

SMALL TOWN DEVELOPMENT APPROACHES

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The Global Urban Economic Dialogue Series

Small Town Development Approaches

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FOREWORD



Urbanization is one of the most powerful, irreversible forces in the world. It is estimated that 93 percent of the future urban population growth will occur in the cities of Asia and Africa, and to a lesser extent, Latin America and the Caribbean.

We live in a new urban era with most of humanity now living in towns and cities.

Global poverty is moving into cities, mostly in developing countries, in a process we call the *urbanisation of poverty*.

The world's slums are growing and growing as are the global urban populations. Indeed, this is one of the greatest challenges we face in the new millennium.

The persistent problems of poverty and slums are in large part due to weak urban economies. Urban economic development is fundamental to UN-HABITAT's mandate. Cities act as engines of national economic development. Strong urban economies are essential for poverty reduction and

the provision of adequate housing, infrastructure, education, health, safety, and basic services.

The *Global Urban Economic Dialogue* series presented here is a platform for all sectors of the society to address urban economic development and particularly its contribution to addressing housing issues. This work carries many new ideas, solutions and innovative best practices from some of the world's leading urban thinkers and practitioners from international organisations, national governments, local authorities, the private sector, and civil society.

This series also gives us an interesting insight and deeper understanding of the wide range of urban economic development and human settlements development issues. It will serve UN member States well in their quest for better policies and strategies to address increasing global challenges in these areas

A handwritten signature in black ink, appearing to read 'Joan Clos', with a long, sweeping underline that extends to the right.

Joan Clos

Under-Secretary-General of the United Nations, Executive Director, UN-Habitat

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INTRODUCTION

From June 2006 to June 2007, researchers from the School of Government at the University of North Carolina at Chapel Hill identified, studied, and documented fifty case studies of small towns across the United States that are using a wide range of community and economic development strategies to advance their communities' vision for prosperity. The case studies are a response to demand, from local public officials, for examples of real communities facing challenges related to globalization, geographic isolation, urban sprawl, aging populations and natural disasters. Case studies were published in 2008 in a report entitled *Small Towns, Big Ideas: Case Studies in Small Town Community and Economic Development*.

This report is a subset of thirty case studies. Its focus is community economic development (CED), defined as action taken locally by a community to provide economic opportunities and to improve social, civic and environmental conditions in a sustainable way. That is, CED is a process through which communities initiate their own solutions to local problems. CED strategies create economic opportunities, but in a way that improves social, civic and environmental conditions. Finally, CED strategies tend to include some consideration for sustainability, or for building long-term community capacity to deal with future challenges and opportunities.

There are two reasons for the use of such a broad definition. First, a typical definition of economic development tends to narrow the scope of acceptable activities to those with direct (and measurable) economic outcomes. Jesse White, the former federal co-chair of the Appalachian Regional Commission, defines economic development as "activities that take place at the intersection of public policy and private commerce to create jobs, businesses, prosperity and wealth." Under this definition (and most others), the

explicit goal of economic development is to make measurable improvements to the economic health of a particular jurisdiction. Equity, or the distribution of economic benefits, is only implicit in most definitions of economic development. CED addresses equity explicitly because it is a process whereby a community realizes positive changes in each aspect of community life – economic, social, civic and environmental.

Second, small towns typically have limited resources and capacity, so their economic development activities tend to include a broad range of strategies, including those that might otherwise be considered community development or capacity-building. In small towns, strategies for dealing with housing, transportation or leadership development tend to be combined with more traditional economic development strategies as parts of a community's comprehensive development strategy. "Success" in community development tends to be harder to define and measure, compared with economic development outcomes, but is important nonetheless. The social, civic and environmental impacts of a community's CED strategy have tremendous bearing on the extent to which a community feels that it is successful. Excluding these impacts would sacrifice elements of success that small town leaders repeatedly said were important.

Methodology and case selection

This research was designed to be a broad qualitative assessment. It is not a study of best practices, which, as the term implies, ought to be subject to rigorous evaluation and replication. Rather, small towns were selected to provide the reader with exposure to a wide variety of strategies and tools at work across a range of local conditions. The selection of cases began with a key informant identification process, which resulted in a list of more than 150 small towns that were known,

either by word of mouth or in print, for success or innovation in CED. In addition to screening cases for geographic and strategic diversity, each case features a small town with fewer than 10,000 people in which a CED strategy (or strategies) is active and where CED activities are controlled locally. In other words, this report profiles cases in which local civic leaders played a major role in strategic decision-making.

Cases were screened for evidence that either the community's strategy was successful, in economic, social, civic and/or environmental terms or that the community's strategy represented CED innovation (first or early use of a particular practice) or was distinct (unique among the alternatives for addressing a particular problem) within the local context. For most cases, interviews were conducted in-person, over a one- to four-day visit to the community. For others, interviews were conducted over the telephone or by e-mail. Data collected during interviews were supplemented by newspaper articles, scholarly articles and other written content.

Case studies in this report are categorized by the primary development approach implemented by the small town. Towns were characterized as carrying out:

- Entrepreneurship and small enterprise incubation-based development
- Place-based development
- Human capital-based development
- Industry or manufacturing-based development

These categories are not, nor were they intended to be, mutually exclusive. For example, a community categorized as deploying an entrepreneurship strategy (Brevard, N.C., for example) might also have elements of human capital-based development. Communities were categorized based on their primary approach to development and categories are intended to give the reader a broad sample of examples from which to draw. towns are using creative programming to encourage the creation of small businesses that, in turn, hire local residents and invest in the local community.

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CASE STUDIES I: ENTREPRENEURSHIP AND SMALL ENTERPRISE INCUBATION-BASED DEVELOPMENT

This chapter includes case studies of small towns that are focused on entrepreneurship or small business incubation strategies. These towns are using creative programming to encourage the creation of small businesses that, in turn, hire local residents and invest in the local community.

BREVARD, NORTH CAROLINA

Brevard capitalizes on the economic value of retirees, and not just as consumers. Local retirees assemble an award-winning network of “consultants,” who support entrepreneurs and existing businesses with expertise from a vast array of business backgrounds.

	2000	2010	+/-
Population	6,643	7,609	13%
Per capita income	\$18,260	\$23,702	23%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Western North Carolina, USA (map)		
Distance to metro/micro-politan center	55 km to Asheville, N.C.		
Distance to major transportation corridor	48 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none">• Health care and social assistance• Retail trade• Accommodation and food services		

Brevard is tapping into the business expertise within its retiree population as a tool for supporting local entrepreneurship. Over the past 10 years, Brevard has become a hot spot for retirees; over 60 percent of newcomers are retired. In 2002, this small mountain town's economy hit a wall, though, with numerous plant closures and 2,200 job layoffs. At that time, the local economic development director turned to some of the retirees on his advisory board for help. Their suggestion: create a network of retirees to help new and existing businesses prosper and expand. The resulting Retiree Resource Network is a collection of over 65 retired businesspeople who provide top quality consulting and advising services to the entrepreneurs and businesses of Brevard and Transylvania County free of charge.

LOCATION AND HISTORY

Named for Dr. Ephraim Brevard, a Revolutionary War colonel, the city of Brevard is located in the mountains of western North Carolina. Brevard is the county seat of Transylvania County, which is rich in scenic beauty with over 250 waterfalls. In 2005, tourism generated nearly USD 70 million

in revenue for Transylvania County, and many of these tourists are now retiring in Brevard. While Brevard's tourism industry and population have been climbing, its economy faced serious challenges in 2002 when three large employers closed their doors. An x-ray film manufacturer owned by DuPont (600 employees), the Ecusta paper mill (1,200 employees) and a textile mill (300 employees) all closed in 2002, laying off a combined 2,200 workers.

APPROACH TO DEVELOPMENT

Given this challenge, the City worked with Transylvania County to assemble a network of retirees who provide a range of services to entrepreneurs and local small business owners. Initially, the network was just a few businessmen who met informally. After receiving Community Development Block Grant funding, the county economic development office was able to hire a permanent network coordinator, who set to work getting out information about the new program. Tapping his own social networks and those of others, the coordinator began building a database of retired businesspeople. These personal

invitations were critical to the growth of the network, now 68 people strong, and the list of consultants reads like a “Who’s Who.” “We have people with every kind of business experience you can imagine,” said the coordinator, “from human resources to engineering to marketing, finance and accounting. Many have experience with top corporations and Fortune 500 companies.”

With the database growing, the coordinator set up the consultation process for prospective clients. The process begins when a local entrepreneur or existing business owner contacts the coordinator, who then schedules a visit and assesses the business issue at hand. Afterward, he uses this information to select the person with the most relevant experience from his pool of consultants. At this point, the business owner and consultant are introduced to each other and begin working together.

Since forming in 2004, Retiree Resource Network members have met with over 25 local businesses, new start-ups and firms relocating into the county. The president of one company, Solid Surface Arts, was looking to expand his business when he contacted the network. “We needed someone to help with hiring issues,” he said. “the coordinator assigned me a former human resources manager from Motorola who rolled his sleeves up and shared his former company’s hiring and review techniques. Without his help, I would have had to pay top dollar for a consultant and never could have afforded it. The network is invaluable to every small business in this community.” The guidance seems to have worked out well. According to the mayor, the Retiree Resource Network is a “terrific use of available

resources” and is equipping new and existing business owners with the skills to flourish in the 21st century.

KEY THEMES AND LESSONS

- ***Entrepreneurs need direct, customized assistance.*** This story demonstrates that small towns should seek innovative ways to provide individualized assistance to local entrepreneurs. General business training for entrepreneurs is a worthy first step in a local support strategy. Going beyond general issues into specific challenges facing a range of entrepreneurs is where small town leaders can add maximum value to their efforts. Every entrepreneur is different, and their needs vary enormously. Direct, customized assistance provided by Brevard’s Retiree Resource Network is one way to move local entrepreneurs toward being engines for job creation.
- ***Retirees in small towns can be economic development assets.*** Brevard provides an excellent example of how retirees can be active in community life and economic development efforts. Often these retirees bring a professional expertise not common in small towns. In an era of global competition, such expertise is potentially invaluable to small town entrepreneurs. Small town leaders, especially those in towns receiving an influx of retirees, can look for ways to leverage the combined expertise of their new residents for community benefit. Brevard and Transylvania County have taken their local retiree network to the next level and are using the network as a differentiating service when marketing their community to new businesses.

DILLSBORO, NORTH CAROLINA

Dillsboro turned an environmental pollutant into an economic asset by converting landfill methane gas into energy to power local artists' studios at the Jackson County Green Energy Park. The results include new businesses and jobs for the community.

	2000	2010	+/-
Population	206	232	11%
Per capita income	\$14,400	\$24,632	23%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Western North Carolina, USA (map)		
Distance to metro/micro-politan center	81 km to Asheville, N.C.		
Distance to major transportation corridor	48 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Arts, entertainment, and recreation, and accommodation and food services • Public administration 		

Located in the rural community of Dillsboro, the Jackson County Green Energy Park is using methane gas from a nearby landfill to power the studios of local artisans and small business entrepreneurs. Faced with migrating methane gas from the landfill, town and county officials decided to go beyond complying with environmental regulations by harnessing the gas to power small businesses. Since opening in 2006, the park has become home to a biodiesel refinery, three professional blacksmith studios and a series of greenhouse businesses. When completed, the park will create 20 to 25 jobs and provide opportunities for artisans and small business entrepreneurs to hone their skills at minimal cost.

LOCATION AND HISTORY

Dillsboro is a railroad town situated just on the edge of the Great Smoky Mountain National Park in western North Carolina. Southern Railway constructed a railroad through town in the 1880s, which led clusters of general supply businesses to spring up in Dillsboro. The railroad also brought

tourists to town, as people from across the region came to experience the cool summers and Smoky Mountain scenery.

Over the years, Dillsboro and Jackson County have continued to build on their tourism assets by showcasing the rich cultural heritage of the area. Like most rural counties, Jackson County has a small landfill. Located on the outskirts of Dillsboro, the Jackson County landfill and trash-transfer site was closed in 1996. Within a couple of years, however, county officials were notified that methane gas from the landfill was escaping, or migrating, into the atmosphere and that the site was in violation of federal environmental regulations.

APPROACH TO DEVELOPMENT

A model solution was found just a few counties away, where the Energy Xchange Renewable Energy Center in Yancey County used methane gas to power the shops of local artisans. Local leaders discovered that a similar park could be built in Dillsboro. Most importantly, it could be done

for approximately the same cost as exhausting the gas (which would have been required absent another solution). All told, leaders estimated the park would cost around USD 1 million dollars and, with approval from the commissioners, set out to construct the Jackson County Green Energy Park.

Grant money from the Golden LEAF Foundation, North Carolina Rural Center and U.S. Department of Agriculture enabled the county to begin cleaning up the site and designing the park. In 2005, the county hired a project manager. By 2006, construction was underway and engineers had designed a means for converting methane gas into energy for the greenhouse and 10 studios that would make up the park. In October of 2006, the first artisan, a master blacksmith from Dillsboro, began operating out of the park.

To fill the remaining spots, the mayor assembled a committee to advertise and select participants from throughout the region and nation. Each participant is allotted a three-year residency and receives technical assistance and free energy during his or her tenure. “Through the program, participants delay expensive start-up costs,” a local leader said. “Often those expenses are the biggest barrier for artisans to overcome.” During the first year of the residency, participants work on their business plan with assistance from the local community college. By the second year, artisans are required to post their goods in retail locations throughout the region. Finally, in the third year, artisans begin looking for new studio space, either in the county or elsewhere. Jackson County officials believe that by the third year, participants will have saved enough money from the previous two years to make the transition fairly easy.

Some of the newly established businesses in the park have had strong initial success. Recently, a biodiesel manufacturer located in the park and is producing fuel for Jackson County government and Cherokee Tribal vehicles. Once the park is completed, leaders estimate that nearly 25 jobs will have been created. By supporting a creative strategy to turn a liability into an asset, Dillsboro is bolstering its cultural heritage tourism niche and paving the way for a more sustainable future.

KEY THEMES OR LESSONS

- ***When facing a challenge, look for a similarly situated community to serve as a mentor.*** Jackson County was not the first county to face an issue with methane gas migrating from its landfill. In response, local officials looked outside their community for help and guidance. In the community next door, they found that Yancey County had solved a similar methane gas problem by turning the methane into an energy source for a business park. This example sparked the initial idea for Jackson County’s park and also gave officials insight into the difficulties Yancey County had to overcome. Jackson County was about to avoid pitfalls and build upon, reshape and improve the example provided by Yancey County.
- ***Use environmental concerns as levers for economic development strategies.*** Typically, environmental regulations are perceived as burdens on a town budget. In this case, the town looked beyond the regulation to see how it might comply while also creating jobs and raising incomes. Further, in creating the Green Energy Park, officials spent about the same amount of money as they would have to merely comply with environmental regulations. In the process, Jackson County and Dillsboro linked their solution to the community’s heritage tourism strategy.

FAIRFIELD, IOWA

After losing Parsons College, the town’s economic anchor, civic leaders in Fairfield take a risk and sell the campus to an alternative California university. The leads to unique town-gown relations and ultimately plays a role in Fairfield’s rich diversity, strong civic infrastructure and pioneering entrepreneurial networks.

	2000	2010	+/-
Population	9,500	9,464	-.4%
Per capita income	\$19,700	\$21,385	8%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, Iowa)	\$27,285	\$38,084	28%
Location	Southeastern Iowa, USA (map)		
Distance to metro/micro-politan center	100 km to Iowa City, Iowa		
Distance to major transportation corridor	97 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Professional, scientific, and management, and administrative and waste management services • Retail trade 		

Over the past decade Fairfield has become recognized as one of the nation’s most entrepreneurial small towns. In 2003, the National Center for Small Communities named Fairfield the top entrepreneurial small city in America by awarding it the inaugural Grass Roots Entrepreneurship Award. In response to a question about how to overcome the disadvantage of a remote location, the former president of the Fairfield Entrepreneurs Association responded, “Easy, you return to your entrepreneurial roots and you focus on establishing entrepreneurial networks and relationships.” This, in essence, has been Fairfield’s strategy. The results include 2,000 new jobs, USD 250 million in new investment and the creation of a civic infrastructure that rivals that of large cities.

LOCATION AND HISTORY

Fairfield is located in an abundant agricultural region in southeastern Iowa. Fairfield has always been at a busy crossroads where innovation and

entrepreneurship flourished. William Loudon, one of Fairfield’s early entrepreneurs, designed and manufactured the first manure spreader, the first modern dairy barn and the first ceiling-suspended, single-track rail system. Over the last 100 years, Loudon Machine Works built and occupied 23 facilities across Fairfield (although production has since moved away). Around the same time that Loudon was experimenting with manure spreaders, one of his contemporaries -- A.K. Harper -- was selling sewing needles door to door throughout southeastern Iowa. In 2004, Harper Brush, with its headquarters in Fairfield, generated USD 60 million in revenue.

Given its rural location, first-time visitors are immediately struck by Fairfield’s lushness and vibrancy. This small Midwestern town, where community theater and artistic expression flourish, is home to 55 restaurants that include Chinese, Indian, Thai, Mexican, French and American cuisine. The main downtown square,

fully occupied by thriving local retailers, art galleries, coffee shops and restaurants, surrounds an open park with an old-fashioned gazebo in the center. On any given weekend, the square may be filled with people inspecting produce at the farmer's market, speaking with local artists or enjoying live music.

APPROACH TO DEVELOPMENT

Fairfield's development strategy is to support entrepreneurship and the expansion of small business by facilitating the creation of networks among entrepreneurs. The goal of Fairfield's strategy, which was officially initiated in 1989, is to link entrepreneurs with a community of colleagues and to provide them with support, through various public programs, for establishing and expanding their businesses. The strategy is almost entirely volunteer driven and is supported by two main organizations: the Fairfield Entrepreneurs Association and the Fairfield Economic Development Association.

Fairfield is an example of a small community that has moved well beyond industrial recruitment. "It's not that we haven't tried to attract big manufacturing plants to Fairfield, because we have," according to the vice president of Iowa State Bank. "The bottom line is that strategy hasn't worked for us, and we've had to move on." Now, rather than providing incentives to lure major employers, resources are devoted to building a civic infrastructure that values and supports small businesses and entrepreneurship.

Fairfield's 10-year strategic plan, completed in 2003, established a series of goals for expanding the town's dynamic economy, including "to enhance business and job opportunities arising from our economic base" and "to create an economic environment that nourishes innovative business development." These goals reflect a choice that civic leaders have reaffirmed: to focus on building an economy from the town's existing economic assets and its reputation as being entrepreneur-friendly, as opposed to recruiting investment on the basis of low-cost inputs.

Fairfield's strategy is supported by two organizations with overlapping membership: the developers association and entrepreneurs association. According to the leaders from each organization, the two groups work hand in hand in their mutual dedication to helping entrepreneurs and local businesses prosper and expand. The main objective of the entrepreneurs group is to create networks among entrepreneurs. This networking activity is supported by programs and resources housed within developers group.

Even under the best circumstances, entrepreneurship can be an isolating activity. In 1989 a group of successful entrepreneurs launched the Fairfield Entrepreneurs Association to provide more support to early-stage companies and increase their survival rate. Every month, the group sponsors one or two workshops, which are broadcast on public access television. The association also matches successful business entrepreneurs with early-stage entrepreneurs and hosts conferences and boot camps that attract investors from all over the country. One of the founders and the former president of the group, described the process as allowing individual entrepreneurs to "tap into the collective wisdom and experience of a variety of other businesses." Local restaurants and coffee shops sponsor association events with meeting space and in-kind food donations.

The entrepreneurs association is a volunteer organization that has operated on less than USD 50,000 since its formation. On average, it spends approximately USD 3,000 annually for promotion and educational programs. In addition to holding networking events, it operates a revitalization loan program, an entrepreneur relocation program and an entrepreneur-of-the-year award program. The loan program is part of a partnership among the entrepreneurs association, the developers association, the Chamber of Commerce and several local banks. Local businesses are eligible for up to USD 100,000 for major capital purchases such as real estate, remodeling, equipment and expansions. A relatively new initiative, the relocation program is

designed to attract early-stage entrepreneurs to Fairfield by offering discounts on rents and telecommunications, training and access to capital. The association also convenes an angel investor roundtable, which is made up of successful business entrepreneurs looking to reinvest in local companies. Start-up entrepreneurs are given the opportunity to present their business ideas and solicit financing from local investors.

While the entrepreneurs association provides entrepreneurs with more soft-touch support, the Fairfield Economic Developers Association supports small-business entrepreneurs by facilitating financing for expansions/relocations, linking them with vacant manufacturing facilities and providing incubator space. With an annual budget of approximately USD 75,000 and a professional staff of 1.5, the developers association administers state development programs, including the state's brownfield redevelopment program and an economic development grant and loan program.

The outcomes of Fairfield's strategy include more than USD 250 million invested in start-up companies since 1990, which is one-third of Iowa's overall venture capital investment; 2,000 new jobs created since 1990; and USD 8 million invested in new construction per year since 1990.

KEY THEMES OR LESSONS

- ***Build an economy from a community's existing assets.*** Fairfield's priorities are aligned with the practical realities of small-town rural America. Fairfield does not compete on the basis of having the cheapest labor and location. Fairfield took a very broad view of its assets, which include small-town character and work ethic, an entrepreneurial culture, civic amenities that rival those in big cities and a reputation for being entrepreneur-friendly. Fairfield proves that a focus on building from the community's existing assets is a valid (albeit long-term) strategy.
- ***Community development propagates economic development and vice versa.*** Traditionally, community development is viewed as the creation of infrastructure (largely by the public sector), and economic development is viewed as the creation of jobs and investment (largely by the private sector). When the two are viewed as having similar ends, synergies can raise a community's standard of living beyond what would have been possible otherwise. By viewing economic and community development as one and the same, Fairfield has created a cultural infrastructure that helps to retain and energize entrepreneurs. Job opportunities increase and the tax base expands in tandem with the creation of recreational, cultural and civic amenities.
- ***Small-town location as a competitive advantage.*** The perception, whether warranted or not, is that businesses located in small-town rural locations carry a moral and ethical standard above their urban competitors. Businesses in Fairfield have exploited this perception to their competitive advantage. "We are geographically challenged," one local business leader said. "There isn't a lot of credibility to having a creative advertising agency outside New York, Chicago, Los Angeles, Minneapolis or Atlanta. However, people perceive Fairfield, with its Midwestern values, as being morally superior to urban areas." Some business leaders have turned this perception into a competitive advantage.

