initiate an intensive community engagement collaborative to increase integrated community based housing with supportive services in the communities with the largest number of individuals impacted by the Department of Justice Settlement Agreement. The Housing and Supportive Services initiative is bringing together state partners and numerous local organizations to increase access and availability of integrated and independent housing options for individuals with an intellectual or developmental disability. Efforts are being made to break down policy barriers, align and seek new resources, and create local delivery networks.

For the past decade, DHCD has worked collaboratively with the communities of Southwest Virginia to leverage significant cultural and natural heritage assets for economic growth. The Southwest Virginia Cultural Heritage Foundation, created by the General Assembly and staffed by DHCD, provides leadership and oversight of this initiative. Through efforts such as The Crooked Road music trail, the Round the Mountain artisan organization, the Appalachian Spring outdoor recreation initiative and Heartwood: Southwest Virginia's Gateway the region has experienced a significant increase in tourism visitation and expenditures. In addition to showcasing the regions high quality of life, many of the regions small towns are enjoying a renaissance as revitalization efforts take hold. The Southwest Virginia Cultural Heritage Foundation and its related partners have become a significant economic force within the region.

The Enterprise Zone Program (EZ) continues to be a strong tool for economic development that provides grant incentives to businesses that create jobs and invest in qualifying real property improvements. Both the number of firms qualifying for job creation grants and the number of net new jobs created increased for calendar years 2012 and 2013.

**Selected Measures**

| Measure ID       | Measure   | Alternative Name  | Estimated Trend |
|------------------|---|---|-----------------|
| 16545801.001.001 | Number of households provided with new or improved affordable housing                                 | # of housing units improved                                 | Improving       |
| 16553410.001.001 | Number of new jobs created as a result of enterprise zone incentives.                                 | # of jobs created in E. Zones                               | Improving       |
| 16553410.001.002 | Amount of new private investment in distressed communities as a result of enterprise zone incentives. | \$ Private investment in E. Zones                           | Improving       |
| 16553301.001.002 | Amount of new private investment in distressed communities through community development activities.  | \$ Private investment attributable to community development | Improving       |
| 16553301.001.001 | Number of new jobs created through community development activities.                                  | # of jobs created attributable to community development     | Improving       |
| 165.0002         | Annual percentage reduction in the number of homeless persons.  | Annual % reduction in the # of homeless persons             | Worsening       |
| M165SA12006      | Dollar Cost of Jobs Created   | Annual cost of grants divided by the number of jobs created | Worsening       |

**Key Risk Factors**

It is likely that federal program resources will receive cuts in future years. Over the past two years, the Community Development Block Grant (CDBG) program has been cut by more than 21 percent, resulting in almost \$5 million less than in 2010 to invest in Virginia's communities, while the HOME program has been reduced by 48 percent over that same period; additional reductions to both HOME and CDBG are anticipated. As resources become scarcer, funding decisions will become more difficult and there will be an increased focus on leveraging additional funds to complete community projects. Collaboration among State agencies must be increased in order to use our shrinking resources more strategically. On a positive note, recent initiatives by the Commonwealth have allocated funds targeting distressed communities and to support overall community and economic development efforts, and these resources will be extremely beneficial and are hoped to yield significant positive outcomes. State provided funding to continue DHCD's very successful rapid re-housing program, a key component of the Commonwealth's plan to reduce homelessness, has been eliminated, which threatens the agency's ability to continue to attain the outcomes delivered in past years.

As the importance and significance of the cultural heritage initiatives increase, the Commonwealth must expand its support and commitment to these efforts. New state funded initiatives, including the Building Collaborative Communities and Industrial Revitalization Fund, along with the increased base budget for the Main Street program and a focus on helping communities and regions build entrepreneurial economies will continue to create new opportunities to spur economic development, particularly in distressed areas of the Commonwealth.

## Agency Statistics

### Statistics Summary

DHCD works with localities and federal and state partners to deliver programs to create safe, affordable, and prosperous communities throughout Virginia. The ultimate goal of DHCD programs is to improve the quality of life in Virginia communities. The statistics highlighted in the table below provide a snapshot of some of the impacts DHCD makes on lives and communities.

In addition to those statistics, DHCD continues to be recognized as a national leader in their programs to improve the quality of life in rural communities, with initiatives around heritage tourism and self-help programs leading the way. In Southwest Virginia, a grassroots, heritage-based movement overseen by the Southwest Virginia Cultural Heritage Foundation (SWVCHF), illustrates the transformative effect of this economic development strategy, with the Crooked Road Heritage Music Trail as an outstanding example of asset-based development approach. A recent Virginia Tourism study, reported that five of the 15 Virginia localities with the greatest increase in tourism expenditures since 2006 were located in Southwest Virginia.

