

2016-18 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 90 Salaried Employees, 2 Contracted Employees, 112 Authorized, and 4 Wage Employees.

Financials Budget FY 2017, \$115.15 million, 49.71% from the General Fund.

Trends Legend ↑ Increase, ↓ Decrease, → Steady

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

Productivity Legend ↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to 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, the private sector, state and federal agencies, and others, DHCD is working to improve the quality of life for Virginians.

DHCD invests more than \$105 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 to stimulate job creation, economic development and build community capacity and leadership, especially in economically distressed areas. 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.

The newly created Virginia Growth and Opportunity Board (GO Virginia Board) is staffed by DHCD. DHCD administers the GO Virginia programming and funding decisions of the GO Virginia Board. DHCD works with the nine GO Virginia Regional Councils and their support organizations to provide technical assistance and guidance to the regions as they build capacity through the development of the economic growth and diversification plans and apply to the GO Virginia Board for funding to implement transformative projects for their regions based on those plans. GO Virginia's main goal is to create in every region more higher paying jobs (above the median wage) through incentivized collaboration, primarily from out-of-state revenue, which diversify and strengthen the economy in every region.

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 focuses 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 serious mental illness and 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) regional economic development, (2) increased small business and entrepreneurial capacity (3) asset based economic development, (4) enhanced downtown/commercial revitalization, and (5) diversifying regional economies and creating higher paying jobs through incentivizing regional collaboration in planning and project implementation. 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. The agency also works with planning district commissions and GO Virginia Regional Councils to incentivize and encourage regional collaboration, economic diversification and transformative regional efforts that create more higher paying jobs.

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	Distressed communities	36	36	Stable

Local or Regional Government Authorities	Local Government	175	324	Stable
Local or Regional Government Authorities	Technical Assistance Recipients	8,000	8,400	Stable
Local or Regional Government Authorities	GO Virginia Regional Councils	9	9	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
Organization	Continuum of Care Organizations, local planning groups and Community Housing Development Organizations (CHDOs)	50	50	Stable
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	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	

Finance and Performance Management

Finance

Financial Summary

The Department of Housing and Community Development's (DHCD's) budget includes federal funds, general fund support, and special funds along with other non-general funds. From its General Funds (GF), DHCD provides Housing and Homeless Assistance program grants, Community Development and Revitalization grants, Enterprise Zone grants, Indoor Plumbing Revitalization (IPR) assistance, Growth and Opportunity (GO Virginia) capacity building and project support assistance, Virginia Telecommunications Initiative grants, Industrial Revitalization Fund (IRF) assistance and more. 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.

Fund Sources

Fund Code	Fund Name	FY 2017	FY 2018
0100	General Fund	\$57,242,823	\$81,001,245
0200	Special	\$2,220,453	\$2,220,453
0280	Appropriated Indirect Cost Recoveries	\$884,079	\$884,690
0726	Va Individual Development Acct Plus Trust Fd	\$150,000	\$150,000
0925	Va Manufactured Housing Transaction Recovery Fund	\$300,000	\$300,000
0933	Virginia Tax Check-Off For Housing Fund	\$100,000	\$100,000
1000	Federal Trust	\$54,249,781	\$69,249,781

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, DHCD serves these individuals 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 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.

Overall homelessness has decreased 10.7 percent since 2014 and homelessness among families has decreased by 16.5 percent. Over that same period, chronic homelessness has decreased by 22.3 percent and veteran homelessness has decreased by 16.9 percent. In November 2015, Virginia became the first state to functionally end veteran homelessness. These achievements follow the significant decline in homelessness between 2010-2014 of 23 percent.