NELSONVILLE, OHIO

Civic leaders in this historic coal mining community subsidize downtown storefront rent for entrepreneurs and artist-retailers. Over a period of five years, artists clean up downtown storefronts and bring the town’s downtown square back into economic productivity.

	2000	2010	+/-
Population	5,230	5,392	3%
Per capita income	\$11,600	\$12,081	4%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Ohio)	\$28,695	\$36,180	21%
Location	Southeastern Ohio, USA (map)		
Distance to metro/micro-politan center	19 km to Athens, Ohio		
Distance to major transportation corridor	80 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Arts, entertainment, and recreation, and accommodation and food services • Arts, entertainment, and recreation, and accommodation and food services • Retail trade 		

From 2001 to 2006, Nelsonville’s town center square went from desolate storefronts to a bustling artists’ community with the help of subsidized rent for entrepreneurs and artist retailers. The town’s historic architecture, anchored by the turn-of-the-century Stuarts Opera House, has been rehabilitated and brought back into productive existence. Coffee shops, restaurants and other social gathering places resonate with community activity. This contrasts with several years ago, when the downtown occupancy rate was 25 percent and buildings were crumbling. “Nelsonville is reinvigorating itself,” one long-time resident said.

LOCATION AND HISTORY

Nestled in the foothills of southeastern Ohio, Nelsonville is a small town with many assets. The town is surrounded by thousands of acres of national and state forestland that attract millions of visitors annually. Nelsonville’s largest employer is Hocking College, a two-year college with an international

student body located on the outskirts of town. Hocking and Ohio University (12 miles away in Athens) have a significant influence on the civic, social and economic infrastructure of Nelsonville. The town’s historic square is framed by buildings with stunning Victorian facades that, ironically, have been preserved through decades of neglect (there was never enough investment to tear them down or to renovate them in more contemporary styles).

At the turn of the 20th century, Nelsonville was the hub of the region’s coal industry. In 1910, an average of a million dollars worth of coal passed through Nelsonville every day. The wealth and affluence that characterized Nelsonville in the early 1900s helped create a picturesque downtown square. The downtown anchor was the Stuarts Opera House. Built with local handmade clay, it housed performances from 1879 to 1925, a period of nearly 50 years. Sadly, the collapse of the region’s coal industry and the economic depression of the

1930s were major contributors to the economic and cultural demise of Nelsonville. But, crucially, the physical infrastructure remained. Today Nelsonville has 420 sites on the National Historic Register.

APPROACH TO DEVELOPMENT

The revitalization of Nelsonville's downtown square is partially attributable to a strategy of subsidizing rent for entrepreneurs and artist retailers. In exchange for rent support, artists have been required to invest their sweat equity into rehabilitating storefront spaces. As the appearance of storefronts has improved and downtown activity has increased, others have taken note. "The artists on the downtown square, with their energy and creative enterprises, are making property much more attractive to outside investors," said one real estate agent.

Nelsonville's strategy was not initiated or driven by elected or other public officials, but rather developed and evolved somewhat organically. In fact, the city council was firmly opposed to investing in this kind of development, preferring instead to focus on industrial recruitment. The financial resources for Nelsonville's strategy came from Hocking College, private donations and a small grant from the state arts council.

The initial catalyst for Nelsonville's strategy was the Foothills School for American Crafts, which moved into a downtown storefront in 2000. Foothills School was an outgrowth of the creativity emanating from Ohio University and Hocking College. The school teaches craft skills to students of all ages and supplements this instruction with lessons in business management and lifestyle skills to help artists cope while building an artistic enterprise. The Foothills School created positive activity downtown, which led a group of civic leaders to see the value of an economic development strategy based on creative enterprise.

Once they saw and understood the potential value in leveraging local assets and the creative economy, a group of civic leaders came together in an ad hoc manner to initiate Nelsonville's strategy of attracting artists by subsidizing their rent for downtown spaces. This group included many owners of downtown real estate. According to one

prominent Nelsonville resident, "If you don't like the way things are, then you have to go cut the grass yourself." This seems an apt metaphor for how Nelsonville's strategy evolved.

Since 2000, artists have been quietly moving into vacant storefronts and a bustling arts community has given new life to buildings where oiled floors and tin ceilings and walls are commonplace. Following on the heels of the Foothills School, Starbrick Clay (gallery and pottery classes) moved downtown and rehabilitated a Victorian storefront. Hocking College now offers classes for credit in this location.

Between 2002 and 2006, the civic entrepreneurs who provided the initial support for artist retailers went further to identify ways to boost local commerce. For example, one group helped raise funds for a marketing brochure that is distributed to tourism agencies throughout the region. The downtown artist retailers worked with town officials to get better signage to draw visitors from the highway that passes through town. The town also developed a logo based on its heritage as a famous brick producing region in the early 1900s. A concerted effort is now being made to highlight the Nelsonville Starbrick motif.

Nelsonville's approach to development has resulted in downtown occupancy rates increasing from 25 percent to 85 percent in four years. The Nelsonville public square was recently added to the National Register of Historic Places. In 2005, local elections led to a major shift in the city council. As of today, new public leadership is establishing itself in Nelsonville. According to the director of the local Rotary Club, volunteerism and participation in civic life are on the rise.

KEY THEMES OR LESSONS

- ***A community of artists can reinvigorate a dilapidated downtown.*** Subsidies for artist retailers catalyzed downtown development. The development of the arts community created activity in Nelsonville's downtown square. This activity has been a means to attract higher value development projects. The presence of art studios and creative energy attracted local

and regional investment into a new coffee shop and restaurant. Downtown real estate values are climbing. As the downtown artist-retailers increase their revenues, the initial subsidies that the town offered are being repealed.

- **Artist-driven development can help a small town attract tourists.** Not only have artistic activities created economic activity and helped to maintain historic buildings, but they are recreating Nelsonville’s regional reputation. The arts community has put together a Final Fridays event to showcase local artists, which is held every month and has received substantial press coverage as far away as Cincinnati and Lexington. This level of positive publicity would cost thousands of dollars in paid advertising.

Additionally, the Stuarts Opera House, with its historic character and performance lineup, attracts visitors from distant locations. As with tourism in general, enticing people to visit a community is a vital step in revitalization because visitors have the potential to become new home and business owners.

- **Small groups of committed residents can jump-start development in small towns.** The arts community in Nelsonville was the outgrowth of small, informal, grassroots groups of collaborators who refused to see their town die. They did not wait for elected officials. They partnered with property owners and other residents with the means to activate their strategy.

ORD, NEBRASKA

In the face of dramatic population decline and the loss of manufacturing and agricultural employment opportunities, Ord builds local capacity to pursue its four pillars of community economic development: youth outreach, leadership development, philanthropy and entrepreneurship.

	2000	2010	+/-
Population	2,300	2,112	-9%
Per capita income	\$15,340	\$21,285	28%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Nebraska)	\$28,590	\$39,674	28%
Location	North central Nebraska, USA (map)		
Distance to metro/micro-politan center	265 km to Lincoln, Nebraska		
Distance to major transportation corridor	113 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Retail trade • Other services, except public administration 		

In 2005 Ord was honored as the governor of Nebraska’s Showcase Community. Ord was the first community in Nebraska to become a state-certified community for economic development, and it has been featured in The

New York Times and the Kellogg Foundation annual report. “This community has done an amazing job of selling itself and all that it has to offer,” the Governor said. “Ord’s mix of strong local leadership, an active business community

and an ability to make use of available resources to meet development goals has been particularly impressive. This is an example of how a coherent vision for economic development can pay dividends in terms of helping to attract new jobs to a community.”

LOCATION AND HISTORY

Ord, the county seat of Valley County, is a small rural town in central Nebraska. It sits along the Loup River and is the quintessential Midwestern small town, surrounded by hundreds of miles of rich agricultural land and grain elevators. Ord grew along the rail lines. In 1874, land was purchased from the Burlington and Missouri River Railroad Co. to establish the town of Ord. At a time when violence between settlers and Native Americans was common, Ord was protected by Fort Hartsuff, 10 miles to the north. Given its proximity to the fort and the railroads connecting it to the outside world, Ord prospered as a market for farmers selling their produce and as a regional hub for commerce. The population grew steadily throughout its first 100 years. Recently, a massive ethanol production facility was constructed nearby.

In 2000, the challenges facing leaders in Ord included a 10 percent population loss for the preceding decade. This drop in population was due primarily to the loss of manufacturing and agricultural employment opportunities. Such a population loss in a small town creates serious financial implications. The local school district receives state funding based on the number of students enrolled. Every student in the system translates into USD 7,500 per year from the state. Every student lost is a net drain on the school system. In 2000 Ord’s most pressing challenge was to stabilize its population.

APPROACH TO DEVELOPMENT

In early 2001, Ord put in place two tools that catalyzed the community’s turn-around. First, the City of Ord and Valley County, in partnership with the Chamber of Commerce, worked out an interlocal agreement under which the three entities committed to work together and to share the costs of and revenues

from community and economic development. The city, county and chamber each agreed to contribute USD 15,000 per year for a three-year contract to build a cohesive program. Second, residents passed a 1-cent local option sales tax for economic development. Revenue from this tax could be used for business loans and other incentives or leveraged as matching monies for grant funding.

Given these two important tools, Ord has taken a multifaceted approach to economic development. In a nutshell, Ord has professionalized and diversified economic development. This strategy begins in the schools, where local leaders have been active in creating curricula and programs in entrepreneurship and business development. Ord links the generations together (ages 18 to 72) through a nine-month local leadership development program called Leadership Quest. The town is building a community endowment by tapping into the wealth transfer from land-rich farmers, the interest from which is being used to finance economic development projects. Thanks to a growing revenue stream from the local option sales tax, the town staffed an economic development office that markets the area to outsiders, works with existing small businesses and entrepreneurs, and attracts new industries into the town.

As mentioned above, Ord’s economic development strategy rests on four pillars. The first of these is outreach to youth, the roots of any community’s long-term economic vitality. The local high school curriculum features classes in personal finance, business law and entrepreneurship. The entrepreneurship course includes a project in which students develop business plans and conduct analyses of market conditions in Ord (so they can determine whether the local market would sustain a particular business idea). According to one resident involved in the project, “Kids are taken completely through a business cycle. They are taught about entrepreneurship, they’re allowed to select their own project, they write a business plan, they have a banker counsel with them, they

develop the project and learn about marketing, they cut their own spots for the radio, they have a business fair, and they make money.” Training in entrepreneurship and opportunity analysis provides a solid foundation for Ord’s future leaders.

Second, Leadership Quest is the leadership development component of Ord’s economic development strategy. Leadership Quest is a nine-month class that helps participants to develop interpersonal and conflict management skills. Topics covered include policy making, business and public service. Participants range in age from high school students to retirees. There is a strong focus on learning how to identify individual personality traits and work around differences.

The third pillar of Ord’s economic development strategy involves philanthropy. To get as many residents as possible involved in philanthropy, Ord established a community endowment and a founders’ club. Momentum for building the endowment was generated by an initial USD 1.2 million gift from a pair of local residents. Interest earned on the endowment is being used to finance community and economic development projects. The fund is managed by the Nebraska Community Foundation, and the Valley County Economic Development Board awards grants from the endowment. Among other things, earnings from the endowment are used to provide relocation assistance as an incentive to attract young professionals to Ord. Ord’s founders’ club requires a minimum donation of USD 1,000. Ord’s original goal was to get 47 local residents into the club, but the tally is now up to 65.

The fourth and final pillar is entrepreneurship. In addition to the youth entrepreneurship component, the Chamber of Commerce put together a community resource team made up of lenders, accountants and attorneys who provide one hour of free service to small business owners and entrepreneurs.

Ord is also extremely active in marketing, small business support and business recruitment

efforts. In 2007, the town’s collaborative energy and ample water supply attracted the attention of a company seeking a location for a USD 75 million dry mill ethanol plant. The town markets itself to outsiders as well as to natives who have moved away. The Valley County Youth Initiative is an effort to stay in close contact with high school alumni as they attend college and keep them informed about job openings, business ownership opportunities and various community improvements.

Several outcomes that can be attributed to Ord’s approach over a three to five year period include retail sales increasing 20 percent (compared with 16 percent statewide); personal income increased by 21 percent in Valley County (compared with 11 percent statewide); per capita income in Valley County increased by 22 percent (compared with 9 percent statewide); and more than 14 new or expanding businesses.

KEY THEMES OR LESSONS

- ***Financial resources and organizational capacity make a difference.*** Ord is fortunate to have a dedicated revenue stream for economic development at the local level (the local option sales tax). The community also benefits from having a professional paid staff to act as “organizational capacity” for economic development. These two factors distinguish Ord from many communities of similar size and give the community a competitive advantage.
- ***Measure and monitor the impacts of a development strategy.*** The staff at Ord’s Chamber of Commerce and its economic development office have made it a priority to measure and continually monitor the economic, social and civic outcomes from Ord’s economic development efforts. Documented impacts are useful for both external and internal audiences. Good data can be used to attract additional investment from outside sources and, by demonstrating a reasonable return on investment, can be used to build local support.
- ***Communication is crucial.*** Ord provides regular updates to the community. Economic

development staff members spend an ever-increasing amount of time publishing newsletters and writing articles for the local newspaper. They send e-mails to as many residents as possible and appear on radio broadcasts regularly. The idea is to replace rumors with accurate information about what the organization is trying to accomplish. According to one prominent leader, “Creating a positive flow of information into the community is very important.”

- ***A team approach to economic development is ideal.*** According to the chair of the Valley County Board of Commissioners, a crucial component of Ord’s strategy for economic development was persuading residents that the approach was right and convincing them to join in the effort. “Small town economic development must be a team exercise,” she said. “Even though it can take more time and hand-holding, you have to convince as many people as possible to join your team and to be willing to lend a hand.”
- ***Preparation means opportunity.*** Ord’s ability to attract the USD 75 million ethanol facility demonstrates how the town’s preparation created an opportunity that would

not otherwise have existed. The state-level authority working with the ethanol company knew about Ord’s development efforts (again, thanks to the town’s communication strategy) and contacted the Valley County economic development director. The timeline for this project was extremely tight, and the company needed a partner that was ready to go. Within hours, revenues from the sales tax were used to fund an environmental study of the project site. An infrastructure and incentive package was put together within days. The lesson here is that Ord had a team in place and ready to act when opportunity knocked.

- ***Rural philanthropy can be a tool for building a sustainable pool of resources.*** Research suggests that rural residents in midwestern and southeastern states have developed a culture of philanthropy that the coasts and Southwest, for all their wealth, do not yet have. The key is to create and market a local structure for aging residents to bequeath assets to local civic causes. The intergenerational wealth transfer over the next 50 years will be enormous, and small towns can position themselves to benefit from it.

SILER CITY, NORTH CAROLINA

This small town is capitalizing on the economic value of arts-based small businesses and entrepreneurs. Through a partnership with a regional community college, Siler City is nurturing the creativity and entrepreneurship of local artists.

	2000	2010	+/-
Population	8,079	7,887	-2%
Per capita income	\$13,950	\$12,882	-8%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Central North Carolina, USA (map)		
Distance to metro/micro-politan center	58 km to Raleigh, North Carolina		
Distance to major transportation corridor	51 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Manufacturing • Professional, scientific, and management, and administrative and waste management services • Retail trade 		

Siler City is working with the nearby community college, Central Carolina Community College (CCCC), to create an arts-based small business incubator. Beginning in the late 1990s, the Small Business Director at CCCC saw an opportunity to harness the energy of local artisans toward the revitalization of downtown Siler City. After securing financing, a portion of which came from the local government, CCCC renovated three buildings in downtown Siler City and formed the North Carolina Arts Incubator. Since 2003, the incubator has triggered a minor renaissance in downtown Siler City. The North Carolina Arts Incubator has turned a loose collection of artisans into an economic sparkplug that is helping to revitalize downtown Siler City.

LOCATION AND HISTORY

Siler City is located in central North Carolina. Founded in 1887, Siler City is the largest town in Chatham County and is within a one-hour drive to two urban markets in Raleigh and Greensboro. In recent years, the demographics of town have changed considerably. This

change, in large part, is attributed to Hispanic workers migrating into the community to work at the meat processing plants in and around Siler City. In addition to the processing plants, traditional textile and furniture manufacturers have tended to be the largest employers in Siler City.

APPROACH TO DEVELOPMENT

Faced with declining employment in traditional industries, the town's strategy for economic development was to partner with CCCC to create the North Carolina Arts Incubator. The idea was to purchase adjoining abandoned buildings in downtown Siler City, renovate them and open an incubator designed to meet the needs of local artisans. Besides competitive rents (USD 100 to USD 200 per month), the incubator and CCCC's small business center provide special assistance to artisans in marketing, finance and business planning.

Siler City's efforts began in earnest in 2001 when a local leader formed a nonprofit organization, the

North Carolina Arts Incubator, to raise money for purchasing and renovating several downtown buildings. To secure a bank loan, the leader recruited six local artisans to demonstrate the potential cash flow from the incubator. One of the primary tenants of the incubator was to be CCCC's new professional arts and crafts program, the first of its kind in the state. The program was to become a crucial training and professional development program for artisans located in the incubator. The program includes training in artistic skills in pottery, clay sculpture and metal sculpture, and entrepreneurship instruction to teach artists how to run and manage galleries and studios. In 2001, the bank approved an initial loan of USD 125,000, and the North Carolina Arts Incubator purchased buildings along three full blocks of Main Street in Siler City.

A year later, the incubator project needed additional funding to complete the building renovation. Having built a strong relationship with local government officials in Siler City (including the building inspectors and town planners), the incubator's leadership approached the town for local assistance. Siler City's officials were enthusiastic about the incubator and agreed to contribute USD 25,000 per year toward operational costs. With the extra boost from the town, building renovation was completed in 2003, and the North Carolina Arts Incubator opened in November of that year.

One of the initial tenants in the incubator was a specialized guitar maker who had previously worked out of an industrial park outside of another city, but decided to move his shop after hearing about the incubator. "I was able to get a good workspace at a third the cost of my previous space," he said. "Plus, it was an incredibly stimulating environment to be around other artists making pots and sculptures." The guitar shop now attracts guests from throughout the world to Siler City.

KEY THEMES OR LESSONS

- ***Small business incubators, whether focused on artists or other entrepreneurs, must provide training and support, along with affordable space to catalyze economic development.*** One of the innovative characteristics of the North Carolina Arts Incubator is its recognition that artists need space, but they also need softer support such as the ability to network, mentorship opportunities and small business training. Newer artists in the incubator may need continued training in their respective craft. The professional arts and crafts program, the only one of its kind in North Carolina, was developed to teach artistic skills and business skills relevant to operating a craft studio and gallery. By providing affordable space and training, Siler City, CCCC and the North Carolina Arts Incubator have brought about a downtown renaissance and facilitated the creation of new small businesses.
- ***Demonstrating success helps to build support for your efforts.*** Leaders of this project attracted bank funding for the incubator project by demonstrating the economic potential of six existing artisans, essentially making the case to the bankers for the success of the project. The incubator's initial success helped convince local government leaders to invest in the continued renovation and expansion of the facility.
- ***Strong partnerships and visionary leadership are necessary ingredients for success.*** The successful establishment of the incubator in Siler City was the product of a partnership among the community college, local government, and a variety of NGOs, all facilitated through the visionary leadership of one key leader. Together these groups were able to see the potential behind focusing on artist entrepreneurs who are not usually considered targets for incubator development.

2

CASE STUDIES II: PLACE-BASED DEVELOPMENT

This chapter includes case studies of small towns that are focused on place-based development strategies. These strategies capitalize on the distinctive and special characteristics of a particular place. Such characteristics might include a distinctive town center, the natural environment, cultural heritage, specialized infrastructure, and arts or historical traditions. These characteristics of a community are tied to its quality of life, which matter increasingly in the 21st century economy, particularly for firms in knowledge-based industries. Quality of life amenities are central to place-making in small towns as they try to build vibrant communities by drawing on their localized assets and sources of competitive advantage.

BAKERSVILLE AND HAYESVILLE, NORTH CAROLINA

Two small rural communities in the mountains of North Carolina build civic infrastructure and partnerships, and boost tourism by elevating heritage and cultural assets and revitalizing downtown.

	2000	2010	+/-
Population	357	464	23%
Per capita income	\$16,000	\$13,467	-19%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Western North Carolina, USA (map)		
Distance to metro/micro-politan center	97 km to Asheville, North Carolina		
Distance to major transportation corridor	48 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Retail trade • Construction 		

Over the last several decades, parts of the state of North Carolina have seen explosive growth. Hundreds of new businesses have been attracted into urban areas. Universities and colleges throughout the state have incubated entrepreneurial activity, leading to new business spin-offs in biotechnology and high-tech industry. Far away from the activity, in the mountains of western North Carolina, a different approach to economic development is emerging. It is an approach that is rooted in rural heritage and culture. Bakersville, having recovered from a devastating flood in 1998, demonstrates how a small community can turn a natural disaster into a catalyst for reinvigorating civic and economic activity. Hayesville, using similar heritage-based approaches to those being used in Bakersville, enriches the story with tourism and infrastructure development.

LOCATION AND HISTORY

Bakersville, the county seat for Mitchell County, is a quaint mountain community. It is an hour's drive from Asheville, Boone or Johnson City,

Tenn. Incorporated in 1870, Bakersville has a rich and storied history. David Baker, the town's first resident, is believed to have settled here in 1797. Initially an important trading center, Bakersville endured the boom and bust nature of the mining industry throughout the 1900s. According to a local historian, during the late 1800s and early 1900s, "business varied with prices mica would bring; good prices, many jobs, good business; low prices, the reverse. Fortunes were made and lost."

Hayesville is the only incorporated town in Clay County, located five miles north of the Georgia state line in far western North Carolina. The town is situated on a knoll overlooking the Hiwassee River and has an expansive view of the southern Appalachian Mountains. The town of Hayesville was built around the historic two-story Clay County Courthouse in 1888. Today, more than 80 percent of Clay County's land area is forested and 46 percent is federally owned. History and culture play a significant role in Hayesville's social and civic life. The Clay County Historical Museum, located in the town's old brick jail house, is the town's centerpiece.

APPROACH TO DEVELOPMENT

Development strategies in Bakersville and Hayesville, although not identical in every respect, are similar. They both involve building infrastructure and capacity for initiating and sustaining locally driven community and economic development. In addition, each town's strategy includes elements of tourism and downtown revitalization. Bakersville's strategy is to improve the town's civic infrastructure in an effort to attract and retain artist studios and other town center-based retailers that attract tourist dollars into the local economy. Hayesville is working to beautify the community, forge partnerships to develop tourism infrastructure and put on events that attract tourists and invigorate local civic energy.