The state has received national recognition for its innovative Self-Help Virginia program. Self-Help Virginia is a resource for small communities to meet the challenge of creating viable and affordable water and wastewater systems. The goal of the program is to utilize neighborhood talent, manpower and creativity to provide water and sewer services in areas where those services are difficult to provide through conventional means. Thanks to the collaborative effort among communities, local governments and state government through this program, more than 1,500 households have received water and/or sewer service. These projects represent an investment of over 140,000 person-hours of volunteer time and labor resulting in the installation of more than 145 miles of water pipe. The cumulative retail total of the construction completed to date is in excess of \$25,000,000 and has been completed for approximately \$10,000,000, or 40% of the conventional cost.

Virginia is one of seven states having a mandatory system of uniform statewide building and fire regulations enforced by both the state and local government entities and prohibiting local governments from adopting local amendments, with the limited exception of more restrictive local fire prevention ordinances. DHCD is a national leader in the education and training of code enforcement officials and technical assistance through the Jack A. Proctor Virginia Building Code Academy (JPVBCA). The training programs of several states are modeled after the exemplary JPVBCA. To provide uniform enforcement of the state building, fire, and related regulations, Virginia mandates certification of its code enforcement professionals, which is supported by education and examination, and maintained with periodic training and continuing education. This ensures a high level of knowledge, skill, competency, proficiency, and professionalism. The Insurance Institute for Business and Home Safety recently recognized Virginia as one of the top two east coast states for building safety. Virginia's uniform building code, its certification of code enforcement personnel and contractor licensing regulations all contributed to this ranking.

### Statistics Table

| Description   | Value  |
|---|--------|
| Households that received clean, safe drinking water through CD programs annually            | 7,500  |
| Jobs created through community economic development efforts                                 | 2,300  |
| Number of people served through homelessness prevention and supportive services annually    | 30,000 |
| Number of local government Jurisdictions receiving technical assistance                     | 324    |
| Number of code enforcement professionals receiving technical assistance                     | 4,000  |
| New private investment created through economic development programs annually (\$ Millions) | 200    |

## Management Discussion

### General Information About Ongoing Status of Agency

bolster housing, community, and economic development assistance to distressed communities.

**Economic Restructuring** – DHCD continues to provide technical assistance to communities that are struggling to adapt to the changing economy. Many of the state's rural communities relied on textile production, furniture manufacturing, coal mining, rail and other sectors that no longer sustain them. These communities are not only open to but are excited to pursue new opportunities by embracing, marketing and commodifying their unique and natural assets. These communities have a wide-range of assets (cultural heritage, natural heritage, outdoor recreation, festivals and events, etc.) that are a basis for attracting and supporting new business creation and job growth. This Economic Restructuring process supports efforts to establish a unified vision for future development and growth resulting in stronger and more diverse local economies.

**Southwest Virginia Cultural Heritage Foundation** - Efforts and investments progressing toward a regional economic restructuring have been underway for several years now. These efforts include a multi-faceted approach led through DHCD in partnership with localities across the region. The most significant traction has been centered on a cultural heritage movement overseen by the Southwest Virginia Cultural Heritage Foundation (SWVCHF). The SWVCHF was a critical step in organizing and coalescing Southwest Virginia's asset-based economic development efforts. The first phase of this movement began with the establishment and immediate success of The Crooked Road: Virginia's Heritage Music Trail; the total economic impact was assessed at \$23 million for 2008, generating approximately \$600,000 for the Commonwealth and local governments. Success associated with the launch of The Crooked Road inspired the artisan affiliate, 'Round the Mountain. A third component in this asset-based strategy opened in the summer of 2011, Heartwood: Southwest Virginia's Artisan Gateway. During its first full year of operation, Heartwood produced an estimated economic impact of \$8.0 million and supported 108 jobs in the region. This asset-based economic initiative has resulted in a total economic impact in excess of \$30 million to the region. Even more recently, the Appalachian Spring initiative has focused on promoting awareness of outdoor recreation opportunities in the region.

