

Preserving Housing and Historic Structures: Introduction and Context

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Mission:

To be a strategic partner and advocate for sustainable community and economic development in Appalachia

Appalachian Regional Commission

- **13 states**
- **420 counties**
- **205,000 sq. miles**
- **25 million people**

Unique Regional Characteristics and Challenges:

- **Mountainous terrain and topography**
- **High unemployment/low education attainment**
- **Dependency on natural resource extraction**
- **ARC focus has been on roads, infrastructure, education and training, and economic development**

Federal-State-Local Partnerships

- **ARC is structured as a Federal-State Partnership**
- **Long-term focus on building network of local and sub-regional intermediaries that can support community and economic development:**
 - **CDFIs**
 - **Revolving loan funds**
 - **Venture funds**

ARC Capital Policy Initiative

- **New effort by ARC to address large challenge of capital and credit availability for business and economic development in the region**
- **Goals are to expand bank lending, attract new sources of equity capital, increase deal flow, and build local capacity of local/state intermediaries**
- **Assembling diverse private/public advisory group to help think through actions and strategies**

Housing and Historic Structures

- **Housing is fundamental to community success and prosperity – quality, availability and affordability**
- **Special long-term challenges in rural areas (homebuilder capacity, availability of rental housing, presence and quality of manufactured housing, etc)**
- **Built environment in Appalachia is older – need to focus on preservation, creative reuse, and rehab opportunities**

Tools for Housing and Historic Preservation

- **Affordable housing in U.S. is a locally delivered system driven by federal and state resources and incentives**
- **Developers are locally based for-profit and non-profit organizations, supported by local financial institutions**
- **Key resources are federal Low-income Housing Tax Credit, Historic Building Tax Credit, New Markets Tax Credit Programs, state tax credit programs, and various state, federal, and private programs to provide “gap” financing**

Critical Role for Financial Institutions

- **Community and economic development can't happen without bank participation**
- **In rural areas like Appalachia, community banks are only game in town**
- **CRA provides incentives for financial institution participation in housing and community development – Kentucky Bank is a role model**
- **Opportunities exist for collective action by community banks (affordable multi-family loan consortia, etc) – doing well and doing good**

System in Stress Today

- **Federal Low Income Housing Tax Credit Program weakened by shrinking investor base (e.g. large financial institutions) and underwriting challenges in weak economy**
- **Private homebuilding and multi-family industries at historic lows**
- **Banking sector facing re-capitalization issues limiting lending capacity**

But...Opportunities Exist and Will Increase in Future

- **Need to rebuild and re-supply the tool box**
- **Learn from examples and models like Oliver School and Kentucky Bank**
- **Build stronger system for the future**
- **Local and state initiative and action will be key in federal deficit reduction environment**