Building infrastructure and capacity

Given each community's limited population and financial resources, Bakersville and Hayesville both have taken steps to build physical infrastructure and organizational capacity to facilitate community and economic development. In each community, a local volunteer-led organization evolved in response to dramatic shocks to the local economy. BIG (in Bakersville) and CCCRA (in Hayesville) are the primary development entities. Each partners with its town's local government, but government is not the primary driver of the strategy in either place. Each organization includes both long-time and newer residents, and each seems to represent the interests of those residents who are active in civic affairs.

In Bakersville, a major flood in 1998 led to a re-evaluation of the town's floodplain, after which the state declared portions of the commercial district ineligible for redevelopment. Rather than view this redefinition of the floodplain as an economic threat, BIG went to work to turn it into an opportunity. The initial move was to focus on a walking path along the town creek. A creek walk, they decided, could pull the community together and, importantly, would demonstrate activity and "revitalization" in the new floodplain. Further, local leaders believed that additional public space, in the form of a creek walk, would support the growing artist-based downtown economy and attract tourists into the community.

In Hayesville, CCCRA (in partnership with the local government) began its development work in a simple and organic way by completing several community beautification projects, including landscaping at the main entry to town and planting trees along Main Street. Further, CCCRA funded and built a community playground and a downtown park. CCCRA led a local effort to renovate the exterior of the Clay County Courthouse by initiating a commemorative brick fundraising campaign.

Tourism through events and festivals

The second part of each town's strategy is to sponsor events and festivals that create community cohesiveness and attract tourist dollars into local businesses. Bakersville's main event is the annual Rhododendron Festival, "the premier festival in celebration of the world's largest natural rhododendron gardens" (situated on Roan Mountain). Beginning in 1994 and held every June since, the festival includes a street fair, antique car show, children's events and other cultural attractions. When the creek walk was completed in 2000, vendor tents were added to pedestrian areas along the creek walk. The event attracts thousands of visitors who eat in the local restaurants, purchase artwork from local artists and buy produce from local farmers. The success of Bakersville's Rhododendron Festival spilled over into a number of additional events, including an annual Christmas parade, an Easter egg hunt and a Fourth of July fireworks celebration. According to the Rhododendron Festival website, "the festival has been responsible for three-quarters of a million dollars in grants, which have brought new businesses, new jobs, a clean-up campaign and a renewed sense of pride to 'our town.'"

Hayesville's main event is Car-B-Q, an annual antique car show, barbeque festival and live music concert that takes place every July. CCCRA has forged partnerships with several local banks and businesses, which provide financial support to the event. Regional radio stations and newspapers provide free publicity. These partnerships, initiated and managed by CCCRA, have resulted in an event that brings hundreds of visitors into downtown Hayesville. CCCRA also puts on an event called Lies and Pies, which involves story-telling and a pie bake-off. According to Rob Tiger, Lies and Pies "is a competition for who can

make the best pie and spin the best lie.” Events celebrating Hayesville’s unique heritage have become a means for attracting tourists and for integrating newcomers into the local civic and social networks.

KEY THEMES OR LESSONS

- ***In small towns, community development is economic development.*** Both Hayesville and Bakersville demonstrate that community development projects, aimed at creating public infrastructure (both built and abstract), can lead to economic outcomes. The development of a creek walk in Bakersville has been credited with the creation of new businesses on Main Street. The mountain bike trail and Pioneer Village projects in Hayesville are intended to increase tourism traffic and provide entrepreneurial opportunities for new business development. Informal organizations and partnership development in both communities have made it possible for economic development to occur.
- ***Small projects can build momentum and partnership for facing larger challenges.*** The evolution of CCCRA is a perfect example of beginning with small, “low-hanging fruit” projects to demonstrate the capacity for change. CCCRA started in 1996, when a local resident decided to clean and paint the awnings around the Hayesville town square. This effort led to a music event on the square, which the community parlayed into a number of other events and celebrations. In small towns, small steps can lead to giant strides.
- ***Capitalize on assets – location and attraction.*** Hayesville is located 130 miles from Atlanta, Georgia, one of the fastest growing cities in the U.S. The rural mountain setting in Clay County is a major draw for tourists, retirees and vacation-home owners. Bakersville, while not as much of a second home destination as Hayesville, is situated in one of the most scenic parts of North Carolina. Both communities are within easy reach of protected state and national forestland. The location and attractions of these communities create a natural draw for tourists, artists and vacation/retirement property developers, and both towns are positioning themselves to take advantage of these assets.
- ***Heritage, culture and history are economic development assets.*** Events and celebrations in Bakersville and Hayesville tend to be centered on an element of heritage. Antique cars, local cuisine and story-telling are all aspects of heritage. Each of these communities demonstrates a means for taking the local heritage from a particular region and leveraging it for economic gain, in this case tourism dollars.
- ***Look for opportunity in adversity.*** In both towns, volunteer-led organizations developed in response to palpable economic hardship. BIG (in Bakersville) came together and gained momentum after the flood in 1998. “The flood in 1998 brought the citizens of Bakersville closer than ever before,” Mayor Vines said. CCCRA (in Hayesville) was at least a partial response to the dramatic up-tick in retiree and vacation home development.
- ***Small groups of committed residents can jump-start development in small towns.*** Both BIG and CCCRA are ad-hoc volunteer organizations that, over time, have become the primary drivers of economic development in their respective communities. Both organizations started with a small group of committed residents willing to volunteer time toward making something happen in their community.

BIG STONE GAP, VIRGINIA

This town’s choice to embrace ecotourism and to support local entrepreneurs is transforming the local economy and providing residents with a sense of accomplishment and independence from the control of industry outsiders.

	2000	2010	+/-
Population	4,800	5,614	14%
Per capita income	\$13,000	\$17,908	27%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Virginia)	\$31,634	\$44,246	29%
Location	Western Virginia, USA (map)		
Distance to metro/micro-politan center	100 km to Johnson City, Tennessee		
Distance to major transportation corridor	93 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Retail trade • Public administration 		

Big Stone Gap, located in the Cumberland Mountains of western Virginia, is a town blessed with natural resources and scenic beauty. Over the last 20 years, however, the declining coal and textile industries have left hundreds of local residents without work or income. In response, local officials have partnered with several non-governmental organizations to spearhead an ecotourism strategy. By supporting the growth of small business entrepreneurs to serve the ecotourism industry, the town has revitalized its economy and created new job opportunities for residents.

LOCATION AND HISTORY

Big Stone Gap is in the heart of Appalachia, a mountainous region along the eastern coast of the U.S., close to Virginia’s western border with Tennessee and Kentucky. The rolling hills and rural landscapes around Big Stone Gap encompass some of the most promising outdoor tourism attractions in the country. Jefferson National Forest, the “Grand Canyon of the South,” and the Natural Tunnel State Park envelop this little town. The Appalachian Trail, the Trans-America

Bike Route and the new Heart of Appalachia Bike Route and Scenic Drive weave their way through the region. The town is also a major stop on Virginia’s Crooked Road heritage music trail, which honors this region’s role in the creation of bluegrass music.

Big Stone Gap was settled in the mid-1800s when rich coal beds attracted miners into the region. Throughout the first half of the 20th century, the town prospered on proceeds from coal extraction and supplemented its economy with tobacco and textiles. Beginning in the 1980s, however, the mining industry started to falter. By 1992, the county’s unemployment rate approached 20 percent and remained in the mid-teens for most of the 1990s.

APPROACH TO DEVELOPMENT

Big Stone Gap’s development strategy is to use ecotourism to attract new investment and to create employment opportunities by supporting local entrepreneurs. As of the late 1990s, tourism was the fastest-growing industry in southwestern

Virginia, with an average annual growth rate of 17 percent. The town partnered with the Heart of Appalachia Tourism Authority (HATA) and Virginia Cooperative Extension (both NGOs) to develop an infrastructure to support entrepreneurship in the ecotourism industry. The town's goal was to allow local residents to "harvest" ecotourism, but to do so in a sustainable manner.

The first step was to create a local education and training infrastructure to provide advice and encouragement to budding entrepreneurs. The Virginia Cooperative Extension offered workshops in the community to demonstrate how residents could start their own business and take control of their economic future. The town also formed alliances with the Mountain Empire Community College and its Small Business Development Center. The center agreed to provide business plan feedback and financial advice to local entrepreneurs. Southwest Virginia Community Development Finance provided a lending option for ecotourism entrepreneurs in town. The town actively promoted these resources to local entrepreneurs and worked to connect the right resource to the right entrepreneur at the right time.

The town "helped build an infrastructure that entrepreneurs can use to develop their own jobs and generate income by capitalizing on sustainable, value-added, community-based tourism." Big Stone Gap has curbed the impacts of regional economic stagnation. "The infrastructure and effort we've put in for the past 10 years is really going to help our town reap the benefits of the increased tourism," said the town

manager. In 2005, the county's unemployment rate returned to a stable level of 4.6 percent, and new businesses are beginning to take off. Small outfitting businesses for kayaking, rafting, biking and camping are thriving. The bed and breakfast industry also is growing and being marketed throughout the state.

KEY THEMES OR LESSONS

- ***Supporting entrepreneurs is a long-term and transformative economic development strategy.*** Big Stone Gap was riddled with high unemployment and a declining economy. For decades, the town had relied on outsiders, such as the coal company or textile plant, to provide jobs. When these industries pulled out of town, Big Stone Gap looked at itself and what it had to offer, and it decided to build a new economic underpinning based on its local assets and opportunities. In Big Stone Gap, the ecotourism assets around town were brimming with opportunity. Over a period of six years, entrepreneurs harvested these opportunities, and slowly but surely, new small businesses started appearing in town.
- ***Entrepreneurs need a flexible and multi-faceted support network.*** Entrepreneurs have unique needs. A single organization in a small town will never be able to support the broad range of needs that entrepreneurs face on a daily basis. Creating a network of services, however informal, is a viable strategy for supporting the needs of local entrepreneurs. In Big Stone Gap, the town linked entrepreneurs to NGOs with relevant services.

BLACK MOUNTAIN, NORTH CAROLINA

This small town bridges a thriving local arts scene with economic development to restore its cultural identity and enlarge the tax base.

	2000	2010	+/-
Population	7,510	7,848	4%
Per capita income	\$20,510	\$25,400	19%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Western North Carolina, USA (map)		
Distance to metro/micro-politan center	18 km to Asheville, North Carolina		
Distance to major transportation corridor	2 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Retail trade • Arts, entertainment, and recreation, and accommodation and food services 		

The Black Mountain Center for the Arts, made possible by a local government investment, is spurring cultural and economic development. In the early 1970s, the Town of Black Mountain sold its town hall to a group of local artists and business people. Thanks to local government funding, supplemented by private donations, the old town hall was renovated and re-opened as the Black Mountain Center for the Arts in 2000. Two years later, the town council made another strategic decision to retire USD 200,000 of the center's remaining renovation debt, ensuring the center's long-term viability. Today the center operates debt free and offers world-class musical, artistic and theater productions that are rekindling Black Mountain's artist community and attracting tourists from throughout the southeastern United States.

LOCATION AND HISTORY

Black Mountain is situated in the foothills of the Blue Ridge Mountains. The community has a rich and storied history as a center for arts, music and drama. Black Mountain College opened in

1933 as an experimental school in interdisciplinary education. The college became a hotbed for European intellectuals forced to flee Nazi persecution. A rich community of international musicians, architects and writers came together in the mountains of western North Carolina. Several world-renowned artists including Buckminster Fuller, Merce Cunningham and Josef Albers either studied or taught at Black Mountain College. After World War II, though, many of the College's students and faculty moved to the West Coast, and in 1956, Black Mountain College closed its doors.

Throughout the 1960s and 1970s, Black Mountain struggled. In 1980, the small downtown was a boarded up strip of dilapidated buildings. During the 1980s, an injection of funding from the governor's Community of Excellence program allowed the community to charge some energy into its downtown corridor. By the 1990s, Black Mountain's downtown was back on track. Next, the arts culture, which had been a prominent part of the community until the 1950s, was due for a renaissance.

APPROACH TO DEVELOPMENT

Black Mountain's strategy was to invigorate the local arts culture to attract tourists and investors into the community and to catalyze small business development. Two decisions were key to its success: (1) to provide building space for the Black Mountain Center for the Arts and (2) to retire the center's construction debt.

The story of Black Mountain's strategy begins in 1990 when the local government was in the market for new office space. The old town hall along Main Street was run down and in need of substantial repair. Rather than construct a new building, town leaders purchased the Union Bank building, catty-corner from the hall, for their new offices. At that point, they saw a golden opportunity to help the local Black Mountain arts group. In 1993, Black Mountain sold the old town hall to a member of an ad-hoc group of artists and business people in Black Mountain. "They didn't have anywhere to work," said the former town manager. "Giving them the old town hall was the booster shot to get them going." The sale prompted the arts group in 1995 to become a formal nonprofit organization called the Black Mountain Center for the Arts. For the next four years, the nonprofit campaigned for donations to renovate the building. The town government provided a low-interest loan and an USD 88,000 donation. In all, the group raised USD 1.2 million for renovations, and in the fall of 2000, the new Black Mountain Center for the Arts opened.

Since opening, the Center for the Arts has attracted cultural enthusiasts from throughout the state and southeastern region. Concerts and galleries showcase a range of local and international artists, musicians, theater productions and classes. By 2002, the arts culture was thriving in Black Mountain. In that year, town leaders made another strategic move to ensure the center's continued viability. In exchange for the title to the center's land, the town paid off USD 200,000

the center owed for the building's renovation. The Center now operates nearly debt free and can offer more events to the public. "Our partnership with Black Mountain is incredibly important," said the center's director. "I'd estimate the help they have provided in purchasing out our debt and land at over USD 70,000 per year. To an arts center, that is a lot of money."

Black Mountain is reaping the benefits of investing in its arts community and culture. A recent study estimated the economic impact of Black Mountain and Asheville's 3,000 artists to be over USD 200 million annually. This averages USD 66,000 for each artist, of which there are hundreds in Black Mountain.

KEY THEMES OR LESSONS

- ***Public-private partnerships can be developed to support community development interests.*** The Town of Black Mountain provided capital and building space to an ad-hoc group of local artists. The investment led to the creation of the Center for the Arts and elevated the role of the arts group in the community. It provided the arts community with a place, an identity and a focus. The center benefited each individual artist and the community as a whole.
- ***Investing in the arts community can be a driver of economic development in a community.*** The results of Black Mountain's investment have been increasing tourism, the development of small arts-based businesses and the attraction of new residents who want to associate with the Black Mountain Center for the Arts.
- ***Strategic investments in community organizations can align private/nonprofit sector interests with broader community interests.*** Black Mountain's strategic investment created the incentives so that the energy of local artists was aligned with the interest of the community.

BRANSON, MISSOURI

Branson, with a local economy reliant on theater-based tourism, pursues a large mixed-use project using creative financing to diversify the regional economy and to increase year-round employment.

	2000	2010	+/-
Population	6,050	10,520	42%
Per capita income	\$20,500	\$24,328	16%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Missouri)	\$27,885	\$36,965	26%
Location	Southwestern Missouri, USA (map)		
Distance to metro/micro-politan center	72 km to Springfield, Missouri		
Distance to major transportation corridor	72 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Arts, entertainment, and recreation, and accommodation and food services • Retail trade • Professional, scientific, and management, and administrative and waste management services 		

Branson is a small town in the southwest corner of Missouri that attracts 7 million visitors every year. The town has been proclaimed the “country-music capital of the universe” with more theater seats than Broadway. To diversify its tourism industry and create more year-round job opportunities, the town has just completed a USD 420 million retail and convention center project that required the largest tax increment financing (TIF) project in the history of Missouri.

LOCATION AND HISTORY

Branson is located in the southwest corner of Missouri near the borders of Oklahoma and Arkansas. The frontier town of Branson was established in 1882, and for much of its early history, tomato canning was the predominant industry. This changed in 1896 when a visiting minister, Harold Bell Wright, was charmed by the area’s scenic beauty and wrote a national best seller titled *The Shepherd of the Hills*, set in the region. Wright’s book ignited a tourism boom and in 1906 tourism became Branson’s main industry.

Branson’s tourism base expanded throughout the first half of the 20th century. In 1952 federal funds were appropriated for a dam construction project in Branson, sparking a flurry of entrepreneurial activity. At about this time, a group of government officials, influential local citizens, local businesses and the Chamber of Commerce pooled resources to create the first performance theater in Branson. The popularity of Branson’s first theater led to the development of several other local performance venues. Initially, the theaters were family-run and showcased local talent, but over the years Branson’s venues became popular with touring national entertainers, including Wayne Newton, Andy Williams, Glen Campbell, the Gatlin Brothers, and many others. Today there are more than 50,000 seats in 40 theaters and nearly 500 shows by 70 different acts each year. Branson’s performing arts cluster attracts 7 million visitors annually, a number that is expected to reach 8 million in 2007.

In the late 1990s, town leaders in Branson were wrestling with the impacts of relying on an economic development strategy that was a “one-legged stool.” Tourism created employment opportunities, but many jobs were seasonal. Branson embarked on a strategy to diversify its existing tourism strategy and to create more consistent year-round employment opportunities.

APPROACH TO DEVELOPMENT

In 2001, local leaders unveiled plans for Branson Landing, a mixed-use project on nearby Lake Taneycomo that included a 220,000-square-foot convention center, a 250-room four-star hotel, a boutique hotel, 140 waterfront luxury condominiums and nearly 450,000 square feet of retail shopping. The project represents an attempt to diversify Branson’s economy beyond musical entertainment and provide stable, year-round employment. “City leaders (are) following an economic model of a three-legged stool: tourism providing revenue, service industries bringing year-round jobs and homebuilders filling residential needs,” said Branson’s director of economic development.

The scale of Branson’s development project exceeded expectations. Initially, the plan was to develop a regional convention center, but after seeking ideas from the public, the city added plans for retail and residential space. In 1997, local officials began searching for sites. They also came to realize that, given the size and scale of Branson Landing, TIF was the only realistic option for financing the project. “Everyone wanted the convention center but didn’t want to pay for it through increased taxes,” Finance Director Deana Schlegel said. “The TIF was the only legitimate way for us to pursue this development.”

To finance the Branson Landing project, the city used a combination of local TIF dollars, state TIF dollars and bond financing. First, Branson declared a stretch of land along Lake Taneycomo as the target district and then created a TIF board. The next step was to seek approval from the Missouri legislature to designate the waterfront area as a state TIF district. This approval allowed the city to capture a portion of the state sales tax

generated by the development, which the city could use to pay off the yearly debt. By generating revenue streams from local and state TIF money, Branson also had a foundation on which to issue bonds, which generated an additional USD 130 million to pay for new infrastructure. Overall, the financing scheme generated over USD 250 million for the project, and ground was broken in 2004. In April of 2006, Belk’s Department Store opened its doors to the first Branson Landing customers.

Today, Branson Landing rivals mixed-use projects in major cities. Within eight weeks of opening, the development surpassed expectations and attracted more than 1 million visitors. City officials estimate that Branson Landing brings in more than 500,000 new visitors each year and generates USD 180 million in economic activity and another USD 8 million in taxes. The project also has complemented the entertainment industry by attracting a younger crowd to the city.

KEY THEMES OR LESSONS

- ***Small communities can undertake mega-projects.*** Branson illustrates that small towns can carry out very large development projects utilizing creative finance schemes, typically only deployed in larger cities. The city saw a need for a convention center and extended that vision into a massive retail and residential space that has strengthened and diversified the city’s economy.
- ***Successful public investments can have ripple effects throughout the community.*** The Branson Landing project created spin-off investments throughout the community. Branson recently added a USD 12 million recreation center and approved its first industrial park. The industrial park will help to spur more year-round employment.
- ***Strategies are more likely to be successful when they are built on existing assets.*** Projects such as Branson Landing have to be constructed on a secure foundation within the context of a community’s strengths and assets. Branson’s tourism industry has thrived

and grown for nearly a century, eventually becoming the city’s strongest and largest asset. Branson Landing would not have been a success without Branson’s status as a regional tourism destination. Branson

used its strength in entertainment tourism to pursue other sectors of the economy that enhance tourism while providing more stable employment.

COLQUITT, GEORGIA

Colquitt uses the arts as a tool for community empowerment and economic diversification. The success of a community-based performing arts project has resulted in extensive downtown revitalization and economic development.

	2000	2010	+/-
Population	1,940	1,992	3%
Per capita income	\$18,300	\$18,553	1%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Georgia)	\$28,541	\$34,800	18%
Location	Southwestern Georgia, USA (map)		
Distance to metro/micro-politan center	76 km to Dothan, Alabama		
Distance to major transportation corridor	80 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Manufacturing • Retail trade 		

For four weekends in the fall and spring of each year, tens of thousands of people descend on Colquitt for Swamp Gravy, a musical play that celebrates life in rural southwestern Georgia. With a cast of more than 100 local volunteers, Swamp Gravy tells the history of Colquitt. The play has sold more than 120,000 tickets and generated well over USD 4 million since it began in 1993. The local arts council has reinvested revenues from the production into the revitalization of downtown buildings and the renovation of a local mini-mall, where vendors of arts, crafts and antiques have access to affordable rental space.

LOCATION AND HISTORY

Colquitt is a rural farming community in Miller County. Historically this region’s livelihood has been fueled by the peanut industry (both farming

and processing), augmented with some textile manufacturing. As the farm economy faltered through the mid-1980s, Colquitt’s residents were left with historically low incomes and a downtown struggling to support businesses.

In 1990 a group of civic leaders in Colquitt formed the town’s first arts council. The idea for Swamp Gravy was hatched in 1991 when a graduate student from Northwestern University with no direct ties to the community, met with the Colquitt–Miller County Arts Council. The student was seeking to test a hypothesis that community-based performing arts and the performing skills of individual people could empower individuals and bring neighborhoods together. The arts council was intrigued by the idea and saw it as an opportunity to help invigorate the local economy.

APPROACH TO DEVELOPMENT

Swamp Gravy is a theatrical production, written and produced by local residents, that depicts the life and history of Colquitt. The strategy behind Swamp Gravy was to let people tell their stories and the story of their community, strengthening community ties in the process. Swamp Gravy relies exclusively on local volunteers to create the script and produce the musical. The script is a collection of local stories submitted by residents and fashioned together by a professional playwright. Each year the theme of the play changes slightly to incorporate new stories, but the basic weaving of stories remains the same. The use of local actors and crew members creates devotion to the common goal of improving the community, while the reliance on contributions from community members to make up the script gives other residents a sense of involvement in and ownership of the play.