**Affordable Housing Resources** – There is a severe lack of affordable housing options and the need for resources to help address this shortage far exceeds the available resources. Curtailed federal funding has put increased pressure on remaining resources. The Commonwealth has historically focused state general fund support on addressing homelessness and as a result, dramatic reductions have been achieved. More recently, beginning in 2012, the General Assembly appropriated funding to establish the Virginia Housing Trust Fund, further bolstered in 2015 and 2016 with \$4 million in each respective year. DHCD has worked collaboratively with multiple stakeholders, including the Virginia Housing Development Authority, the Virginia Housing Coalition and the Virginia Coalition to End Homelessness to design and implement the Trust Fund. The Fund has been developed to align with the priorities outlined in the Governor's Housing Policy. At least 80 percent of the Trust Fund is to be used for low-interest loans to reduce the cost of homeownership and rental housing, while up to 20 percent may be used to provide grants for targeted efforts to reduce homelessness. To further support affordable housing and homeless reduction the General Assembly provided funding for the development of permanent supportive housing and assistance for rapid rehousing of the homeless. Of the \$1 million designated for rapid rehousing, \$500,000 is specifically targeted to serve veterans. While the framework has been codified for the Housing Trust Fund it should be noted that a dedicated stream of revenue has not been identified, so future funding is in question.

### **Information Technology**

DHCD is developing and implementing several technology projects that will increase customer access to agency services. The goal is to deliver applications and services that are available to customers of the Commonwealth at any time from any location via a centralized web portal. Systems have been deployed to give customers the ability to purchase manufactured housing licenses and seals. These systems have greatly reduced the turnaround time for customer delivery and have also improved internal staff operating efficiency through streamlined process improvements.

DHCD has also launched CAMS (Centralized Application and Management System) to provide additional customer service improvements and internal efficiencies. CAMS is a web-based portal to improve processes and data quality. CAMS allows DHCD staff to access centralized external customer contact information, review and process various applications and proposals from external customers and automate numerous project management functions such as financial management, reporting and data collection. The system allows DHCD's customers to submit electronically grant applications, reports, reimbursement requests, as well as monitor and manage their local programs using the same management tools as DHCD staff. CAMS has allowed DHCD to service its customers and stakeholders faster, with a higher quality of service and unparalleled governance of state and federal funds. The system, for the first time, links programs and services across all four Divisions within the Agency. Additional functionality improvements are planned and ongoing that will further upgrade both the user experience and the agency's internal processes.

Upgrades to existing systems are either underway or in planning stages for deployment in the near future. The training and certification web system is undergoing a framework upgrade to let the agency deploy user enhancements that will provide a more streamlined process for both the external customer and internal staff. New systems for the Human Resources unit, the Division of Building and Fire Regulation and the Commission on Local Government are also planned. A complete server operating system upgrade is also underway in order to meet end of life requirements set by VITA and to increase scalability and performance of those servers. A move from traditional file server architecture to a VITA enterprise solution is also currently underway. This will allow the agency to decommission a server and increase the cost effectiveness of its IT operations.

### **Workforce Development**

Twelve percent (12%) of DHCD employees are eligible to retire immediately and 26 percent are eligible to retire in the next five years. The obvious impact will be the loss of experience, specialized skills, and institutional knowledge. The need for effective succession planning will increase in the next several years as many of the agency's long term employees retire.

Although the agency has a mechanism for the retention of employees based on recognition rewards, human resources and agency management will need to evaluate other ways to retain employees--especially with over four generations active in the workforce at DHCD each with different

needs and motivations. Supporting teleworking and alternative work schedules has become increasingly important for the agency. Actively participating in professional organizations, obtaining and maintaining professional certifications are key factors for retaining those employees who want to excel and demonstrate their knowledge for upward mobility. Supporting these efforts is important to the agency's success in addressing new and emerging issues since 71% of the agency employees are over the age of 40.

Ongoing management training and professional development will continue to be enhanced and rewarded. Supervisory and management training is critical for the development of middle managers and the development of successful career ladders within the agency. The agency has implemented mandatory on-line training for all employees including managers and supervisors. However, this training is at a basic level and the agency and employees would benefit from the availability of more advanced manager and supervisory training.

### **Physical Plant**

DHCD has offices located in downtown Richmond and Abingdon, Virginia. In Richmond, the agency leases approximately 26,028 square feet in the Main Street Centre from the Virginia Department of General Services. Currently, ninety-one (91) DHCD employees have assigned offices in the Main Street Centre. This facility also provides meeting space that enables DHCD to convene meetings with our boards, customers and agency stakeholders.

The DHCD regional office located approximately 300 miles from Richmond in Abingdon helps the agency to provide better outreach and services to the citizens of Southern and Southwest Virginia. DHCD leases 1,160 square feet from a private property owner for a regional office located in Abingdon. Currently, five (5) DHCD employees work in our Abingdon field office for the Program Administration and Assistance Office (PAAO) within the Division of Community Development.

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