Opportunity Appalachia

Virginia Launch Event

March 2, 2022
Click here to view the recorded Webinar.

Passcode: 6^R@Qidk
Agenda

10:00-10:15 AM Welcome and Introductions
   • Shannon Blevins, Vice Chancellor for Administration, Government Relations & Strategic Initiatives
   • Dr. Tamarah Holmes, DHCD, Director, Office of Broadband
   • Donna Gambrell, Appalachian Community Capital

10:15-10:35 Overview of Opportunity Appalachia
   • Kathryn Coulter Rhodes, Rural Support Partners

10:35-10:50 Phase I Project Examples
   • Vaughan Furniture Building in Galax, VA and commentary from Craig Wilson, Planner AICP
   • Hotel Swisher in Somerset, OH and commentary from Mayor Tom Johnson

10:50-11:10 Keynote Speaker
   • Renee Haltom, Federal Reserve Bank of Richmond

11:10-11:40 Funders Discussion
   • Sara Williams, Tobacco Commission
   • Sandy Ratliff, Virginia Community Capital
   • Craig Barbrow, USDA
   • Bryan Phipps, People Inc.

11:40-12:00 Q&A and Closing
Opportunity Appalachia

BRINGING INVESTMENT TO CENTRAL APPALACHIAN COMMUNITIES, CREATING NEW JOBS AND BUSINESSES FOR SUSTAINABLE GROWTH
1. **Opportunity Appalachia Overview**
   - What, Who, Timeline

2. **Opportunity Appalachia Deep Dive**
   - Types of Projects
   - Who Should Apply
   - Types of Technical Assistance Provided
   - Matching & Pay it Forward Requirements
   - Investor Connections
   - Selection Criteria
   - Submission Deadline & Selection Announcements

3. **Submit Questions in the Q&A**
What is Opportunity Appalachia?

Purpose: Build strong and diverse local economies where local businesses thrive, quality jobs are created, and communities are supported to address the Covid downturn.

A $3M+ expanded program that will:

- Support 40 downtown & rural development real estate projects
  - 5-States: WV, OH, TN, NC, VA (Appalachian Counties)
- Provide $2.25M to fund direct technical assistance
  - $30,000 – $75,000 per project
  - Prepare projects for investment
- Raise over $400M of new investment for targeted communities
  - Investors Convening – Connecting with potential investors
Opportunity Appalachia Steering Committee
General Timeline

State-Level Launch Meetings
February & March

Apply
February 10th – April 15th

Projects Selection Announced
May 23rd

Receive TA
June 2023

Connect With Investors
2023

Information Opportunity Appalachia Webpage
What Types of Projects Supported?

**Downtown or Rural Development Real Estate Projects**

- That support broader community-identified plans or priorities
- The Project is investable: it has the ability to repay an investor’s principal and a rate of return

Investment priorities include projects focusing on
- Downtown development
- Manufacturing
- IT
- Healthcare
- Education
- Food Systems
- Clean Energy
- Heritage Tourism & Recreation
Phase 1 (2020-2021): 17 Projects

**Hotel Swisher, Somerset, OH.** $3.2M historic boutique hotel, 15 rooms in downtown, locally owned, supporting tourism and outdoor recreation in drivable ‘gateway’ community adjacent to metros. Project Sponsor: Village of Somerset. TA Team: The Clay Christensen Group, LOCUS, Schooley Caldwell, HVS.

**Cohen Building, Grafton, WV.** $10M redevelopment of historic downtown building for use by identified for-profit and non-profit tenants. Project Sponsor: Unleash Tygart, Inc. TA Team: People Incorporated Financial Services, Thrasher Engineering, CohnReznick.

**Vaughan Furniture Building, Galax, VA.** $92M redevelopment of historic downtown anchor building, to include 220,000 SF of residential, and 220,000 SF of retail, commercial, business incubator, and event space. Project Sponsor: City of Galax. TA Team: Summit Design and Engineering, Opportunity Virginia / LOCUS, National Main Street Center.

Full Project List @ Opportunity Appalachia Webpage (see chat)
Who Should Apply? (Types of Entities)

Organizations eligible to apply to participate include:

- For-profit Project Sponsors including developers and businesses
- Multi-county regions
- Counties
- Municipalities
- Economic and community development organizations (e.g. Main Street organizations)
- Other non-profit organizations
- Educational institutions
Who Should Apply? (Geographic Location)

All counties in the Appalachian portions of North Carolina, Tennessee, Ohio, Virginia, and West Virginia are eligible, except for ARC-designated Competitive and Attainment counties*

All Appalachian counties in VA are eligible EXCEPT Bath and Botetourt Counties

Prioritized Communities include:

- ARC-designated Distressed areas and At-Risk areas
- Persistent Poverty Communities (defined as any community (county or census track) that has had 20% or more of its population living in poverty over the last 30-year period)
- Rural communities – meeting any of the federal definitions
- Federal Opportunity Zones and New Markets Tax Credit census tracts
- ARC-designated Coal Impacted Communities (dependence, impact, or risk)

* Some exceptions exist thanks to availability of local funding. Check with State Partners
Types of Technical Support Provided

- Development of investment prospectus
- Market research, demand assessment
- Preparation of financial projections, structuring of project financing
- Architectural & engineering
- Business plan preparation, operations planning
- Identification of project developers
- Investor outreach
- Other types of assistance targeted at investment readiness
Who Provides the Technical Assistance?