The Colquitt–Miller County Arts Council deliberately structured Swamp Gravy to involve and empower local residents with the goal of stimulating civic and economic life in the depressed town. This did not happen overnight; it was difficult for many local residents to accept the idea that cultural tourism was a valid means to economic development. “It was critical early on to have a few local residents and council members working hard to help other residents understand how the arts could give the town a boost,” said the executive director of Swamp Gravy.

In 1992 Swamp Gravy first took the stage in Cotton Hall, a 60-year-old cotton warehouse. As of 2005, Swamp Gravy had sold more than 120,000 tickets (72 percent to out-of-town visitors) and added an estimated USD 4 million to the local economy. In an average year, 40,000 people come to Colquitt to see the play. Cultural tourism now provides more jobs and revenue than any other industry in Colquitt. The arts council has reinvested over USD 1 million in downtown renovations and building projects, including a total renovation of Cotton Hall. A children’s theater spin-off from Swamp Gravy was developed to give local kids an opportunity to hone their acting skills. The arts council also has created the Swamp Gravy Institute, a consulting and training organization that works with other communities to design programming similar to that in Colquitt.

The arts council has become Colquitt’s primary responder to local economic development challenges. In 2001, five downtown businesses closed due to economic recession. According to the director, “We saw the impact of Swamp Gravy during the months it played and decided we should look to year-round opportunities that might help stabilize businesses.” In an effort to further diversify the local economy beyond seasonal performance art, the arts council now operates a local bed and breakfast, a mini-mall for local vendors, a storytelling museum, a mural project and the children’s theater.

KEY THEMES OR LESSONS

- ***Strategically designed arts programs can catalyze economic development.*** Colquitt began with a vision of a community theater program that would stimulate economic and civic growth. The community created a specific plan to involve community members, specified what kinds of outcomes it expected and determined how the program would give back to the community. Stakeholders discussed and planned the causal chain of events ahead of time – beginning with the specific design of Swamp Gravy and continuing to the community capacity and economic growth that they hoped the play would foster.
- ***Small towns can use the arts to build community and social capital.*** In small communities, the process of designing and executing performance art can provide unifying activities that connect residents and expand social capital. According to the Southern Growth Policies Board: “Swamp Gravy has won wide acclaim as an innovative way of bringing people together. The process, telling one’s story and/or working on the production (either onstage or behind the scenes), has served to form strong bonds among people, crossing racial, gender and class lines. Breaking down racial barriers in the community is, in fact, considered part of the program’s mission.” In communities where racial tensions stand in the way of economic progress, the performing arts can provide a neutral space for breaking down traditional barriers and building new partnerships.

COLUMBIA, NORTH CAROLINA

The ecotourism strategy in Columbia is characterized by an innovative approach to governance and dogged protection of natural resources. By collaborating with surrounding counties, the town has financed and built a downtown boardwalk, a 4-H environmental education center and a visitor’s center -- each of which is attracting new tourist dollars.

	2000	2010	+/-
Population	820	891	8%
Per capita income	\$12,220	\$12,827	5%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Eastern North Carolina, USA (map)		
Distance to metro/micro-politan center	247 km to Raleigh, North Carolina		
Distance to major transportation corridor	158 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Arts, entertainment, and recreation, and accommodation and food services • Retail trade • Educational services, and health care and social assistance 		

Columbia’s strategy is to attract investment into the community through ecotourism. Before ecotourism was popular, Columbia’s leaders and residents decided to embrace their natural assets—many of which are federally protected—to create new jobs. In 1993, the former town manager convinced local officials in the surrounding counties to join together in a Partnership for the Sounds, a NGO designed to facilitate regional collaboration around ecotourism and to prevent the counties and municipalities from competing over limited grant funding. Through this innovative partnership, Columbia has received funding for and built a USD 15 million downtown boardwalk, a visitors center and an environmental education center, each of which draws tourism. Today, Columbia is a destination for travelers seeking a pristine getaway on North Carolina’s coast.

LOCATION AND HISTORY

The town of Columbia, located in the Albemarle-Pamlico region of eastern North Carolina, was founded in 1793. Throughout

the 1800s and early 1900s, the timber industry prospered around Columbia from the rich, Scuppernong River-fed groves of cypress and juniper. The town’s economy was also buoyed by corn, rice and cotton plantations. But after reaching a peak population of 1,100 in 1950, Columbia began a slow, steady decline in both population and economic vitality.

In the late 1970s, local officials began to aggressively recruit new businesses. The town was negotiating with an international aircraft manufacturer to relocate nearby when the U.S. Congress modified an obscure requirement relating to the interest rate on industrial revenue bonds. The project fell through, and the town’s hopes for luring a manufacturer were dashed.

After this setback, the town received funding to develop a comprehensive community plan. The plan, which became known as Columbia 2000, relied on a combination of community meetings

and household surveys. During the planning process, participating residents and survey respondents expressed a strong desire to focus on a few major projects: downtown renovation, construction of a visitors center and a riverfront boardwalk. Ecotourism, then a new concept, became the centerpiece of Columbia's economic development strategy.

APPROACH TO DEVELOPMENT

Columbia's strategy is to join with neighboring communities in the Albemarle-Pamlico region to promote a regional ecotourism economy. This approach began in the early 1990s, when the town manager met with representatives from various state agencies to explore funding options for local ecotourism projects. During a meeting with a representative from the state environmental agency, the manager learned that other communities around Columbia were interested in pursuing a similar economic development approach.

In response, the town manager initiated meetings with colleagues from nearby Tyrrell, Hyde and Beaufort counties. Their idea, which developed over time, was to work together in promoting sustainable economic development. To do so, they created a regional nonprofit organization, the Partnership for the Sounds. Through the partnership, counties and towns throughout the region would apply collectively for funding, instead of competing with each other for scarce grant dollars. The goal was to develop ecotourism-related facilities that each community envisioned and then mold these facilities into a cooperative network.

The second part of Columbia's strategy is to use innovative land-transfer schemes to preserve land around town. Land and other natural assets around Columbia form the basis of its ecotourism strategy. Preventing land from future development, however, also meant a loss of potential property tax revenues. In one case, the state's Department of Transportation (NC DOT) wanted to purchase the 10,000-acre Palmetto Peartree Preserve near Columbia and turn it into a wetland bank. Since this would pull the land off the tax rolls, the town partnered with the Conservation Fund (NGO) to explore the possibility

of an alternative land ownership agreement. In an innovative arrangement, the fund purchased the property and allowed NC DOT to use some of the land as a wetland bank. In exchange, NC DOT and the Conservation Fund agreed to contribute toward a special endowment set up for the parcel. Revenue from NC DOT's use of the property and from the fund's sustainable harvesting of the property's forest is used to pay the local property taxes. The ownership agreement has been a win-win, giving Columbia additional protected land and tax revenue.

Columbia's next priority was to develop a visitor's center and boardwalk. Working through the Partnership for the Sounds, Columbia received a USD 1 million grant from NC DOT to construct a new visitor's center at the main entrance into town. While the center was under construction in 1994, Columbia set out to build an adjoining boardwalk along the Scuppernong River and into the cypress swamps near downtown. The Conservation Fund provided the lumber for the project by harvesting timber from the nearby Palmetto Preserve. With help from the local Youth Corps, Columbia's mile-long boardwalk and visitor's center opened in 1995. On average, the visitor's center welcomes 400,000 people a year, a significant jump from previous tourism figures. In 2001, Columbia became home to a new USD 10 million environmental education center, complete with a 250-seat meeting room, four dining areas and two hotel-style executive lodges.

Local officials estimate that more than 100 jobs have been created in Columbia as a result of the ecotourism strategy, a handsome figure in a town of fewer than 800 people. Since 1990, the town has generated over USD 15 million in grant funding for ecotourism related projects.

KEY THEMES OR LESSONS

- ***Unique local assets can become economic drivers.*** Columbia's leaders and residents recognized that their natural beauty was an asset that could drive an ecotourism strategy for economic development. Part of Columbia's success with ecotourism comes from the clear local mandate that residents wanted to see their natural surroundings protected.

• **Local economic development can be strengthened by forming regional partnerships.** Through meetings with the state environmental agency, Columbia discovered that neighbors from Hyde and Beaufort counties were interested in pursuing similar ecotourism-related projects. Rather than see these counties as intra-regional competitors, Columbia sought regional collaboration. Small towns thus were able to pool resources and ideas. Moreover, ecotourism should – by nature – be a regional strategy because a collection of towns

and counties has more to offer visitors than does a single municipality.

• **Innovative local governance can strengthen a community's economic development efforts.** Columbia's ability to design an alternative arrangement for generating tax revenues on protected lands helped turn a potential obstacle to ecotourism into an example of innovative local governance.

EDENTON, NORTH CAROLINA

Elected officials in Edenton partner with a non-governmental organization focused on historic preservation to turn the dilapidated Edenton Cotton Mill into a new economic asset for the community. This public-private partnership has resulted in upgraded infrastructure, private investment in real estate, increased property values and preservation of Edenton's historic assets.

	2000	2010	+/-
Population	5,394	5,004	-8%
Per capita income	\$13,260	\$18,444	28%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Eastern North Carolina, USA (map)		
Distance to metro/micro-politan center	115 km to Norfolk, Virginia		
Distance to major transportation corridor	115 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Manufacturing • Arts, entertainment, and recreation, and accommodation and food services 		

Edenton's strategy is to preserve its historic assets in order to create conditions for private investment in the community. Working together, the Town of Edenton and Preservation North Carolina (preservation NGO) transformed the old Edenton Cotton Mill Village -- the historic living quarters for mill workers and their families -- from dilapidated shacks to modern village residences. By 1999, after improving the village's infrastructure and initiating an intense marketing

campaign, Preservation North Carolina sold all 48 of the village residences. Edenton has seen property values in the village increase nearly 20 times and the mill houses have attracted artisans and entrepreneurs to town.

LOCATION AND HISTORY

Edenton is often referred to as one of the South's most attractive small towns. Incorporated in 1722, it has a well-preserved residential

historic district and courthouse. The downtown also is well preserved and is considered by many to be a poster child of successful downtown revitalization. Historically, Edenton's proximity to the Albemarle Sound meant that the shipping and fishing industries played a major role in the town's economy. Beginning in the 20th century, the textile industry came to Edenton.

The Edenton Cotton Mill, built in 1898, was the town's economic anchor and largest employer for nearly 100 years. The Mill provided low-cost housing for mill workers in an adjacent mill village. When the Edenton Mill owner, Unifi, announced it was closing the plant in the fall of 1995, the devastating effect was especially concentrated in the Edenton Mill Village, where residences were abandoned and boarded up.

APPROACH TO DEVELOPMENT

Edenton's strategy is to turn a potential liability into an asset by assisting in the turnabout of the Edenton Mill Village. As soon as Unifi announced closure, the town manager, the local Chamber of Commerce and president of Preservation North Carolina (PNC) contacted the corporation about donating the mill. In December 1995, just three months after closing, Unifi, PNC and the Town of Edenton reached an agreement under which the entire mill property (including the mill village) would be donated to Preservation North Carolina. "The town was instrumental in convincing Unifi to donate the mill instead of selling it to a developer," said a former Edenton Cotton Mill worker now working for the nonprofit's Edenton office. "Had it been sold to a developer, we would have lost this incredible historic village."

After the transaction was complete, Preservation North Carolina faced the challenge of selling old, deteriorating mill houses in a rural community. It overcame initial local resistance to subdivide the mill village property to sell the homes individually. It also had to create a market. An aggressive promotional campaign in the winter of 1996 seemed to pay off. In April 1996, more than 5,000 people attended an open house at the village. Besides a few cosmetic improvements, the model home was not renovated. It was intended to provide interested buyers with an

image of what a mill house could look like with just a few improvements. The real renovation work, in keeping with the organization's philosophy, was left to the property owner. Preservation North Carolina, however, attached strict protective covenants and required design review for all of the cotton mill homes. This gave buyers the assurance that the distinctive architectural features that made the homes so appealing would remain. The organization also stipulated that all homes in the village be owner occupied to ensure the residences' upkeep.

Over the next three months, 26 mill homes sold for USD 20,000 to USD 30,000 each, 10 times their assessed value just one year earlier. Given these clear market indicators, Edenton's town manager applied for Community Development Block Grant funding to upgrade the water and sewer lines into the village. In mid-1997, Edenton began construction. The community's infrastructure investment spurred further private sector investment, and by December 1999, all 48 homes in the village had been sold.

Over the next five years, these new village residents renovated their homes. Through a partnership with Preservation North Carolina, one local bank set up a specialized loan package for homeowners that combined construction financing and the permanent mortgage into one simple product. Local officials invested in a boardwalk along the nearby Queen Anne's Creek in 2000, adding value to properties in the mill village. Lastly, in an effort to prevent gentrification, existing residents -- mostly retired mill workers -- were given the option to buy their homes at a discounted price or continue renting at a favorable rate. A number of workers purchased their homes, the first they ever owned, and a few continue to rent to this date.

From the town's perspective, the mill renovation has been a tremendous boost. For example, the 1996 property tax value of the entire village was USD 610,485. In 2006, renovations to the village raised the value to USD 12,110,659, over 19 times larger. Average home prices increased from approximately USD 3,000 to USD 25,000. And the benefits have reached far beyond increased

property values. “The unique mill homes have attracted a number of artists and entrepreneurs to our town,” said the town manager. The mill transformation is spreading to surrounding areas as well. In 2006, an abandoned peanut mill across from the Edenton mill opened as a commercial office building. By creating a market for historic mill homes, Preservation North Carolina and Edenton spurred massive private investment and preserved an historic asset.

KEY THEMES OR LESSONS

- **Historic preservation can be an economic development strategy.** Edenton demonstrates that strategic historic preservation, done with the goal of stimulating private investment, can increase both tourism spending and local property values. In addition, local investments in historic preservation create local jobs. Preservation North Carolina estimates that every USD 1 million invested in building

rehabilitation creates 41 jobs, whereas an equal investment in new construction creates 36 jobs. Edenton’s story also demonstrates that historic properties have the potential to attract creative entrepreneurs to the community.

- **Through public-private partnership, an economic development liability can be turned into an economic development asset.** The Edenton Cotton Mill was a potential liability for the community. The Town officials and the nonprofit Preservation North Carolina partnered to market the village, establish covenants and ownership agreements and upgrade the village infrastructure, creating a market for the rural mill village. This partnership allowed them to reduce investment risk and create a secure vision of what the mill village could look like, enticing significant investment from outside the region.

ELKIN, NORTH CAROLINA

Elkin builds on the local craft economy by investing in a craft guild and an apprenticeship program. The apprenticeship program provides crafts training, mentorship and small business classes to artist entrepreneurs.

	2000	2010	+/-
Population	4,109	4,001	-3%
Per capita income	\$21,120	\$18,814	-12%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Central North Carolina, USA (map)		
Distance to metro/micro-politan center	70 km to Winston-Salem, North Carolina		
Distance to major transportation corridor	2 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Manufacturing • Arts, entertainment, and recreation, and accommodation and food services 		

Elkin is channeling local artists' talents and energy into new entrepreneurial ventures. A study from 2003 revealed that Elkin and the surrounding Yadkin Valley region had a rapidly expanding concentration of artists. As has been demonstrated elsewhere, small businesses in the arts and crafts sector -- properly marketed and supported -- can catalyze small business growth and attract tourist dollars into the local economy. In 2004, leaders from a regional NGO (Piedmont Council of Governments) worked with three artists to form the Yadkin Valley Craft Guild. A year later, the guild partnered with the Town of Elkin on an apprenticeship program through which local artists receive education and training in their respective craft as well as assistance in starting their own businesses. Local art studios and heritage craft-based businesses, combined with the region's growing wine industry, are attracting tourist dollars into Elkin.

LOCATION AND HISTORY

Settlers first came to what is now Elkin in 1740, attracted by fertile soils and the nearby Yadkin River and Big Elkin Creek. By the mid-1800s, two ambitious entrepreneurs established Chatham Manufacturing, a woolen mill, in Elkin. Chatham Manufacturing drove the town's growth through the rest of the century and into the 1900s. Along with Chatham, other textile mills and furniture plants formed the base of Elkin's economy.

In the 1980s and 1990s, however, most of the textile and furniture plants closed, leading to high unemployment. Elkin has since tried to figure out ways to replace the lost jobs. The wine industry has become an increasingly important player in the Yadkin Valley over the last 20 years. Many tobacco farmers have shifted into grape production to support the regional wine industry. New vineyards and wineries stretch along the Yadkin Valley Wine Trail, which includes bed and breakfasts, antique shops and restaurants.

In 2003, an economic development consultant completed a comprehensive study for northwest North Carolina. The study's findings were a wake-up-call to local officials in Elkin, who immediately recognized the potential for capturing more of

the tourism traffic from nearby Interstate 77. The study urged that Elkin and the surrounding area work toward creating a vibrant and growing network of small businesses and that they focus on crafts and cultural tourism.

APPROACH TO DEVELOPMENT

Elkin's strategy is to support entrepreneurs in the local heritage craft economy through its Growing Entrepreneurs program. Growing Entrepreneurs is designed to match experienced craftspeople with new artists and provide them with training and support for starting and growing small businesses. Growing Entrepreneurs evolved in conjunction with a regional artist's guild called the Yadkin Valley Craft Guild. The story of how these two organizations evolved is the story of how Elkin came to initiate an entrepreneurial support strategy for local economic development.

Within months of the release of the 2003 regional economic study, a local leader from the Northwest Piedmont Council of Governments and three local artists hatched an idea to create a craft guild for the Yadkin Valley region. Part of the vision was to equip artists in the guild with entrepreneurial skills to start new businesses. According to the North Carolina Arts Council, the state ranks in the top three nationally in craft income. "More than 6,100 craft artists in the state generate USD 538 million in revenue." The theory was that a regional guild could give a voice to independent craftspeople and provide them with support to have a positive impact on local economic development.

Soon after its organization, the Yadkin Valley Craft Guild partnered with the Town of Elkin to develop an entrepreneurship support program. The Growing Entrepreneurs program would match master craftspeople from the Yadkin Valley Craft Guild with up-and-coming artists. The pairing would allow each apprentice to receive guidance and education from a mentor with experience in his or her craft. In addition, the guild and the Town of Elkin would provide free seminars in entrepreneurship and individual assistance when it came to starting businesses or studios to showcase work.

Growing Entrepreneurs began implementation in April 2007. An initial cohort of eight apprentices was enrolled under the direction of four mentors. Each apprentice was selected based on their aptitude, commitment and entrepreneurial spirit. Apprentices spend 20 hours per week receiving instruction from their mentors and 10 hours practicing their craft. Unique to the Growing Entrepreneurs program is that apprentices are able to keep and sell the items they make during their apprenticeship. “Apprentices are able to leave the apprenticeship with a number of items ready to put in a gallery or business,” said the guild president. “They are building their inventory.” Local officials in Elkin believe that small craft businesses will complement and enhance the region’s wine industry and result in increased tourism traffic.

KEY THEMES OR LESSONS

- ***The craft industry, particularly when tied to tourism promotion, is a potential economic engine.*** Across North Carolina, working craftsmen, most of whom are self-employed,

are estimated to generate more than USD 530 million in revenue annually. Leaders in Elkin recognized this fact and built an economic development strategy around craft-based businesses to help overcome employment losses in manufacturing and agriculture. “A lot of people don’t realize the multiplier effect,” said Jeff Sebens, a member of the Yadkin Valley Craft Guild. “With lodging, restaurants and other venues, every USD 100 spent on supporting local craftsmen might bring in USD 1,000 to the region.”

- ***It takes a comprehensive support environment to help a craftsman, or other entrepreneur, build a new business.*** Elkin is building a support system for artisans by creating the apprenticeship initiative, linking experienced crafters with new artisans. In addition to this mentoring/networking, the support environment includes training and the opportunity to access micro loans, all necessary to the development of self-employment and other entrepreneurial opportunities.

HILLSBOROUGH, NORTH CAROLINA

With an identity proudly rooted in its small town history, and a location ideal for commercial development, Hillsborough strikes a savvy balance between preservation of its past and growth for its future.

	2000	2010	+/-
Population	5,446	6,087	11%
Per capita income	\$21,820	\$22,044	1%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Central North Carolina, USA (map)		
Distance to metro/micro-politan center	23 km to Durham, North Carolina		
Distance to major transportation corridor	3 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Professional, scientific, and management, and administrative and waste management services • Arts, entertainment, and recreation, and accommodation and food services 		

In 2007, the U.S. National Trust for Historic Preservation named Hillsborough as one of the nation's dozen distinctive destinations. Steeped in history, Hillsborough has taken bold steps to create a vibrant heritage tourism economy, but not at the expense of commercial and industrial development. The story of this community in eastern Orange County is about how to hold onto the old and embrace the new, all at the same time. "Living in Hillsborough is not about isolating the past in a time capsule," says an Alliance for Historic Hillsborough publication. "It is about managing change; integrating the old and new in ways that improve the quality of life in our community; and maintaining the unique qualities that make Hillsborough such a great place to live, work and visit." This story explores how Hillsborough bridges historic preservation and managed growth to achieve impressive economic outcomes.

LOCATION AND HISTORY

Hillsborough, the county seat of Orange County, is located at the intersection of Interstates 85 and 40, along the western edge of North Carolina's Research Triangle region (Raleigh, Durham and Chapel Hill). Three major research universities – Duke, North Carolina State University and the University of North Carolina at Chapel Hill -- are all within 40 miles of Main Street in Hillsborough. The town has a reputation as a place where history blends with economic progress in an eclectic Southern community.

For more than 1000 years before its official founding in 1754, Hillsborough was inhabited by the Occaneechee and other Native American Indian tribes. The town was founded on the spot where the Great Indian Trading path crossed the Eno River. After European settlers drove most of the Occaneechee out of Hillsborough in the early 1700s, the town became a center of political activity during the Revolutionary period. Hillsborough hosted the

state's Constitutional Convention in 1788, during which the convention delegates refused to ratify the Constitution until it included a Bill of Rights. By the late 1800s Hillsborough, surrounded by tobacco plantations and textile mills, was a thriving stop on the North Carolina Railroad.

In 2000, when residents of Hillsborough ushered in the new century, pressure from development, water resources and historic preservation were three of the most important issues with bearing on the community's economic development future. Each issue brought with it both challenge and opportunity. The test was how to leverage each, without destroying, or devaluing, the others.