The biennium budgets for fiscal years 2013-14 and 2015-16 allocated \$8,000,000 (\$4 million in each year) to create and fund the Virginia Housing Trust Fund. The biennium budget for 2017-18 increased this amount to \$11,000,000 (\$5.5 million per year). At least 80 percent of the Fund is to be used for short, medium and long-term loans to reduce the cost of homeownership and rental housing. Up to 20 percent of the Fund may be used to provide grants for targeted efforts to reduce homelessness. To date, Virginia has invested approximately \$12 million in Housing Trust Fund loan financing to create over 1,000 units of new or rehabilitated affordable housing. In addition, over \$2.5 million has been awarded to address homelessness through rapid re-housing, services for permanent supportive housing and pre-development of permanent supportive housing.

DHCD continues to partner 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.

The state budget directs DHCD to develop and implement strategies that may include potential Medicaid financing for housing individuals with serious mental illness. DHCD is partnering with other state agencies and stakeholders to come up with innovative solutions to expand supportive housing for people with serious mental illness. The work group will come forward with strategies before the next General Assembly session.

In January 2016, after a nearly two-year long and two phase application process which began in 2014, Virginia was awarded \$120,549,000 in CDBG-DR funds through the National Disaster Resiliency Competition. The National Disaster Resilience Competition was designed to promote risk assessment, stakeholder engagement, and resilience planning in communities where the risks of disaster are projected to increase substantially due to climate change. While the original application addressed many of the needs throughout the Hampton Roads area, the final selection consisted of the needs of the Ohio Creek Watershed Project Area within the City of Norfolk and a Regional Coastal Laboratory Accelerator Center (CRLAC).

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.

Community Development efforts continue to produce results for the Commonwealth. 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. The Virginia Main Street (VMS) program partnered with localities in the effort to revitalize Virginia's small and medium-sized downtowns by leveraging more than \$125 million in private investment in 1,158 building rehab projects that resulted in 1,756 net new jobs since 2014. The Governor has advocated for enhanced broadband deployment as central to both community and economic development. The first round of funding for the new Virginia Telecommunications Initiative was announced in March 2017 with 5 localities and their private sector partners awarded \$944,849. Seventeen applications totaling more than \$3.7 million in funding was received. DHCD continues to see strong demand for broadband expansion efforts moving forward.

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	Improving
M165SA12006	Dollar Cost of Jobs Created	Annual cost of grants divided by the number of jobs created	Improving

Key Risk Factors

It is likely that federal program resources will receive cuts in future years. 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 is a key component of the Commonwealth's plan to reduce homelessness.

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.

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.

GO Virginia – DHCD is implementing the Commonwealth's new signature initiative designed to grow and diversify the economy through regional collaboration. DHCD is implementing GO Virginia under the direction of the Virginia Growth and Opportunity Board and in partnership with the nine GO Virginia Regional Councils that are working with planning assistance to identify the best growth and diversification opportunities for their region and will then seek financial assistance to implement these strategies. GO Virginia capacity building grants, regional population-based grants and competitive regional grants are designed to help grow and diversify Virginia's economy and create higher paying jobs through state financial incentives for regional projects that encourage collaboration between private sector companies, workforce, education and government in each region. This initiative bolsters DHCD's efforts in housing, community development and regional collaboration through partnerships with new partners focused on economic development. Economic Growth and Diversification plans are being developed by each region which will provide the basis for per capita and competitive grants in FY 2018. DHCD is working with the GO Virginia Board to track statewide and region specific performance measure metrics.

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. Since the start of the Crooked Road in 2004, travel expenditures in the region have increased by 52 percent from \$648.9 million to \$985.8 million in 2025. Additionally, local tax revenues have increased by 40.2 percent and state tax revenues by 35.1 percent in the same period. 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. A \$3 million POWER award through the Appalachian Regional Commission in October 2016 is designed to build on the Appalachian Spring efforts to grow outdoor recreational tourism as a key sector.

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 continues to improve 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.

Workforce Development

A significant number of DHCD employees 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 and 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.

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.

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. Approximately 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. Approximately six (6) DHCD employees work in our Abingdon field office for the Program Administration and Assistance Office (PAAO) within the Division of Community Development.