1. Opportunity Appalachia (OA) Has 40+ Approved TA Providers
   - See Webpage of approved list of TA providers
2. Projects Can Identify Specific TA Providers
   - Part of the application
   - Provider needs to be vetted & approved

- $30,000 – $75,000 per project
- 6-12 month TA completion timeline

OA Continues To Seek TA Providers
TA Application Available on OA Webpage
Match Requirements & Pay It Forward

1. **Matching Support: Required $5,000**
   - Funding or In-kind

2. **Pay It Forward: Help Sustain Opportunity Appalachia**
   - Projects that successfully close on project financing within three years
   - Repay Opportunity Appalachia at **the lesser of either**:
     A. The total TA project grant amount provided by Opportunity Appalachia, or
     B. 1% of the project’s closed financing amount

For Example:
A project received $50,000 in TA support. The project closes on $1MM in financing in year 2.
This project will repay $10,000. Generally, rolled in as part of their financial closing.
- 1MM x 1% = $10,000 (is less than 50k)
Connecting with Investors

Dedicated Outreach by:
- Opportunity Appalachia
- TA teams

Investors Convening With:
- Project Representatives
- TA providers
- Investors
Investors

Public Loan Funds & Grantors

Opportunity Zone Investors

CDFI and Other Investor Partners

New Markets Tax Credits Investors

Bank Investors
What is the Project Selection Criteria?

1. Identified community strategy(ies) and engagement
2. Clearly Identified project(s) & vision
3. Community Impact
4. Capacity and Track Record
5. Suitability for investment
6. Identify existing community resources and identify gaps
7. Clean Energy focus
Submission Deadline & Project Selection

- **February 10** – Application is open.
  - *Online submission on Opportunity Appalachia website:*

- **April 15, 5pm EDT** – Application submission deadline.
- **May 23** – Selected OA projects announced.

- **Second Call for Applications This Fall** – Date TBD
For more information, please contact the lead partner in your state:

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For Application & More Information

The views and opinions expressed herein are those of the author. They do not represent an official position of the Federal Reserve Bank of Richmond or the Federal Reserve System.
But wait, why does the Fed care about rural?

1. Our “maximum employment” mandate
2. Community development mandate
3. A strategic focus of the Richmond Fed
What is the rural-urban divide?
The overall recovery looks good enough…

Source: Bureau of Labor Statistics/Haver Analytics
... but the jobs recovery is lagging

Nonfarm Payroll Employment
Millions of Persons

Source: Bureau of Labor Statistics/Haver Analytics
And aggregate numbers mask a lot of variation

Employment to Population Ratio (16 Years and Over)

- 24.7 - 40.0
- 40.1 - 50.0
- 50.1 - 55.0
- 55.1 - 60.0
- 60.1 - 75.1

Source: Census Bureau American Community Survey 2019 5-Year
Covid may have narrowed rural-urban gaps some

Source: Bureau of Labor Statistics Local Area Unemployment Statistics, Civilian Employment

Note: For the purposes of this map, “Pre-COVID-19” employment is equivalent to Feb. 2020 employment.
What’s behind the divide?
1. Education: Ed attainment lower in rural areas

Source: U.S. Census Bureau, 2019 ACS 5-Year Estimates

Percentage of Adult Population (25+) with a Bachelor's Degree or Higher

- 5.4% - 15%
- 15.1% - 25%
- 25.1% - 35%
- 35.1% - 55%
- 55.1% - 77.6%
Education matters for individuals, but also for regions

• Makes workers and firms more productive

• Makes the region more attractive to companies looking for talent

• Agglomeration economies: Evidence suggests all benefit from having more skilled workers around

Opportunity: Early childhood ed access; school quality; career pathways; funding
2. Connection to jobs

• Without access to jobs, people will leave or flounder

• Connection means:
  – Firms that are hiring rural residents (there or remotely)
  – Training/pathways to those jobs
  – Housing / Transportation / Broadband to access work

Opportunity: Fund connectors like Community Colleges; career pathways; infrastructure like broadband
3. Isolation (lack of density)

- Lack of density/scale to make institutions more viable
- Leads to deserts: broadband, banking, higher ed, food, health, child care, etc.
- Exacerbated where there is decline

Opportunity: Coordination to leverage funds; leadership; wraparound support
4. Participation in the labor force

Lots of things keeping people on the sidelines:
- Opioid addiction
- Disability
- Benefit cliffs (incentives to work)

Covid has made things worse
- Worsened existing problems – e.g. overdose deaths spiked
- Workers left unemployed / out of the labor force

Opportunity: Addition-to-work; mitigate benefits cliffs; retraining for workers; childcare for working parents
What can be done?

Series on rural innovations from our region:

Richmondfed.org/topics/Regional-differences/rural-communities
What’s a rural area to do?

No silver bullets, but what we see regions doing:

• Regional cooperation
• Play to strengths
• Tell a good story – create a sense of place
• Leadership / grit
• Long-term view
Rural areas are in a unique moment

- Trillions in government stimulus
- Broadband necessity no longer in question
- New attitudes toward remote work/living
- New attitudes toward quality of life
- Hot housing market pushing people outward

Events like Opportunity Appalachia are critical to helping communities access these opportunities and more.
Some Richmond Fed offerings

- We listen and learn (so keep inviting us back 😊)
- Research on smaller communities
  - Subscribe: RichmondFed.org/email (I recommend “Around our District”)
- Programming
  - Investment Connections
  - Benefits Cliffs
  - **Investing in Rural America conference**

Register today at RichmondFed.org

Audiences: Business Leaders, Community Advocates, Community Investors, Policymakers

**Investing in Rural America Conference**

- Wed., March 30, 2022
- 8 a.m. - 3:30 p.m.
- The Grandover Conference Center
- Greensboro, NC
Questions?

Renee.Haltom@rich.frb.org

... and thank you!

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