APPROACH TO DEVELOPMENT

Hillsborough's strategy is twofold—promoting heritage-based tourism and managing growth for economic diversity and quality of life. It begins with using its heritage assets to attract tourists. Through the Alliance for Historic Hillsborough, the community coordinates and focuses its resources toward effective promotion and preservation. A local tax on prepared foods and beverages provides a long-term and sustainable revenue source for promoting historic Hillsborough. Events such as the Last Friday art and culture series attract thousands of visitors who spend money on food, entertainment and shopping. Second, in response to development pressure, the town of Hillsborough has planned for and implemented an innovative process of managing growth. It uses the 1 annexation and permit review processes to facilitate development on the community's own terms.

Heritage tourism

By the late 1980s, seven organizations were working independently to preserve heritage assets and promote tourism in Hillsborough. There was a growing sense that they were competing with each other for financial and volunteer support. In 1991, all seven organizations came together to discuss a new arrangement. "Hillsborough needed an entity to promote everybody," said a local proponent for historic preservation. "There needed to be less territorialism and more communication and partnership." In 1991,

leaders from each organization agreed to form the Alliance for Historic Hillsborough. The alliance is an umbrella organization through which the member organizations coordinate efforts, raise funds together and "preserve, enhance, and increase awareness of the historical and cultural heritage of Hillsborough for residents and visitors."

Throughout the early 1990s, heritage tourism was a significant and growing contributor to the local economy in Hillsborough. Promotional events initiated by the alliance and highlighting the town's history and heritage were attracting thousands of visitors. In 1994, local leaders proposed a 1 percent sales tax on any food or beverage prepared within the municipal limits. Revenue from the prepared food tax was to be used toward promotional events and various beautification projects. Local restaurant owners were brought into the process early, and several restaurant owners helped the town to write the tax provision. The N.C. General Assembly approved the tax in 1993, and it was first levied in 1994.

Revenue from Hillsborough's prepared food tax is split 60-40 between the Alliance for Historic Hillsborough and the Hillsborough Tourism Board. The tourism board -- which includes four local restaurant owners, one town board appointee, a Chamber of Commerce representative and an alliance member -- was created as a public custodian for the prepared food tax. In 2006, the tax generated USD 170,000 which, divided between the Alliance and the Tourism Board, was used to operate the Orange County Visitor's Center, print and distribute a local restaurant brochure, conduct a local tourism market analysis, and provide grants to local tourism facilities, programs and services.

Managing growth

The second part of Hillsborough's strategy is a response to the increasing pressure on municipal services created by residential development within and around Hillsborough. On average, residential development is a net loss for the municipal coffers. According to the executive director of the Orange County Economic Development Commission, for every dollar Hillsborough spends to provide

municipal services to residential customers, the town recovers 76 cents. The same expenditure for commercial and industrial customers brings back USD 4.30. Although Hillsborough's tax base currently is 40 percent commercial property, community leaders know they could not take it for granted. The growing market for residential development in Orange County means they must remain aggressive in their efforts to maintain a diverse tax base and to ensure the town's quality of life.

A strategic growth plan guides development in the town. It was structured as a town-county project, with a steering committee comprised of town and county representatives, out of recognition that planning for growth required a multi-jurisdictional approach. "It is intended to clarify the most desirable rate, timing, and location for future growth occurring over the next 20 years within and around the Town of Hillsborough." Its goals are to (1) preserve and enhance the Hillsborough core area, (2) preserve significant cultural and natural resources, (3) coordinate growth with water/sewer availability, (4) grow in a fiscally responsible way, (5) keep existing businesses healthy and (6) assure continuity in public service provision. The community's values, including the importance of open space, parks, cultural resources, healthy existing businesses and fiscal responsibility, underpin the goals.

The plan, released in late 2006, concluded with several recommendations for using land use planning and the municipal zoning ordinance to encourage the maintenance of a diverse tax base. It also recommended using interlocal agreements as mechanisms to assign responsibility within the process of managing development. Some of the policies have been adopted and others have not. An interesting strategy for evaluating and approving new development has evolved directly from the strategic growth plan. It involves two main components: (1) the use of water as a tool for managing growth and (2) requirements – as part of the rezoning and annexation processes -- that developers include commercial space, parks and other public facilities in all new residential developments in Hillsborough.

Access to municipal water is a major point of leverage for Hillsborough. A new reservoir is adequate for existing needs, but it was never intended as a long-term fix to the town's water-related challenges. "We want to grow Hillsborough in an organic way," said the town planning director. "Water pipes are our lever for doing this." Developers with options on properties outside of Hillsborough's municipal boundaries must apply for annexation to qualify for municipal water and sewer service. Managing growth -- by using the town's limited water supply and permit processes to make development decisions on the town's own terms -- has been the second major element of Hillsborough's economic development strategy.

Several outcomes that can be attributed to Hillsborough's approach over a five year period include increased visitor spending from USD 91.2 million to USD 127.2 million, an increase from USD 205 million to USD 232 million in non-residential tax base, and significant increase in citizen involvement on town boards and commissions.

KEY THEMES OR LESSONS

- ***Use public resources strategically.*** After going through the process of financing and constructing a new reservoir, local officials were well aware of the limits of the existing water supply. Rather than grant water resources to any development or to the highest bidder, local officials used their municipal water resources to shape development. Development that was consistent with the community's vision was granted access. Development that was inconsistent with what the community wanted was denied access.
- ***Know your market.*** Hillsborough's annexation and rezoning review processes have become important instruments for shaping development. Rather than entering negotiations with developers from a position of weakness, local officials in Hillsborough have leverage because they understand the value of their market to developers. The basis for negotiating with developers should be rooted in an assumption that developers ought to be responsible

for providing adequate infrastructure for their development. Communities need to understand their local market conditions and be prepared to take tough stands on issues of infrastructure provision.

- ***Use growth management to advance the community's vision for economic development.***

Hillsborough demonstrates that managing growth, or being proactive about how development proceeds in a community, does not stifle economic growth. In the last two years, Hillsborough's non-residential tax base increased by almost USD 30 million. This did not happen by chance. The community insisted that new residential developments be accompanied by commercial space. When done thoughtfully, and as part of a widely shared community vision, managing growth and economic development can complement each other.

- ***Historic assets are economic development assets.***

This case demonstrates that a long-term and proactive effort to preserve a community's historic assets can pay major dividends in terms of growing a tourism economy and maintaining a unique quality of life for new and existing residents. Local officials in Hillsborough created a historic district and have been vigilant in maintaining the standards associated with that designation. Tourists are attracted to Hillsborough's historic and cultural attractions and tourists spend money in local businesses, restaurants and hotels. A local tax on prepared food captures a portion of this spending and recycles it into additional promotion of historic Hillsborough.

- ***Consider multi-jurisdictional planning for growth.***

Hillsborough's Strategic Growth Plan, drafted in 2006, was a joint effort between the town and Orange County. As explicitly recognized in the growth plan, "Hillsborough and Orange County have a constructive history of collaborating and cooperating on land use management issues in the developing areas surrounding the town." Given the tremendous growth pressures throughout Orange County, and the overlapping nature of service provision between the town and county, Hillsborough had to involve county officials in the planning process. The results of the plan, including the recommendations to use interlocal agreements to clarify roles and responsibilities for managing growth, are necessary steps for successful development.

- ***Be willing to assume risk.***

Armed with a coherent vision for the community and developers eager to access Hillsborough's market, local leaders have been consistently willing to take bold action. Risk-taking in Hillsborough began in the 1970s, with the creation of the historic district and local investments in preservation. Through the 1990s, the community took a major risk by implementing a prepared food sales tax and insisting that proceeds go toward promoting tourism. More recently, local officials are pushing the legal envelope with developers to ensure that development is consistent with the community's vision for growth and economic development.

OAKLAND, MARYLAND

Oakland demonstrates that the arrival of a major discount retailer (Wal-Mart) need not decimate small, local businesses. Oakland works with existing business owners to prepare for the arrival of Wal-Mart. And, upon its arrival in town, civic leaders forge a unique partnership with the store's management team.

	2000	2010	+/-
Population	1,930	1,925	0%
Per capita income	\$16,900	\$26,182	35%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Maryland)	\$34,678	\$49,070	29%
Location	Western Maryland, USA (map)		
Distance to metro/micro-politan center	154 km to Morgantown, West Virginia		
Distance to major transportation corridor	40 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Arts, entertainment, and recreation, and accommodation and food services • Finance and insurance, and real estate and rental and leasing 		

Oakland, a small town in western Maryland, prepared its downtown retail community for inevitable competition from a big-box retailer, leading to a unique partnership between small, town center vendors/retailers and the local Wal-Mart. As a result, Oakland has a thriving downtown with near-zero vacancy and the local Wal-Mart is one of the company's highest-grossing locations in the country.

LOCATION AND HISTORY

Oakland is located in Garrett County among the rolling hills of rural western Maryland. Oakland's economy is rooted in traditional agriculture. From 1970 until the late 1990s, the town was in a near-constant struggle with high unemployment, which reached its highest unemployment level (16.5 percent) in 1995, when one of the county's largest employers, a Bausch and Lomb plant, closed and moved out of state.

Oakland's turnaround began in 1988 with the election of a new mayor, who orchestrated the financing and construction of a treatment plant. In 1998, Oakland was designated as a Main Street Community. As part of the Main Street application process, Oakland was required to generate broad interest and support for downtown revitalization. The town organized four committees to help with the Main Street Project and filled the committees with citizen volunteers. The committees grew as volunteers encouraged friends and family to join. Oakland began making improvements in downtown buildings and restored the town's historic train station. The downtown -- made up of hardware, antique and jewelry stores, pharmacies, restaurants, and beauty shops -- was steadily improving. A weekly summer concert series called Wonderful Wednesday started attracting folks into downtown Oakland from all over the county and region. Downtown vitality seemed to be on the upswing. Then, one year after the Main Street

program kicked off, Oakland was informed that a big-box retailer was scoping out a location in Garrett County.

APPROACH TO DEVELOPMENT

Often, the arrival of a large discount retailer (such as Wal-Mart) in small-town America is perceived as a fatal blow to local small businesses, especially retailers. Not so for Oakland. Oakland worked to prepare downtown retailers for inevitable competition from Wal-Mart. The town then formed a partnership with the mega-retailer that has brought benefits to both Wal-Mart and to downtown merchants.

When leaders in Oakland learned that Wal-Mart was moving in, they retained several consultants to help the town think strategically about ways to maintain their steadily improving downtown. Over the next year or so, in preparation for Wal-Mart's arrival, Oakland's Main Street retailers restructured their product lines to create new niches that were unique to these local stores. For example, a 100-year-old hardware store developed an upscale electrical product line to capture market space not occupied by Wal-Mart. A local bookstore added a line of antique products that complimented the store and created a unique environment. In addition, most downtown retailers started focusing on customer service and improved their ability to order specialty products for customers.

In 2001, Wal-Mart officially announced its intention to build a store in Garrett County. Almost immediately, Oakland's Main Street director approached the store manager and asked for the company's support of Oakland's downtown development. As a result of this conversation, an innovative partnership in which Wal-Mart helps to promote downtown events was created. For example, in a promotional agreement for the town's Wonderful Wednesday concert series, Wal-Mart inserts double-sided advertisement cards in its customers' bags. On one side is a promotion for Wal-Mart; on the other is an advertisement for the concert series downtown.

There have been minimal downtown vacancies since Wal-Mart's arrival. Two retailers were unable to sustain operations, but their space was quickly absorbed by new businesses. Since 2000, unemployment in Garrett County has remained at or below 5 percent and the local Wal-Mart has become one of the highest grossing stores in the company, ranking 11th in 2005. In addition, an indirect consequence of Oakland's strategy has been the evolution of a unique partnership among eight surrounding towns, all with fewer than 500 people. The initial preparation for Wal-Mart brought in representatives from surrounding towns. A result of this process was an agreement to pool small-town resources across Garrett County in an effort to provide efficient public services and share staff. Each month, mayors from these towns gather to discuss issues such as garbage collection, negotiate purchases together and apply jointly for various funding streams.

KEY THEMES OR LESSONS

- ***Big-box retail does not necessarily destroy town center merchants.*** As big-box retailers saturate urban markets, more and more small towns are facing the prospect of competition from big-box retail. The perception is that Wal-Mart (and others) will inevitably cripple town center businesses, especially retail. This outcome is not inevitable, however. Oakland created capacity within the community that could be used to gain Wal-Mart's support for revitalization efforts downtown.
- ***Look for opportunity in adversity.*** Oakland could have pursued an expensive legal strategy of confrontation with Wal-Mart. This approach might make sense for some small towns. By viewing the arrival of Wal-Mart as an opportunity to move local retailers up the value chain, however, Oakland created a more viable Main Street for the long term. In addition, by viewing the retailer as an ally in promoting downtown activities, Oakland was able to bring Wal-Mart on board with its agenda. Such a strategy can create a better environment for future collaboration.

PELICAN RAPIDS, MINNESOTA

Pelican Rapids is a diverse rural community where 18 different languages are spoken in the elementary school. By developing cross-cultural learning opportunities and a youth soccer league, this community capitalizes on the entrepreneurial talents of local immigrants.

	2000	2010	+/-
Population	2,374	2,464	4%
Per capita income	\$13,700	\$15,790	13%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Minnesota)	\$32,599	\$42,847	24%
Location	Western Minnesota, USA (map)		
Distance to metro/micro-politan center	80 km to Fargo, North Dakota		
Distance to major transportation corridor	20 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Manufacturing • Retail trade • Educational services, and health care and social assistance 		

Located in west-central Minnesota, Pelican Rapids is considered one of the most culturally diverse communities in the state. Hispanic, Vietnamese, Bosnian, and Somali refugees have migrated to this historically white, rural community in search of work at the county's largest employer, West Central Turkeys. The injection of new culture and language into this tiny town has brought a variety of challenges and opportunities to civic leaders in Pelican. "We try to do everything we can to make a safe and stable place for people to live," Pelican Rapids Mayor said. "We work across city groups to facilitate the transition of people to our community." Rather than holding immigrants at a distance, Pelican Rapids has designed an innovative, locally controlled system to integrate them into civic, social and economic life, and is using the growth to fuel the economy.

LOCATION AND HISTORY

Pelican Rapids is in the lakes region of Otter Tail County in rural west-central Minnesota. A traditionally agricultural region, economic

activity has expanded to the processing of farm products, especially turkeys. In addition, tourism has been growing with the recent opening of Maplewood State Park nearby and the giant pelican statue in town.

Pelican Rapids was settled by Norwegians in 1868 and the community was long dominated by northern European culture. This began to change about 30 years ago when Mexican migrant workers started coming to the area for agricultural work. Through the 1980s and 1990s, Southeast Asian immigrants found their way into Pelican, attracted by work at the turkey processing plant, the county's largest employer at just over 700 employees. Like many meat processing operations across rural America, immigrant workers are a major factor in its success. In 1995 a Bosnian human resource director at West Central Turkeys embarked on a company initiative to sponsor refugee workers from Eastern Europe. A year later 100 Bosnian refugees arrived in Pelican. "Our school system, with 1,400 students, had at least 12 languages and dialects being spoken," recalled

the owner of a small local business. “There was a tremendous need for translation services and for teaching people how to live in this country. We were facing a social emergency.”

APPROACH TO DEVELOPMENT

Pelican’s strategy for building local capacity and nurturing entrepreneurship has been to create and coordinate a web of services for both immigrant and native residents. Leaders in Pelican Rapids recognized the importance of immigrant labor to the local poultry processing industry. In addition to providing labor for West Central Turkeys, research suggests that immigrants tend to have strong entrepreneurial tendencies. These factors combined to make immigrant integration in Pelican Rapids a crucial economic development issue. The strategy has been a coordinated effort by several organizations, including Lutheran Social Services, the Pelican Rapids Library and the local schools. It began at a meeting in the late 1980s when a group of volunteers at the library started to think strategically about how the library might facilitate understanding between new and long-term residents. The result of this meeting was the formation of a multicultural committee that would work to help people understand each other.

The committee partnered with the school system to initiate a new program designed to educate students about different cultures. This included a series of visits from immigrants living in Pelican Rapids, who shared stories about their native countries. The committee also established a buddy system that paired new immigrants with American students who helped them through the school system. The library began offering four English-as-a-second-language classes each week, a bilingual story time, a literacy drive and miscellaneous presentations about immigration. At the same time, the school system and library worked hard to enhance programming and learning resources for the traditional residents of Scandinavian background so as to be as inclusive as possible.

In response to the public unease about the changing complexion of Pelican Rapids, the multicultural committee hosted a series of public conversations in which residents could voice their

concerns. Using the information gleaned from these discussions, the library began running a series of articles in the local paper, highlighting each culture and interviewing a specific Pelican Rapids resident from the ethnic group being profiled. The articles served as an opportunity to put a face with a culture and improve understanding across cultures. The committee also emphasized similarities that new immigrants had with existing residents and pointed out that all of the immigrants were coming to work and earn a living. The committee noticed that people’s thinking began to shift as residents learned more about the newcomers, their challenges and their cultures. “People, including the students, now say that ‘We’re great precisely because we’re so diverse,’” a library administrator said.

The culmination of this shift occurred in 2000 when a teacher noticed the passion and excitement that some of her students had for soccer. She scheduled a meeting for students with an interest in soccer and 200 showed up. That summer, Pelican Rapids formed its first under-age-16 soccer team, made up of Bosnian, Somali, Hispanic and European American students. After winning all of its regular season games, the team was invited to play in the state championship. The team left town with a celebratory police escort and went on to place second in the state of Minnesota. “Everyone here respects sports,” said Joan Ellison, a member of Friends of the Library. “This community began to see that these immigrants should be given respect. The soccer team gave us something to be proud of.” Pelican’s soccer team continues to be a source of community pride as it has traveled to the state tournament four times in the past six years.

KEY THEMES OR LESSONS

- ***Look for entrepreneurs within immigrant communities.*** Small business entrepreneurship is a substantial contributor to economic development in small towns. As a result of their integration strategy, Pelican Rapids appears to be on the front-end of an economic reawakening based on the entrepreneurial tendencies of new immigrant residents. The town is starting to see new immigrant-owned retail shops and grocery

stores downtown. These immigrant-owned businesses pay local taxes, hire local workers and contribute toward building a viable civic infrastructure in Pelican Rapids.

- ***Social events, such as soccer, can be a great source of community identity and integration.*** Travelers to foreign countries have long recognized that sports (especially soccer) can be a universal language to promote understanding and cooperation among different individuals and cultures. In the case of Pelican Rapids, soccer brought kids and families together from different racial groups and ultimately became a source of community pride.

- ***It is important to build a web of service organizations to facilitate integration.*** In terms of small town development, the most immediate challenge associated with the arrival of immigrants is that civic and social infrastructure can be quickly overwhelmed. Leaders in Pelican Rapids recognized that a number of social service groups could work collaboratively to help aid immigrant transition. These groups included the library, schools and Lutheran Social Services, as well as volunteers in the community. Rather than leaving these groups to work independently of each other, Pelican Rapids formed the multicultural committee, which coordinated a web of social services and provided a lead agency for the community’s integration efforts.

STAR, NORTH CAROLINA

In the wake of declining textile industry employment, Star joined with a regional nonprofit partner to develop a business incubator, located in a former mill building, which provides space and training to local artisans and small business entrepreneurs.

	2000	2010	+/-
Population	800	876	%
Per capita income	\$	\$13,631	%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Central North Carolina, USA (map)		
Distance to metro/micro-politan center	78 km to Greensboro, North Carolina		
Distance to major transportation corridor	2 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Manufacturing • Educational services, and health care and social assistance • Arts, entertainment, and recreation, and accommodation and food services 		

In Star, small business entrepreneurs are driving job creation. Until the mid-1990s, Star was a one-industry rural community. The hosiery mills provided solid and steady job opportunities. As the mills closed and unemployment worsened, Star joined the

Yadkin Pee Dee Lakes Project (a regional NGO) to work toward economic diversification in the small, rural communities of Montgomery County. The centerpiece of the strategy is the STARworks Center for Creative Enterprises in downtown Star. It is a business incubator,

located in a former mill building, which provides space and training to local artisans and businesses and then facilitates their transition into Star and other surrounding communities.

LOCATION AND HISTORY

Star is located in the Yadkin Pee Dee River basin, approximately halfway between Charlotte and Raleigh, the two largest cities in North Carolina. Star grew as a railroad stop on the Norfolk Southern Railroad, which passed from Charlotte through Raleigh on its way to Norfolk. Railroads, cheap non-unionized labor and low tax rates brought hosiery mills into the region, and mill jobs formed the basis of Star's economy for almost 50 years.

By the 1980s, Star was home to two large hosiery mills, each employing more than 1,000 workers. The mills were the lifeblood and economic engine for the community until both mills closed in the 1990s. To combat the job losses, towns from the seven-county basin came together to create a strategic plan for economic revitalization and balanced growth.

APPROACH TO DEVELOPMENT

Beginning when the mills closed in the early 1990's, Star's development strategy is to work with the Pee Dee Lakes Project to develop the STARworks Center for Creative Enterprises. Local leaders believe that small business entrepreneurs who nurture their young businesses in the STARworks Center will move out into Star and surrounding communities and become new engines for the region's economic growth. Importantly, Star's strategy is twofold: to create an incubator for new small businesses and to create a pathway and support network for businesses that graduate from the incubator and move out into the local market.

Development of the STARworks Center started in 2004 when a prominent local businessman donated the Renfro Mill building in downtown Star to the Pee Dee Lakes Project. The imminent availability of a significant building space got the town thinking. "At the time, counties in this region were still trying

to recruit big manufacturing operations," according to the project director. "We thought why not recruit smaller entrepreneurs who could grow their business and then spin them off into the surrounding small towns." The strategy became known as Small Town Area Revitalization or STAR.

The Pee Dee Lakes Project and the Town of Star teamed-up to test the idea. The project received a grant from a regional foundation and the U.S. Department of Agriculture to fund renovation of the Renfro Mill. By 2005, renovation was complete and the STARworks Center for Creative Enterprises opened with its first tenant, a high-end ceramics artisan. Currently, STARworks is home to a variety of businesses including a geothermal business, a ceramics supply business and a glass and metal studio.

While rehabilitating the Renfro Mill, the town also set about a process to improve their downtown business district (town center) so that small businesses had a place to go after "incubating" in the STARworks Center. With help from the Pee Dee Lakes Project, the town created a citizen-led group to initiate downtown revitalization. "Star Central" is a citizen led organization in charge of preparing the community to receive businesses from the incubator. Star Central was divided into six different teams, ranging from economic restructuring to promotion and marketing, that are currently working to revitalize Star's downtown.

Since opening, the STARworks Center has produced results. Star Kilns, a ceramics business, is moving from incubator space to downtown Star. The mayor estimates that Star Kilns will create seven jobs for local residents. Additionally, Star Kilns is in discussion with one of its suppliers to open a facility in Star. Nearby Ellerbe and Baden are working to replicate the Star Central citizen group model under the direction of the Pee Dee Lakes Project. Through the STARworks Center, Star and neighboring communities are showing how rural mill villages can find new economic engines in the 21st century.

KEY THEMES OR LESSONS

- ***Find creative re-uses for vacant buildings.***

Textile mills offer unique features not commonly found in business incubators: abundant space. Large, historic mill buildings can be both assets and liabilities to small communities. In some cases, environmental factors are a roadblock to building reuse. In others, moderate revitalization investments can jumpstart a facility's productivity. The STARworks Center illustrates how one small town used its mill to create new jobs. The Renfro Mill is 187,000 square feet giving the project freedom to offer businesses and artisans substantial loft-type space. The availability of low-cost space ended up being a big draw for many of the businesses now located in the STARworks Center.

- ***Surviving the economic transition requires a shift in local expectations regarding job creation.***

Most of Star's economic legacy has been shaped by one business -- first the railroad, then the hosiery industry. The transition from a one-industry town to a community supported by a number of small businesses requires more than reshaping an economic development strategy; it requires shifting mindsets and community expectations. Through citizen groups such as Star Central, the mindset is shifting. Residents are beginning to understand that these smaller businesses, which individually create far fewer jobs than a large branch plant, will form the economic backbone of their community. Realistic expectations among local residents help to make a business's transition from the incubator to town more fluid. Perhaps even more important is that this shift in community mindset is creating the kind of community buy-in necessary for projects such as STARworks to succeed.

3

CASE STUDIES III: HUMAN CAPITAL-BASED DEVELOPMENT

This chapter includes case studies of small towns that are focused on human capital strategies, including partnerships with post-secondary educational facilities (colleges or universities). These are towns that have come up with ways to leverage their educational institution for the community's economic benefit. They are focused on building the workforce and leadership to carry a community forward.

ALLENDALE, SOUTH CAROLINA

A small rural community in South Carolina creates a leadership institute to cultivate local leadership, generate grant funding and confront the racial divide.

	2000	2010	+/-
Population	3,900	3,482	-12%
Per capita income	\$10,400	\$9,506	-9%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, South Carolina)	\$25,076	\$32,460	23%
Location	Central South Carolina, USA (map)		
Distance to metro/micro-politan center	92 km to Augusta, Georgia		
Distance to major transportation corridor	55 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Retail trade • Manufacturing • Educational services, and health care and social assistance 		

After decades of high unemployment and crippling poverty, Allendale created a regional leadership institute to equip emerging leaders with the skills to reverse the community's fortunes. Allendale's post-war economy -- built on pass-through tourism -- was crushed in the 1960s when Interstate 95 was built 35 miles east of town. In 1997, the Chamber of Commerce, concerned with the deteriorating conditions in town, partnered with South Carolina's Downtown Development Association and state officials for a strategic planning exercise. A lack of leadership was identified as one of the region's most prominent issues. In response, public and private actors came together to create the Salkehatchie Leadership Institute in 1998. The institute has since trained nearly 2,000 leaders who have gone on to become elected officials or leaders in the field of community and economic development.

LOCATION AND HISTORY

Allendale, in rural southwestern South Carolina, is an agricultural community focused on soybean and cotton. The big boom for Allendale came in the 1940s and '50s when U.S. 301 was

the main north-south highway along the eastern seaboard. Allendale was conveniently located at the midpoint between New York and south Florida, and travelers found Allendale to be the perfect stopping point on their trips to the beach. Throughout the post-war years, Allendale's streets bustled with restaurants, hotels and grocery stores.

The town's character was changed forever in 1960 when Interstate 95 was planned for construction approximately 35 miles east of Allendale. Soon, travelers were using the new Interstate to commute south and Allendale's tourism industry collapsed. Poverty levels and unemployment rose, and the region became known as one of the poorest and least educated in the state.

APPROACH TO DEVELOPMENT

Given these challenges, Allendale's development strategy was to play a primary role in creating a regional leadership development program. After identifying a lack of leaders in Allendale and the surrounding rural counties, local leaders from Allendale identified the local branch campus of

the University of South Carolina as a possible partner in creating a leadership program. The town approached administrators at USC-Salkehatchie, located in Allendale, about hosting a leadership course on campus. From this conversation, the Salkehatchie Leadership Institute was born.

The next step was to identify a long-term funding source for the institute. The first director of the Institute lobbied state legislators about the possibility of state support for the center and, in 1998, the Institute was appropriated USD 100,000 in the state's recurring budget.

The institute provides a series of leadership development programs for youth and adults. Through these programs, it prepares citizens to take the lead in economic and community development. All institute attendees start by learning about social and economic issues in their community. Once they have a deeper awareness of these issues, the institute helps attendees decide on a problem area to tackle in their community. Attendees are then connected to relevant boards and committees to begin seeking solutions.

Since developing these programs, the Salkehatchie Institute has trained more than 1,100 adults and 800 youths, who have become more engaged and educated citizens. Some of the adults, for instance, have gone on to hold elective office or have generated grant money for redevelopment in their home counties. The Institute has helped to generate an estimated USD 9 million in grant funding for the area. Through the institute, Allendale is creating leaders to sustain economic development over the long term.

KEY THEMES OR LESSONS

- ***Leadership development can lead to economic development.*** Allendale's strategy -- to cultivate local leadership -- resulted in a cadre of new and well-connected leaders, many of whom became

influential in initiating local community and economic development efforts. In fact, the institute estimates that more than USD 9 million in grant funding has been awarded to projects in Allendale because of the initiative of new local leaders. One former student alone raised more than USD 1 million to fund a new county health services building in nearby Barnwell County. In many rural communities where leaders are few and far between, a capacity building strategy such as leadership development can be a viable strategy for long-term economic development.

- ***Leadership development can be a tool for bridging social divides.*** Developing new leaders in small towns is one way to begin dealing with difficult issues that may be standing in the way of development. The Salkehatchie Leadership Institute was an incubator for a diverse community development organization called Allendale County ALIVE. ALIVE initiated a local process to openly address race and seek community-wide solutions to issues. "Allendale is one of the few communities I've seen that hasn't been afraid to address racial issues and move forward together," said the associate program director of Clemson University's Institute for Economic and Community Development.
- ***Local colleges are assets for small town community and economic development.*** The Salkehatchie Leadership Institute was created through a partnership of Allendale, neighboring towns, the state and the University of South Carolina. Housing the institute on a local campus was helpful, both in terms of securing funding for the program and access to professional expertise in the field of leadership development. Local leaders can look to local or regional higher education institutions to support their town's efforts to develop local leaders or create new businesses.

HOUSTON, MINNESOTA

The Houston public school system capitalizes on an opportunity to partner with a private sector entity to develop an online learning curriculum. In the process, the local school district leads an initiative to equip and connect rural residents to the Internet, the school, their neighborhoods and the larger community.

	2000	2010	+/-
Population	1,200	979	-4%
Per capita income	\$17,000	\$21,216	20%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Minnesota)	\$32,599	\$42,847	24%
Location	Southeastern Minnesota, USA (map)		
Distance to metro/micro-politan center	100 km to Rochester, Minnesota		
Distance to major transportation corridor	26 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Manufacturing • Retail trade 		

In Houston, Minnesota, almost every household – even in the most remote rural parts of the county – has a computer with a high-speed Internet connection. “I live at the end of a 1.5-mile long driveway in rural Minnesota and I have a high-speed Internet connection to communicate with folks in town,” said former Houston County commissioner. Widespread use of broadband technology in Houston came about somewhat indirectly, through an effort to address declining enrollments in local public schools. By 2004 Houston had launched one of the largest online learning curricula in the state and, in the process, had brought computers and the Internet to homes throughout the community. The result of Houston’s strategy is a fully-wired community and a technologically proficient workforce, which are prominent assets for this small town’s economic development prospects.

LOCATION AND HISTORY

Houston is located in the southeastern part of Minnesota, where farms dominate the landscape. Houston’s closest neighbors, La Crosse (Wisconsin)

and Rochester (Minnesota), have blossomed as regional hubs, and in recent years Houston has become a bedroom community for these larger cities. Today, roughly 50 percent of Houston residents commute out of town for work.

In addition to its proximity to these cities, Houston has a well-regarded public school system. The district receives excellent ratings relative to both southeastern Minnesota and the state as a whole. Over the past few decades, however, Houston has been struggling financially. Even though the town has become a modest bedroom community, declining population and school enrollments have meant less state money, making it increasingly difficult for the local school district to offer a broad curriculum. In the late 1990s, the Superintendent of Schools began to take steps to address the challenge.

APPROACH TO DEVELOPMENT

Houston’s strategy, which is led by the local school district superintendent and his staff, was to

create an online learning program to reach rural students (and to boost enrollment locally) and in the process bring computers and broadband Internet to residents of its rural community. Students who register for the online learning program offered by the local public school district are counted as students of the district, regardless of their physical location.

One of the first initiatives was a program to use the Internet to keep parents informed about their children's progress at school. Because fewer than 75 percent of local residents had computers connected to the Internet, the School Superintendent convinced the nearby Mayo Clinic to donate used computer equipment to families in Houston. The school district negotiated with a local telephone cooperative for discounted broadband Internet service for residents with children who qualified for free and reduced priced lunch. The program boosted the use of technology in and around the community.

With the success of this implementation, the district began to consider additional ways to leverage technology and boost enrollment for the district. The practice of online learning was becoming increasingly widespread, and home-schooled students in the rural areas surrounding Houston were an untapped market for online learning services from the district. The School Superintendent partnered with K12, an online curriculum provider, to offer a home-based education curriculum that would leverage parental involvement and technology while at the same time, boost enrollment in the district.

In 2003, Houston's online curriculum was made available to all Minnesota public school students in kindergarten through second grade. Within a few years, the Minnesota Virtual Academy (MNVA) was being offered to students through 12th grade. Today, as a state-approved online school program, MNVA is the largest provider of online public education and one of the fastest growing public schools in Minnesota. Two-thirds of the students enrolled in the curriculum live outside the school district, generating a significant source of revenue. MNVA has helped Houston to reverse declining enrollments and has allowed the district

to enhance its course offerings. The Minnesota Department of Education estimates the Houston Public Schools soon will be the largest district in the county in terms of enrollment, with over 50 percent of its students residing outside the district.

Finally, because this rural community is one of the most wired in the country, it is well-situated for potential economic development projects. "Every household has a computer and is online," said an economic development expert who has worked in Houston. "They are connected to the school and are connected to one another. They are rebuilding the whole community around this." Houston has the infrastructure in place and a budding workforce of technologically proficient students, giving it an entrepreneurial advantage and making it an attractive prospect for new and expanding businesses.

KEY THEMES OR LESSONS

Look for creative ways to glean public goods from public-private partnerships. The opportunity for Houston to become a wired community came indirectly -- from the needs of public school students and the initiative and innovation of the district's superintendent. The initiative to link rural residents to the school system also motivated other partners (the Mayo Clinic and the local telephone cooperative) to bring their resources to benefit the public good. Civic leaders should look for creative opportunities to leverage private market investments for public benefit.

Visionary leadership is critical to a town's success. Houston's School Superintendent is a visionary local leader. "The question we were asking as a school is how can we move into the future and be relevant in education?" Looking forward and seeing the potential growth in online learning, Houston was willing to risk charting a new course in education. As a result the city school district has enhanced the quality of the education it offers and increased the funds the town can spend on its students. Town leaders should not hesitate to explore technological advances and determine ways their towns could use technological progress for the public's benefit.

MORRILTON, ARKANSAS

In Morrilton, two of the town's largest employers closed in the same week. A coalition of community leaders responds quickly to form partnerships and implement job training programs for the dislocated workers.

	2000	2010	+/-
Population	6,607	6,767	2%
Per capita income	\$16,957	\$19,146	11%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Arkansas)	\$22,574	\$32,678	31%
Location	Central Arkansas, USA (map)		
Distance to metro/micro-politan center	85 km to Little Rock Arkansas		
Distance to major transportation corridor	3 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Manufacturing • Other services, except public administration 		

Over the last 20 years, Morrilton's high concentration of textile and manufacturing plants has been eroding. The biggest loss came in 1999 when two of its largest employers closed in the same week. More than 1,000 workers were laid off, resulting in 40 percent unemployment. The mayor and economic development staff quickly assembled an industrial fair in which more than 50 area businesses hired many of the former plant workers. In addition, Morrilton obtained help to establish a computer training center where former textile workers learned computer and technology skills. Through these efforts, Morrilton has attracted three new industries and replaced nearly all of the lost jobs.

LOCATION AND HISTORY

Morrilton is located in central Arkansas. Since its founding in the late 1800s, farming and industry have been the mainstays of the local economy in Morrilton. Through most of the 20th century, textile and other labor-intensive manufacturing operations were the town's largest employers. The

first major shock came in 1985 when a textile plant, Crompton Mills, closed and laid off 1,100 people. Unemployment rose to 18 percent and 600 people left town. Unemployment leveled off to around 6 percent by 1990, and locals believed the worst was behind them. In 1999, within the span of one week, Morrilton lost its two largest employers and more 1,000 jobs. Nearly 40 percent of the town's workforce had been thrown out of work.

APPROACH TO DEVELOPMENT

Prior to the plant closures, leaders in Morrilton anticipated the potential for plant closings and prepared to help displaced workers and to prevent further dislocations. Beginning in 1998, the town mayor began to develop a strategy for helping laid off workers. Staff in the local economic development office made contact with local businesses to assess their plans for future hiring. Having generated a list of potential job opportunities, officials were ready when the plants closed. Within a few days of the closure announcement, Morrilton's

officials pulled together a job fair with over 50 area businesses in attendance. The job fair was funded with donations from local businesses, and many of the laid off employees left the event with new jobs.

In addition to delivering a job fair, the town established a training program to teach former textile workers basic computer software and technology skills. By training textile workers in new technology, economic development officials believed Morrilton would be able to attract more modern industry. The town worked with state and federal agencies to fund a training center with computer equipment. A local shopping mall owner donated land and power for the training center. Within six months, the goal of landing a modern employer was realized with the recruitment of a banking call center. Many of the former textile workers who had completed the computer program went on to work for the call center.

To prevent future dislocation, Morrilton has been working to diversify its economic base. The town has implemented programs to recruit large and small century businesses. In recruiting smaller companies, Morrilton is spreading its employment over a broader range of employers and economic sectors to minimize impacts should a business close. In addition, Morrilton has partnered with the nearby Fort Smith branch of the University of Arkansas to develop a basic management training program. Employees of area businesses can attend the intensive program and learn management skills and quality control techniques. This training curriculum meets the demand from business owners and increases the skill sets of the local workforce. By investing in its workforce and playing a proactive role in the wake of plant closures, Morrilton has been able to overcome a devastating situation and reinforce its economy against future disasters.

KEY THEMES OR LESSONS

- ***Workforce development is economic development.*** Morrilton demonstrates that assisting workers through the transition to new jobs can be an effective tool for economic development. The community's initial push was to engage with existing businesses to secure jobs for dislocated workers. Skill deficiencies pushed the town to go further and to create a computer training program, which has become a draw for more modern industries. Communities moving away from labor-intensive manufacturing can develop workforce strategies that help local workers compete for new economy jobs.
- ***Anticipating the worst enables a community to respond faster to plant closures.*** Rather than relying on federal and state authorities to help dislocated workers, Morrilton took a leading role in finding workers new jobs. By utilizing contacts with area business owners, something state officials could not do, Morrilton's economic development group pulled off a highly successful job fair that helped many find work. Morrilton also was aggressive in seeking support from its state senator to secure a facility and resources for the computer skills class. Morrilton demonstrates that a concrete response during times of crises can have a large impact on a community.
- ***Seek nontraditional partners in responding to economic disasters.*** After the plant closures of 1999, elected officials set out to inform laid-off workers of job openings through the industrial fair and provide workforce training programs. But officials did not stop there. The mayor brought area churches together to discuss how the faith community might help in this time of need. The churches agreed to host prayer meetings and provide counseling to workers and their families. The churches also opened food banks to ensure that no family went without a meal. This brought more members of the community into the problem solving process.

NEW YORK MILLS, MINNESOTA

This town invests in the creative energy of rural artists. Through a regional cultural center, New York Mills attracts outside talent and energy, bringing fresh perspective on the community's challenges and opportunities.

	2000	2010	+/-
Population	1,186	1,199	1%
Per capita income	\$15,950	\$16,164	1%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Minnesota)	\$32,599	\$42,847	24%
Location	Central Minnesota, USA (map)		
Distance to metro/micro-politan center	126 km to Fargo, North Dakota		
Distance to major transportation corridor	72 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Manufacturing • Arts, entertainment, and recreation, and accommodation and food services 		

Nearly 80 miles from any significant city, the small town of New York Mills demonstrates the potential for turning rural arts and culture into economic development. Through bold and forward-thinking investment by local leaders, the community created the New York Mills Regional Cultural Center in 1992. The center hosts an artist-in-residency program, art exhibits, theater productions and musical performances, including international caliber events, all of which make the arts accessible to rural residents. Further, the center set off a wave of new business creation. In the first six years that the cultural center was open, 17 new businesses opened in town, creating 350 jobs.

LOCATION AND HISTORY

New York Mills owes its legacy to a hardy group of Finnish immigrants who came to northwest Minnesota in the 1880s. In 1885, New York Mills was incorporated and named for the large number of timber mills in town. After clearing every tree in sight, the town's residents turned to farming in the early 1900s. Since then, corn and dairy farming

have been important to the local economy. The largest employer in town is Lund Boats, a boat manufacturer, employing 575 people.

The arts-based approach to economic development in New York Mills began in 1987 when an art school graduate moved to town and started out painting homes and barns in town and realized that “these were highly educated residents,” he said, “and I got the sense that they wanted more culture, more arts. There wasn't an art teacher at school. Art was the piece that was missing in town.”

APPROACH TO DEVELOPMENT

The strategy in New York Mills was to use art as an economic development tool by creating the New York Mills Regional Cultural Center. The center, it was believed, would attract tourists and catalyze the development of new small businesses. In 1990, a new resident of the community and emerging local leader organized a nonprofit group with the mission of bringing the arts

to New York Mills. The first initiative was an artist-in-residency program that integrated a visiting artist into the community through art exhibits, classes and various public service responsibilities. In exchange for housing and gallery space, artists were required to assist the community in a variety of ways, based on their individual interests and skill sets. By including this public service element in the artist-in-residency program, the town ensured that new ideas and creative energy were injected into public life in New York Mills.

During the trial run of the artist-in-residence program, the town decided to build on momentum by developing a downtown cultural center to place the residency program and art exhibits in the center of town. Around this time, a local businessman was looking to donate his dilapidated 1885 general store. After months of negotiating, the town acquired the property in 1990. It also secured seed money to begin a multi-use arts and cultural facility. For the rest of that year, local leaders visited all regional NGOs and civic groups to request contributions.

The local government agreed to donate USD 35,000 to the project. Several local officials questioned the figure, but a number of key civic leaders, including the council members, recognized the potential in this type of investment. “It was a risk,” according to the mayor, “but towns our size are struggling to keep businesses downtown and our population growing. We saw it not only as an opportunity to fill a void in the culture of our community, but as a way to help our community and businesses keep growing.” To reduce the town’s risk, the agreement was structured to give the town ownership rights to the building for five years. Thus, in the event that the cultural center flopped, the village would gain a newly renovated commercial space for its USD 35,000 investment.

In June of 1992, the New York Mills Regional Cultural Center opened to a community parade. The center, in total, has put on more than 80 exhibits and hosted 50 visiting artists since opening. Remarkably, New York Mills has seen tremendous investment in its downtown. Between the center’s opening in 1992 and 1998, 17 new businesses opened in New York Mills, increasing employment by 40 percent. Many of these businesses are bed and breakfasts and restaurants serving new tourists visiting the cultural center. The center also has attracted media attention from the Today Show, The New York Times and National Public Radio, giving it a presence far beyond the state of Minnesota. New York Mills is a national example of how the arts can be embraced in a rural community and reinvigorate a local economy.

KEY THEMES OR LESSONS

- ***Communities that embrace the ideas and energy of new residents have much to gain in the long run.*** In New York Mills, a new resident and civic entrepreneur brought new ideas about the importance of arts and culture to community life that were embraced by community leaders. The community was willing to support and work with him, demonstrating how volunteerism, investment in the arts and public-private partnerships can all come together to the benefit of the community.
- ***Figure out ways to reduce risks on out-of-the-ordinary projects.*** Investing public resources in the New York Mills Regional Cultural Center represented a significant risk for the community. By structuring this investment so that the town had ownership of the cultural building and by designing exhibits that were attractive to both residents and tourists, leaders created a situation where the town would gain whether the project worked or not. New York Mills demonstrates one way to reduce financial risk to the local government.

RUGBY, NORTH DAKOTA

Recognizing the lack of computer skills among its workforce, Rugby partners with a statewide training program to enhance the job skills of its citizenry. Its investment in workforce development is attracting new businesses to Rugby.

	2000	2010	+/-
Population	2,939	2,876	-2%
Per capita income	\$14,380	\$17,103	16%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, North Dakota)	\$27,906	\$42,764	40%
Location	Central North Dakota, USA (map)		
Distance to metro/micro-politan center	245 km to Grand Forks, North Dakota		
Distance to major transportation corridor	177 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Retail trade • Professional, scientific, and management, and administrative and waste management services 		

Rugby is a small town that has survived multiple economic recessions by investing in its workforce. Historically, Rugby's economy was based on agriculture and retail trade. Until the last five years, the local labor force lacked basic computer skills. The local economic development director came to recognize that this skill deficiency was limiting the ability of existing businesses to compete. It also became a barrier for recruiting new competitive industries into Rugby. In response, the town created a partnership with the Center for Technology and Business in Bismarck to develop a technology training program for the local labor force. As a result, one-third of Rugby's labor force has received training and new, technology-driven businesses have located in town.

LOCATION AND HISTORY

Rugby is one of North Dakota's larger towns. Incorporated in 1886, it was initially called Rugby Junction because of its location at a junction of the Great Northern Railway. The name Rugby came from a city of that name in England.

The town's early promoters thought the name would entice English settlers to move to North Dakota. The plan never worked out; almost all of the population is of Scandinavian and North Germanic ancestry.

Like most rural outposts on the northern plains, Rugby has a traditional agricultural economy. Throughout the 1980s and '90s, Rugby's economy struggled to grow. Local leaders recognized that many residents were unable to compete for modern job opportunities because they had limited experience with computers. This created several problems. First, technology-driven businesses, which had the potential to be important for Rugby's growth, shied away from town. Second, Rugby's existing businesses that relied on computers were unable to fully utilize them to become more competitive.

APPROACH TO DEVELOPMENT

Rugby's strategy is to enhance the computer skills of its workforce. In 1999, the town partnered

with the Center for Technology and Business (CTB), a statewide NGO and technical assistance provider, to administer a low-cost computer training program. The program includes practical instruction in running a computer, using Microsoft Office applications and navigating the Internet. Moreover, instead of sending teachers throughout the state to run the training programs, CTB selects and provides training to a few local residents, who then teach the courses in their hometown. Once a town has trainers, they are free to administer and manage the program themselves. Costs to participants range from USD 30 to USD 60 per course, though students unable to pay are subsidized. Course revenues cover textbooks and teacher pay. In Rugby, courses are held in donated meeting space at the local hospital. In the past six years more than 400 residents, about one-third of Rugby's labor force, have completed the program.

A computer-literate labor force has positioned Rugby as an attractive site for new businesses. The first of these was Verety, a Chicago-based business that uses a broadband network to take fast-food restaurant orders from remote locations. Given Rugby's established computer training course, Verety decided to locate in town. "Verety saw that Rugby was a place where people had a good understanding of technology," according to one local leader. Verety hires stay-at-home workers (including underemployed mothers) to take and send orders. The company provides free computers and broadband access to each employee. "These stay-at-home mothers can put their kids on the bus in the morning, work from 10 a.m. to 4 p.m. and still have dinner on the table by 5," one local official said. "That additional income and not having to travel to and from work has been a benefit to so many families in Rugby." Verety's business model, combined with Rugby's workforce development initiative, has allowed the unemployed and underemployed labor force in this rural outpost to link into the local economy.

In addition, since the workforce training program was implemented, Rugby has caught the attention of several relocating businesses. A pool

cue manufacturer that was seeking a technology-proficient workforce settled in Rugby, as has a pole barn manufacturer from Canada. A local auto body shop was at the point of closing its doors because of major issues with its computer system when the Center for Technology and Business sent a consultant to see if the problem could be fixed. After a week of work on the system and some training for the workers, the body shop was back and running and quickly became profitable. Not long after, that same company decided to create a new business that designs signs for trucks and cars using a sophisticated computer graphics system. Three Rugby residents were hired to run the computers and apply the graphics.

KEY THEMES OR LESSONS

- ***Workforce investment can be a catalyst for improving a town's economic prospects.*** The recent attraction of new employers to Rugby can in large part be attributed to the successful workforce training program it implemented. By improving the technical skills of workers, Rugby has increased their value and pursued a strategy that can attract and retain better-paying businesses. The success of the training program became a sort of marketing device as businesses heard about this small town and its trained labor force. Town leaders should see workforce training as a starting point for a number of development strategies, including entrepreneurship and business recruiting.
- ***Resources are available to create training programs.*** Rugby partnered with the NGOs including the Center for Technology and Business as well as a number of state and federal agencies to devise and implement their training program. One of the Federal agencies Rugby partnered with was the U.S. Department of Agriculture, which provides funding to many rural communities for technology education. The message here is for economic developers in small towns to know that funding is available from a wide variety of agencies and that forming alliances with them can be key to a program's success.

WASHINGTON, NORTH CAROLINA

Located at the center of a regional cluster of marine and boat-building businesses, Washington partners with the community college to create a workforce development and entrepreneurship program to capitalize on the booming industry.

	2000	2010	+/-
Population	9,841	9,583	-3%
Per capita income	\$14,320	\$18,937	24%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Eastern North Carolina, USA (map)		
Distance to metro/micro-politan center	172 km to Raleigh, North Carolina		
Distance to major transportation corridor	105 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Construction • Arts, entertainment, and recreation, and accommodation and food services 		

Washington is taking advantage of the existing marine trades cluster in eastern North Carolina by upgrading the skills of its workforce and fostering entrepreneurial development in the marine trades industry. After a number of plant closures throughout the 1990s, Washington officials partnered with county economic development officials and the local community college in 2004 to develop the Skills Center, a business incubator that provides worker training and entrepreneurial development for new marine trade firms. Since opening in 2004, the Skills Center has generated two new boat manufacturers in Washington, creating more than 100 jobs.

LOCATION AND HISTORY

Washington's history dates back to the early 1700s as a shipping port, a legacy that has since shaped the community's economy. It was not until 1775 that Washington was formally named by resident Colonel James Bonner in honor of his commander-in-chief, Gen. George Washington. The newly named community was the first to be

called Washington in the United States and was incorporated in 1782.

By virtue of its location on the northern bank of the Pamlico River, Washington became a regional shipping center and was recognized by the North Carolina General Assembly as a port in 1784. Over the next two centuries, Washington's economy was spurred by textile and lumber mills locating on the banks of the river. Increased global competition forced the closure of many of the mills in the mid 1990s, leaving Washingtonians without work and with a decaying town center.

APPROACH TO DEVELOPMENT

Washington's strategy was to develop a skilled labor force and encourage entrepreneurship in the marine trades industry. The State of North Carolina provides funds to community colleges to train the workforce of new and expanding industries. Washington capitalized on the state funding by partnering with Beaufort County Community College (BCCC) to develop training

courses in welding, manufacturing and electronics related to the marine trades. Through this flexible curriculum, Washington created the institutional capacity to train the workforce of nearly any boat-building manufacturer.

With a training program in place, community leaders turned to developing the entrepreneurs who could eventually make good use of their community's skilled marine trade workforce. Washington and Beaufort County partnered in 2004 to build the Skills Center, a business incubator with space for new business owners to temporarily establish their headquarters and take training courses offered by BCCC. The Skills Center also allows entrepreneurs the time to build partnerships and establish contracts with surrounding component manufacturers and thus become embedded in the boat building cluster.

By 2005, Washington's strategy was starting to pay dividends. One local resident and graduate of the training course opened Brooks Boats. During the year his manufacturing plant was being built, Brooks set up his offices in the Skills Center and began training his workforce. Besides building boats, Brooks also manufactures parts for other boat builders in eastern North Carolina, further strengthening this cluster. In 2006, Brooks moved to his new 14,000-square-foot space. His company employs 50 workers. Egret Boats has followed a

similar path through the Skills Center and created 56 new jobs in Washington. All told, Washington currently has three boat manufacturers, employing several hundred workers, as well as a number of component manufacturers and machinists.

KEY THEMES OR LESSONS

- ***Workforce development is economic development.*** This is a case about using workforce development as a driver of entrepreneurship development strategies, a way to give local entrepreneurs a competitive advantage. Washington demonstrates that, especially in small rural communities, workforce development programs can catalyze economic development in ways beyond just training workers.
- ***Recognize and tap into regional economic opportunities.*** In times of economic transition, Washington chose to build on its unique waterfront location and its shipping heritage to become part of a broader economic engine, the marine trades cluster in eastern North Carolina. Doing so allowed Washington to become a workforce development hub for this growing economic sector. The town was strategic in terms of evaluating what it could offer to the growing marine trades cluster and recognizing opportunities to set the town apart from other towns in the region.

4

CASE STUDIES IV: INDUSTRY, HIGH-TECH, OR MANUFACTURING-BASED DEVELOPMENT

This chapter includes case studies of small towns that are focused on industrial, higher technology, or manufacturing development. These towns have developed innovative industrial development strategies that incorporate business clustering and regional collaboration; emphasize “green” development; and make use of creative incentive tools.

CAPE CHARLES, VIRGINIA

With a local economy crippled by plant closures and environmental problems, Cape Charles bridges these challenges with the nation's first eco-industrial park.

	2000	2010	+/-
Population	1,130	1,009	-12%
Per capita income	\$13,790	\$24,906	45%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Virginia)	\$31,634	\$44,246	29%
Location	Eastern Virginia, USA (map)		
Distance to metro/micro-politan center	69 km to Norfolk, Virginia		
Distance to major transportation corridor	61 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Arts, entertainment, and recreation, and accommodation and food services • Professional, scientific, and management, and administrative and waste management services 		

In the mid-1990s, Cape Charles planned and developed an environmentally friendly “eco-industrial park.” This development was part of the town’s strategy to blend job creation with environmental protection. Located in Northampton County on the Chesapeake Bay, the town’s economy is based in fishing, farming and food processing. Over the last couple of decades, however, local food processing plants have moved away, and overfishing has decimated the fishing industry. In the wake of significant job losses and increasing water pollution, local officials committed to charting a new, more sustainable economic development path. Cape Charles is now the location of the nation’s first eco-industrial park, which has created new jobs for residents while limiting its environmental footprint.

LOCATION AND HISTORY

Sandwiched between the Chesapeake Bay to the west and the Atlantic Ocean to the east, Cape Charles has a long history as a trading post and fishing center. It was founded in 1886. For much

of the 1900s, the town’s port and ferries connected Northampton County with Norfolk across the bay. In 1965, a two-lane bridge and tunnel were built to connect Cape Charles with Norfolk, reducing the port’s traffic.

Cape Charles’s economy has always centered on agriculture and fishing. The rich soils and freshwater bays have provided a living to generations of family farms and fishermen. Beginning in the early 1900s, processing plants located in town to package and sell produce and seafood from the area. Over the next half century, Cape Charles blossomed yet retained its character as a quaint coastal town.

In the mid-1980s, food processors became an obvious and easy target for federal environmental regulators. In addition, improvements in technology and transportation networks meant that the proximity between processors and growers was becoming less important. In the late 1980s, three food processing plants in or near

Cape Charles closed, and 1,500 workers lost their jobs. At the same time, the fishing industry began to flounder because of overfishing and increasing pollution from run-off. On top of all of this, the only source of drinking water in the region started showing signs of saltwater intrusion.

APPROACH TO DEVELOPMENT

Cape Charles's strategy was to link environmental protection with economic development. One element of this strategy was to develop an eco-friendly industrial park. In 1992, the Northampton County Board of Supervisors received a grant from the National Oceanic and Atmospheric Administration (NOAA) to research innovative ways to balance economic growth with coastal resource protection. In 1993, town and county officials partnered with NOAA and the Virginia Department of Environmental Quality to hire the nation's first local sustainable development planner. The planner created a volunteer citizens task force to identify "measurable, achievable tasks that build the economy and preserve the assets on which they depend."

Through a series of public meetings spread over 18 months, the task force came to an agreement on six economic sectors they felt Cape Charles could pursue for job growth. One was to recruit new "low-emission" industries that would have a limited impact on the environment and local waterways. The task force recommended that Cape Charles create a new type of industrial park designed to reduce water and resource use while allowing businesses to take advantage of all the traditional benefits of a park.

The recommendation was timely as Northampton residents had already approved a USD 4.6 million bond to build a new industrial park. County officials thus committed to use this bond money to create an innovative eco-industrial park. In January of 2000, the first phase of the Cape Charles Sustainable Technologies Industrial Park (STIP) opened to much fanfare. It was the first industrial park of its kind in the United States. A 31,000-square-foot manufacturing/office building was complete with solar panels, protected wetlands, low-energy light and water

fixtures and native landscaping. Local water resources were protected through an innovative water recycling system. The system collects used water from each company, recycles it and then redistributes the water back to businesses.

In the first few years after opening, STIP leveraged another USD 8 million from private companies locating there and created more than 65 new jobs. Unfortunately, some of the businesses have since closed, and the county has struggled to replace them. According to local officials, federal and state officials developed a rigorous list of sustainability criteria for how businesses in the park could operate. Apparently, these criteria are so stringent that the already small pool of potential green businesses able to locate in the park became even smaller. In addition, county officials attribute miscommunication between state and local leaders over who would lead in recruiting businesses to the park as being a major factor in its downturn. County officials and the Chamber of Commerce are now talking with a nearby community college about locating in the unused space. Even though the eco-industrial park did not turn out to be an outright success story, the forces that led to its creation and the reasons for its continuing struggle bring out lessons for similar strategic initiatives.

KEY THEMES OR LESSONS

- ***Environmental adversity can lead to economic opportunity.*** Cape Charles and county officials were in a predicament after food processing plants closed in the late 1980s. On the one hand, residents were desperate for jobs; on the other, the once pristine environment was being degraded. Cape Charles also faced threats to its water supply. The town had to come up with a strategy that would balance economic growth and environmental protection. In this case, public leaders decided to put a new spin on an old tool—the industrial park. As the county supervisor, said, "We saw nature-based development as an asset and key differentiator in doing business." This innovative approach to economic development set Cape Charles apart from its neighbors, provided uniqueness to the community and gave industries a reason to explore the town.

- ***The process of building capacity and creating partnerships is as important as the outcome.***

The inclusive nature of the planning process for the eco-industrial park generated community capacity to do other things. In 2006, when the park was struggling to maintain occupancy, the local Chamber of Commerce partnered with the area community college and the Nature Conservancy to develop a certification course in ecotourism. Graduates of the course receive

exclusive access to Nature Conservancy-owned barrier islands and can offer a more expensive and exclusive experience to their customers. The course has been extremely successful for both the town government and local business owners. This partnership was a direct result of the process that Cape Charles went through to explore sustainable economic development strategies (of which the park was only one option).

DOUGLAS, GEORGIA

Douglas cultivates economic development from three angles -- by intensifying entrepreneurship and small business efforts, diversifying industrial recruitment and employers, and preparing a cadre of new leaders to move the community’s vision forward.

	2000	2010	+/-
Population	10,650	11,589	8%
Per capita income	\$15,700	\$16,474	5%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Georgia)	\$28,541	\$34,800	18%
Location	Southern Georgia, USA (map)		
Distance to metro/micro-politan center	185 km to Jacksonville, Florida		
Distance to major transportation corridor	72 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Retail trade • Manufacturing 		

In 2005, Douglas was the first rural community in Georgia to meet the state’s rigorous standards as an Entrepreneur Friendly Community. Through a balanced economic development strategy -- which includes supporting entrepreneurs and small businesses, industrial development and leadership training -- Douglas enjoys a 20 percent growth rate and has become a regional hub for jobs, retail, entertainment and medical services. In the last 10 years, at least 800 jobs have been created and more than 345,000 square feet of previously vacant space has been occupied by small business

expansions and start-ups. Several major employers also have been recruited into town.

LOCATION AND HISTORY

Douglas is a small community in Georgia, located between the Okefenokee Swamp to the south and open farm plains to the north. As the county seat of Coffee County, Douglas is about a three-hour drive from Atlanta and two hours from Jacksonville, Fla. With its bustling town center, thriving economy and strong industrial presence, activity in Douglas is comparable to that in a city 10 times its size. Small business and retail

outlets attract shoppers and clients from across the region. As a regional employment hub, about 20 percent of the workforce in Coffee County commutes into the county.

Coffee County, once occupied by Creek Indians, was named after General John Coffee, a hero in the War of 1812. The Town of Douglas was chartered in 1899. It took its name from Stephen A. Douglas, a presidential candidate running against Abraham Lincoln. It was born as a railroad stop among the rich agricultural fields of south Georgia. Agriculture and crop-related commerce ruled the day for much of the town's early history; then the boll weevil arrived, destroying much of the cotton industry, followed by further mechanization of agriculture.

As early as 50 years ago, the challenges in agriculture made economic diversification a town priority. While Douglas has been relatively successful at building an industrial manufacturing base, between 2001 and 2003, it lost more than 1,000 manufacturing jobs. A major challenge has been re-orienting the approach to economic development so that it includes new economic drivers, including small businesses and entrepreneurs.

APPROACH TO DEVELOPMENT

The Douglas-Coffee County Chamber of Commerce (the "Chamber") and the Economic Development Authority (EDA) lead economic development efforts. The town pursues a three-pronged strategy for economic development -- support and nurture small business entrepreneurs; recruit a diverse range of industrial employers, and develop a new generation of leaders who are versed in economic development.

Small business and entrepreneurship

Douglas' support for small businesses ranges from simple thank-you visits from chamber and EDA representatives to intensive financial and infrastructure supports. In 2002, the chamber hired a full-time staff person to manage the organization's small business and entrepreneurship program. The first task was to publish *How to Start and Grow a Business*, a guide to local resources for anybody interested in starting a business. "We

wanted to get it (the guide) into as many hands as possible," said the chamber's small business program director. "Our goal was to demonstrate to the community that we were serious about stimulating entrepreneurship and small business."

The next step was to connect small business owners and entrepreneurs to resources and to recognize them for their contributions to the town's vitality. The chamber developed a program to connect new small business owners and entrepreneurs with experienced business owners. The town maintains a network of mentors who commit time and resources to helping new businesses survive. In addition, each year the Chamber presents awards for Small Business of the Year and Entrepreneur of the Year. Awards are handed out and celebrated at a formal banquet.

To support local retail development and diversification, Douglas developed a retail incubator where entrepreneurs can lease space, on a month-to-month basis, to market test their ideas. If they find their concept has a market, the town helps the entrepreneur move into a permanent space in town. The chamber also partnered with South Georgia College to create a small business incubator on campus, where student entrepreneurs are provided with space and clerical support.

Douglas offers tax abatement packages to small business entrepreneurs similar to those given traditional industry prospects. To further stimulate local business activity, the town encourages any company that receives local incentives to use local contractors for construction projects. In one of Douglas's boldest moves, the EDA re-engineered and redesigned one of the town's industrial parks, Park West, into a small business and technology center. Recognizing the growing importance of small business entrepreneurs to the local economy, EDA subdivided the site into dozens of smaller parcels and invested in state-of-the-art technology infrastructure and underground utilities. The Park West business and technology center opened in 2007.

Industrial development

While Douglas focuses at least one-third of its energy and resources on supporting small business entrepreneurs, it has not forsaken more traditional industrial development assets. The industrial development strategy begins with the connections and networks that local leaders have been building for decades. Personal connections between leaders in Douglas and economic developers in Atlanta are a bridge to high-level business prospects. The chamber and EDA, along with the town administration, tap into these networks to bring business prospects into Douglas.

When it comes to recruiting specific industries, the town's goal is to attract a diverse range of companies that pay reasonable living wages. "We don't go out of our way to recruit minimum wage jobs," said the EDA president. The town offers local incentives, with a heavy emphasis on non-cash incentives. During a typical negotiation with a business prospect, the local technical schools are at the table to outline training opportunities, local business leaders make themselves available to sell the supportive business culture in Douglas.

Leadership development

The third pillar of Douglas's strategy is to grow new leaders with a comprehensive understanding of economic development in the 21st century. "Leadership development is all about building bench strength," said the assistant city manager. "Just like good sports teams have to have bench strength to win games, communities need bench strength to stay ahead in the 21st century." In the mid-1990s, the chamber and EDA developed the New Century Leadership Program, which gives participants hands-on learning experience in government, education and the practice of economic development at the local, regional and state levels. The program has grown in popularity. Graduates of the program become key leaders on local boards and commissions.

Several outcomes that can be attributed to Douglas' approach over a three to five year period

include more than 500 jobs have been created through small business start-ups, more than 345,000 square feet of previously vacant space has been occupied by small business expansions and entrepreneurial start-ups, several companies completed major expansions: Diamond Builders (50 jobs), Elixir Industries (50 jobs) and Spectrum Distribution (20 jobs) and in 2006, Douglas recruited American Insulated Wire (250 jobs and USD 26 million investment) and Premium Waters (80 jobs and USD 30 million investment).

KEY THEMES OR LESSONS

- ***Celebrate success.*** "Success comes from talking about it," one leader said. "If you don't tell your community what you are doing, then they won't know what you are doing. When an article comes out that mentions your town, you give that to everyone." Douglas works hard to keep local newspapers informed about various economic development projects and publicizes even the most modest success, including stories of local entrepreneurial successes. "If we announced a new industry was coming to town creating 240 new jobs, it would be very exciting," said another leader. "Our small entrepreneurial businesses in Douglas-Coffee Georgia also created that number of jobs in one year, and they are more often than not locally owned and less likely to relocate. So we need to celebrate those successes, too."
- ***Respond quickly to local industry.*** Douglas is quick to respond when local businesses ask for assistance. Several years ago, the EDA started hearing complaints from local industry regarding the lack of trained commercial truck drivers. In response, EDA partnered with the local technical college to develop a commercial drivers' license driving range and education facility to train new truck drivers. "Students, instructors and 18-wheelers hit the pavement in 2006 and we couldn't be more excited," the EDA director said. This sector of workforce development responds to specific needs from local employers, and it fits well in terms of Douglas' growing importance in distribution and warehousing and proximity to regional seaports.

- **Grow young leaders with a passion for economic development.** One of Douglas’s biggest challenges relates to the generational void of young leaders to take over key public positions as the baby boomers retire. In response, the town created the New Century Leadership program and is working to implement a new program -- the Young Professionals Network -- to bring a greater number of young people into the fold. Douglas working to fill the leadership void before it becomes a major problem.
- **Cultivate relationships with state-level developers, bankers and power companies.** Last year, the Town of Douglas hosted 17 state-level economic development partners. “Getting these leaders from Atlanta to visit our community allows for a better understanding of our regional assets and amenities,” the EDA director said. One local real estate developer and local philanthropist, likewise insisted that “cultivating these relationships is the most important thing that small communities can do to lure new industries to their towns.”

ETOWAH, TENNESSEE

Etowah’s persistence and high standards yields one of the most scenic rail trips in the nation, an attraction that is spurring downtown retail, restaurant and hospitality development and innovative approaches to industrial recruitment.

	2000	2010	+/-
Population	3,660	3,490	-5%
Per capita income	\$15,300	\$20,110	24%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Tennessee)	\$26,689	\$34,955	24%
Location	Eastern Tennessee, USA (map)		
Distance to metro/micro-politan center	80 km to Chattanooga, Tennessee		
Distance to major transportation corridor	24 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Manufacturing • Educational services, and health care and social assistance • Retail trade 		

Etowah is a unique community in the foothills of eastern Tennessee. Century-old railroad infrastructure provides the town with a valuable heritage asset while a modern and thriving industrial park provides well-paid employment opportunities to its residents. Historic downtown architecture and modern amenities stand side-by-side. Ten years ago, Etowah faced a severe economic challenge, with declining employment and dilapidated infrastructure. Town leaders focused on their communities existing assets

and built a new, long-term and sustainable strategy for development. Today, Etowah has a thriving economy based on three pillars: heritage tourism, downtown development and industrial recruitment and expansion.

LOCATION AND HISTORY

Etowah is a small town in the eastern Tennessee foothills. It is the second largest town in McMinn County and about a quarter of the size of Athens, the county seat. The drive into town

from the north is striking, both in terms of the level of activity in town, and the immediacy of Etowah's development assets. These include Starr Mountain, the colossal natural treasure that serves as the western-most edge of Cherokee National Park and skirts Etowah's eastern city limit; the L&N Train Depot, a turn of the century train station at the center of an historic main street; and most recently, the massive industrial park at the northern edge of town.

Etowah was the first planned community in the United States. Built by the Louisville & Nashville (L&N) Railroad Company in 1906, Etowah was to be a crucial location in the company's efforts to piece together a direct route from Chicago to Atlanta. In terms of natural and built assets, Etowah is a regional gateway into the Cherokee National Park. Starr Mountain, on the town's undeveloped eastern horizon, is a constant reminder that Etowah rests on the very edge of the Appalachian high-country. Hundreds of hiking trails and four major rivers skirt the town. The Ocoee River, was the whitewater kayaking venue for the 1996 Olympic Games.

APPROACH TO DEVELOPMENT

Etowah's strategy for economic development is to build from its existing assets—to use its heritage assets to attract tourists; to create a dynamic and thriving downtown corridor with retail and service amenities that attract visitors as well as locals; and to leverage the town's quality of life factors and its existing industries to further expand its industrial base. The roots of Etowah's strategic approach can be traced back to a community planning exercise that took place in 1998, during which a coalition of government, business and NGO leaders came together to develop a shared vision for Etowah and a long-range agenda for development.

Tourism

First, the town's strategic planning exercise in 1998 revealed that the old abandoned rail line, which stretched up into a nearby national park, was an asset that the town could use to create a draw for tourists. At the time, the rail – built in 1890 – was owned by a private holding company. In 2001, opportunity presented itself and the

community raised USD 1.6 million to purchase the line. The City of Etowah partnered with the Tennessee Valley Authority (TVA) to rehabilitate the rail line, which provided TVA with access to the Appalachia Powerhouse (a power generator on the Hiwassee River) and provided Etowah with a prominent tourism asset. The Tennessee Overhill Heritage Association, in partnership with the town, applied for and received a grant from the National Trust for Historic Preservation to initiate its rail excursions.

Rail excursions have become the anchor for Etowah's tourism industry. Trips begin in town and take riders into the Cherokee National Park. "The trip is considered one of the most scenic rail trips in the United States," said the Executive Director of TOHA. It carries passengers up the Hiwassee River Gorge, around an historic loop with vestiges of the mining industry, and back down into town. There are no roads in this river gorge, and the only access is by rail. The city and heritage group manage the train excursions, which have become a profit engine for the town. According to the chamber of commerce president, "train excursions bring folks into town and downtown merchants keep them there."

Downtown development

It follows that the second pillar of Etowah's economic development strategy is to build a downtown corridor with services and amenities that attract tourists and locals alike. In the vacuum created by economic shocks of the late 1990s, a second-hand-item market developed in Etowah's downtown retail corridor. Shops selling antiques and sundries took root in previously unoccupied storefronts. According to a prominent town official, "Etowah's second-hand stores attract shoppers from as far away as two hours." Their main challenge, which was articulated during Etowah's strategic planning efforts of 1998, was their lack of capacity for marketing and advertising.

In response, the chamber worked with downtown merchants to help them take advantage of traffic from the railroad excursions. Simple changes to the merchants' business

routines and schedules have made a tremendous difference. Restaurants and retailers coordinate their hours of operation and staffing levels with anticipated tourist traffic. The chamber published a shopping and dining guide to market downtown merchants. The cost was covered by a USD 200 fee for merchants to be included in the guide. When the trains are running, volunteers ensure that a guide gets placed on every seat.

Industrial development

The final pillar in Etowah's economic development strategy is industrial development. The town manager coordinates recruitment and expansion activities. When Etowah was working on its community strategic plan, it became apparent that being proactive in the area of industrial development could complement Etowah's tourism and downtown development activities. Town leaders recognized that the railroad infrastructure in Etowah was a valuable asset, not only for tourism, but for industrial distribution. The town made a strategic decision to purchase and develop an industrial park on the northern edge of town, the goal of which was to create sustainable, living-wage jobs for Etowah. The town extended infrastructure for water, sewer and utilities to the North Etowah Industrial Park.

Once the site preparations were complete, companies started calling. Etowah was never in the position of being able to offer cash incentives, but site development at the industrial park and the existing rail infrastructure, combined with the county's payment in lieu of taxes program were sufficient to attract tenant interest. Today, Etowah is home to major industrial tenants, including Waupaca Foundry, Johns Manville and Consolidated Metco. Average wages in Etowah's industrial park range from USD 16 to 20 per hour plus benefits.

KEY THEMES OR LESSONS

Development strategy should be based on a broad definition of small town assets. In Etowah, the train depot, historic downtown architecture and rail infrastructure were obvious development assets. Some of the less obvious but equally important assets included the adaptability and grittiness of local residents, the town's interesting history, local NGOs, and the nearby protected parkland. The process of identifying a small town's assets ought to take a broad view of what a town has to offer and employ creative ways to leverage those assets toward economic, civic, social and environmental gains.

Proactive industrial development as part of a broad-based strategy can spur investment. Etowah demonstrates that proactive industrial development can be part of a broad-based and asset-driven economic development strategy. According to Etowah's strategic plan, "recruiting technology-based industries that provide a clean industrial environment will avoid the brain-drain, create higher paying opportunities, which will give our children a reason to remain in Etowah and recruit others to relocate in Etowah." Etowah initiated industrial development on its own terms, and only after embarking on a community-wide exercise to determine its assets and strengths for development. The results are impressive, including hundreds of living-wage jobs in expanding industries.

Scrappiness pays. "In this day and age, when federal and state resources are funneled through multiple levels of organization before they reach individual communities, small towns have to be loud, aggressive, and scrappy," according to one local leader. "We have to fight for our share." Leaders in Etowah confront these challenges with grit and confidence, and are willing to work hard to earn their share.

FARMVILLE, NORTH CAROLINA

A historically tobacco-dependent community, Farmville ensures its long-term vitality through diversification. Today, furniture, health care, construction, warehousing and service industries can all be found thriving in this small North Carolina town. Farmville invests in local businesses and schools, and markets itself to new industries and residents.

	2000	2010	+/-
Population	4,300	4,654	8%
Per capita income	\$20,600	\$19,135	-8%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Eastern North Carolina, USA (map)		
Distance to metro/micro-politan center	24 km to Greenville, North Carolina		
Distance to major transportation corridor	40 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Manufacturing • Retail trade 		

In 2004, Farmville was a finalist in the National Civic League's All American City competition. Residents of this small rural community boast about their town's big-city amenities, which include an active cultural scene with live performing arts, a bustling Main Street, and an innovative four-campus public school. Farmville's recent success has not come without hard work and innovative thinking. Facing declines in traditional industry, this small town -- once at the center of the national tobacco industry -- diversified and expanded its economy to an extent that makes it the envy of much larger urban neighbors. Through an intensive branding and marketing campaign, coupled with aggressive support for existing businesses, Farmville has become a beacon of hope in the golden leaf tobacco country of eastern North Carolina.

LOCATION AND HISTORY

Farmville is a small town in eastern North Carolina. The area surrounding Farmville was first settled in the mid-1760s, but the town was not

formally incorporated until 1872. The first quarter of the 20th century was a period of incredible growth, as the town became a commercial center for the region's booming tobacco industry. At the time, two railroads linked Farmville to the major tobacco markets in Wilson and Durham, and a number of large tobacco processing and warehousing operations set up in town.

Farmville has managed to maintain its individuality and small town feel in the face of growth from these more sizable neighbors. In 1998, Farmville put in place an innovative structure to facilitate economic development. A group of public and private sector leaders recognized the need for a single point of contact for economic development to avoid duplication of effort. They created the Farmville Development Partnership to be an umbrella organization for three existing organizations: the Economic Development Council (established in 1956), the Chamber of Commerce (formed in 1936) and the Downtown Partnership (created in 1994).

According to a local leader, the concept was “to create a single economic development office that would efficiently use office space, staff, management expertise and funding.”

The Farmville Development Partnership’s governing board is made up of three members each from the Town of Farmville, the Economic Development Council, the chamber, and the Downtown Partnership. The town provides USD 200,000 annually (in addition to in-kind office space), which is supplemented by chamber and council dues, donations and state/federal grants. All three organizations share an office and a staff of three full-time employees. In conjunction with the town manager’s office, the FDP – through its subordinate institutions – coordinates all of Farmville’s economic development efforts and provides the town with a substantial amount of local capacity.

APPROACH TO DEVELOPMENT

Given this capacity, Farmville’s strategy is to support existing businesses through a coordinated visitation program, small business incubation and an incentive program for residential development; to recruit large and small businesses in a range of sectors with creative incentive programs; and to enhance its support for economic growth with an intensive marketing and branding campaign.

Supporting existing business

Farmville recognizes that, in the words of the town manager, “more than 80 percent of the new jobs and investment in our community comes from businesses that are already here.” The town works hard with existing businesses, large and small, to ensure their long-term viability in Farmville. Working with economic developers from Pitt County, the partnership coordinates a comprehensive business visitation program which ensures that every business in Farmville -- large, small, manufacturing, service or retail -- gets a visit from FDP. The town hosts an annual industry appreciation banquet and golf tournament. FDP hosts regular “Business After Hours” events to provide networking opportunities for existing business leaders. In addition, the town is negotiating with Pitt Community College to

develop a satellite campus in Farmville to boost local workforce development.

A small business incubator is available to entrepreneurial companies. In addition to providing businesses space, FDP organizes training opportunities (through Pitt Community College) for companies that locate in the incubator. EMI, a heating and cooling contractor, started in Farmville’s incubator before moving into a larger facility across town. It had grown from one employee to eight in just eight months. “The small business incubator is a fantastic thing for a small business owner and for a community,” EMI’s founder said. “It shows Farmville’s dedication to growing and expanding, providing jobs, and contributing to the quality of life in the community.”

To ensure the town’s long-term livability, Farmville provides incentives for a mix of affordable and high-end residential development. Under this program, the town reimburses developers for 40 percent of the total cost of streets, water, sewer, curbs, gutters and storm drainage after a subdivision is completed. “If a new development has 10 lots, after the first house was built and occupied, we would pay two-tenths of our 40 percent share to the developer,” explained the town manager. “After 51 percent of the total lots are built and occupied, we would have reimbursed the developer for our 40 percent.” The idea is to create residential infrastructure for local workers to live in Farmville and to attract higher-income residents from Greenville.

Marketing and incentives to recruit new business

The most intense element of Farmville’s strategy is to create a brand identity for the town and to market the livability of Farmville -- all in an effort to entice new residents and businesses. In 1999, the partnership led a group of citizens through a visioning exercise and chose Farmville’s gazebo, a popular landmark, as the image for a new logo. The logo is incorporated into all of Farmville’s marketing materials, banners on Main Street, a community-owned billboard on a nearby highway and a variety of print advertisements. Farmville’s tagline, “Experience our community,” also is printed

on its marketing materials. In addition, the town invested in a modern and well-designed website. “We believed that because a great deal of preliminary research by business site consultants is now being done online, it was important that we create a portal to Farmville that was convenient, catchy and easy to use,” according to one local leader.

The town has worked hard to build strategic partnerships to distribute its message. Because the Pitt County Economic Development Commission is the primary point of contact for state-level business recruitment leads, Farmville makes sure the town’s marketing materials are adequately represented when the commission works with statewide business prospects.

Farmville actively recruits industries in two main categories (1) traditional industries that pay wages above those in the service industry and (2) medical services and retail. The town tailors incentives packages for the situation. To lure Alliance One, the town offered USD 5,000 for each new job created, a moderate amount of relocation assistance to certain levels of staff, USD 2,500 toward the purchase of new homes for executives and some travel expenses for visiting managers. In another case, Farmville provided a moderate amount of rental assistance to a new small business that moved into a vacant property in town. The town also has a package of retail incentives for businesses on Main Street and a façade grant program for downtown buildings. The incentives serve several ends, from the creation of jobs and tax base to property revitalization and residential development.

Internal marketing – or keeping residents of the community up-to-date about economic development activities – is yet another element of Farmville’s success. The town and FDP reach out to residents through local and regional media, the distribution of Farmville’s annual report, and sponsorship of local events and celebrations. The town and FDP sponsor an annual Christmas parade, the Dogwood Festival and Hometown Halloween. Events and celebrations give residents a way to celebrate their community, but also draw tourists and, implicitly at least, promote the advantages of

living in Farmville. Proceeds from events support a fund for downtown building façade renovations.

Several outcomes that can be attributed to Farmville’s approach over a five year period include 64 new businesses to town (380 new jobs), including small shops and large industries, six new businesses (with 20 jobs) to the town center, population increase of 4 percent, and average wage increased by 7 percent.

KEY THEMES OR LESSONS

- ***Respond quickly to local business and industry.*** Leaders in Farmville, including the mayor, town manager and the executive director of FDP, respond promptly when industries ask for assistance. In 2006, Alliance One was struggling to hire a sufficient workforce. Managers from the company called the town manager and asked if he could help. By the next afternoon, the town had assembled a team of local, regional and state-level workforce resources to assist the company. A few days later, a regional job fair allowed Alliance One to fill its vacancies. “The town’s response – and particularly the fact that busy people set aside whatever they were doing to help – demonstrated to us that the town cared about our business and could help,” an Alliance One manager said.
- ***Small towns can maintain their character in the face of growth pressures.*** According to the mayor, the question that Farmville asks is: “How can we use the urban growth from Greenville to our advantage, rather than let it consume us?” Through aggressive marketing, events promotion and determination to develop on its own terms, Farmville has maintained its identity. The town has no interest in becoming a bedroom community. Rather than passively react to the growth from Greenville, Farmville supports and promotes local business growth while also working with residential developers to meet the growing demand for homes and neighborhoods.
- ***Embrace change and evolve.*** Ever since the 1950s, Farmville has put itself on the front end of shifting economic circumstances. For example, local tobacco barons were willing

to adapt and diversify at a time when such behavior was unheard of in other parts of eastern North Carolina. Over time, Farmville’s willingness and ability to change and evolve, rather than to get comfortable and stagnate, has allowed new and innovative approaches to local development to take root.

- **Never wait for help when you can help yourself.** Farmville is not a town that waits around for help to come from the outside. For example, when Hurricane Floyd flooded a residential section of Farmville in 1999, the town purchased 16 residential properties and turned the area into a public park with trails, recreational amenities and exercise equipment. Farmville was the first community to take a proactive and long-term approach to responding to the disaster.

- **Use multiple tools to achieve multiple outcomes.** Farmville employs a variety of incentive configurations that are customized to a particular project. The town will provide incentives for not only job creation, but retail locations on Main Street, façade/property upgrades and residential development. A diverse and customized incentive toolbox is ideal.
- **Integration of new residents into the town’s civic and social infrastructure.** In Farmville, few barriers limit newcomers from integrating into the town’s social and civic infrastructure. The mayor and town manager welcome newcomers with a new residents picnic each spring. All of Farmville’s elected officials and public leaders attend. This encourages new residents to apply their fresh energy and vitality to civic life.

OXFORD, NORTH CAROLINA

Located 30 miles north of the booming Research Triangle Park, Oxford is partnering with Granville County and its neighbors to implement a “mini-hub” approach to economic development. The strategy is to prepare relatively low-cost industrial sites that are attractive to companies that need to be near the Research Triangle, but not in it.

	2000	2010	+/-
Population	8,530	8,461	-1%
Per capita income	\$16,700	\$20,510	19%
Per capita income (national, US)	\$30,319	\$39,945	24%
Per capita income (state, North Carolina)	\$27,906	\$34,977	20%
Location	Central North Carolina, USA (map)		
Distance to metro/micro-politan center	48 km to Durham, North Carolina		
Distance to major transportation corridor	3 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Manufacturing • Retail trade 		

Oxford, the seat of Granville County, has tethered its local economy to the development of the Kerr-Tar Mini-Hub. The mini-hub project

involves four counties sharing the costs and revenues from regional economic development. Between 2000 and 2003, the Kerr-Tar region

of north-central North Carolina lost 5,600 jobs from plant closures and another USD 655 million in revenues from reductions in tobacco quotas. The mini-hub is a regional response to these setbacks. It consists of four technology parks, one in each of the participating counties. The Town of Oxford's role is to supply water and sewer infrastructure to the mini-hub site in Granville County. After signing an interlocal agreement and raising more than USD 5 million, county and municipal leaders are forging ahead with the mini-hub. Oxford is set to install infrastructure in the Granville County site by the fall of 2007.

LOCATION AND HISTORY

Oxford is located in the Kerr-Tar region of north-central North Carolina, which includes Franklin, Granville, Person, Vance and Warren counties. The region is proximate to the Research Triangle Park (RTP) to the south and the Virginia border to the north. Tobacco farming brought early prosperity to Oxford and the region in the 1700s and the crop remained an important local commodity until 2000. Between 2000 and 2003 federal tobacco quotas for growers in the Kerr-Tar region were slashed by 70 percent, resulting in a loss of USD 655 million in local tobacco-related revenues. In addition, the five counties lost an estimated 5,600 jobs to plant closures over the same three year period.

In 2003, a report from the Center for Competitive Economies at the University of North Carolina at Chapel Hill recommended the development of mini-hubs in the regions surrounding RTP, a center of high-tech research and manufacturing. Mini-hubs, or enhanced technology parks geared towards mid-tech businesses, would benefit counties surrounding RTP by attracting businesses that needed to be near the park but not in it. The mini-hub was envisioned as a network of sites, offering a variety of enhancements to businesses. It was likely to require a more substantial investment than any single community could provide. The former executive director of the Kerr-Tar COG, was convinced that his region's relatively inexpensive land and proximity to RTP would make Kerr-Tar a perfect location to

test the mini-hub concept. The region's county managers and economic developers agreed. With a nearly unanimous voice, leaders from across the Kerr-Tar region decided to move forward with a mini-hub strategy.

APPROACH TO DEVELOPMENT

Oxford's development strategy is to supply targeted infrastructure to the mini-hub site in Granville County. By providing water and sewer infrastructure, Oxford is contributing to the regional cooperative arrangement and thus pursuing new mid-technology jobs for residents at any or all of the participating counties' sites. In 2004, regional officials selected four sites, one each in Franklin, Granville, Vance and Warren counties. In total, 2,111 acres were dedicated to the mini-hub, with each site targeting a specific industry sector, from bio-manufacturing to informatics. After selecting sites, hub leaders then created the Kerr-Tar Regional Economic Development Commission (EDC), a non-governmental organization, to manage and oversee the mini-hub. The commission is led by four officers—one county commissioner from each of the participating counties. Since forming in late 2004, the Kerr-Tar EDC has received more than USD 5 million in funding for the mini-hub.

In November of 2005, participating county officials made an impressive commitment to regionalism by signing an inter-local agreement. The agreement required each county to contribute USD 40,000 each year to the Kerr-Tar EDC and, in exchange, to share the tax revenues generated from the hub. The executive director of the Kerr-Tar CoG, explained the agreement's importance. "Companies don't care about jurisdictions," he said. "What's attractive to them -- and unique about us -- is that we have four counties working together in ways rarely seen. We're getting international attention."

With the interlocal agreement signed, preparation of the various sites began in 2006. At this point, Oxford provided key leadership in developing the Granville County site. While the Granville site is located outside of Oxford's

jurisdiction (meaning no property tax revenue), the town contributed to the regional effort by providing critical water and sewer infrastructure. Thanks to an upgraded sewer plant, Oxford had more than enough capacity to meet the needs of the new technology park site. Using a USD 900,000 grant from the N.C. Department of Commerce, Granville County contracted with Oxford in 2006 to extend infrastructure to the site. Overcoming the infrastructure hurdle is allowing the Granville site to open earlier than the other sites in the hub.

KEY THEMES OR LESSONS

- ***Inter-local cooperation on economic development projects is an emerging and promising strategy.*** Small towns, especially rural communities with limited resources, face major challenges in developing industrial parks or other infrastructure for industrial development

projects. Counties and municipalities that cooperate on economic development infrastructure projects can, according to a recent report, “enjoy economies of scale and cost savings and pursue projects that otherwise might not be feasible.” In exchange for its investment in water/sewer infrastructure, Oxford, as a municipality in the Kerr-Tar region, expects to share in the economic spillovers that result from increasing regional investments.

- ***Consider regional resources that support economic development.*** The mini-hub concept being employed in the Kerr-Tar region benefits from the resources and opportunities being created in RTP. The communities in this region, including Oxford, have been willing to look outside the immediate area to tap into assets that may drive the decisions of firms to locate in their mini-hub parks.

REYNOLDS, INDIANA

A town with 550 people and 150,000 hogs turns an agricultural waste product into an economic asset. By converting waste from hog farming into a local energy supply, Reynolds is working to become the first energy self-sufficient community in America.

	2000	2010	+/-
Population	550	533	-3%
Per capita income	\$16,200	\$18,667	13%
Per capita income (national, US)	\$29,469	\$39,945	27%
Per capita income (state, Indiana)	\$27,459	\$34,042	19%
Location	Western Indiana, USA (map)		
Distance to metro/micro-politan center	40 km to Lafayette, Indiana		
Distance to major transportation corridor	24 km		
Primary employment sectors (top three as percentage of workforce, 2007)	<ul style="list-style-type: none"> • Educational services, and health care and social assistance • Manufacturing • Transportation and warehousing, and utilities 		

Reynolds has branded itself BioTown, U.S.A., and it pursuing a strategy of becoming energy self-sufficient. The BioTown project represents a

bold approach to develop local renewable energy production, create a cleaner environment, find new solutions to municipal and animal waste issues and

develop new markets, all at the same time. The objective of the BioTown project is the conversion of Reynolds from a reliance on fossil fuels to biomass-based fuels. Local and state organizers hope to establish a model that promotes energy security, rural development, profitable agriculture and a green, thriving natural resource environment.

LOCATION AND HISTORY

Reynolds is a small, one-stoplight town with 550 people and 150,000 pigs. For decades, the economy in this small town has revolved around corn, soybean and hog farming. Reynolds lies close to an interstate highway and has two active rail lines. Purdue University, a major research institution, is 23 miles away in West Lafayette. Over the last few years, retail stores, merchants and services have closed or moved away.

In response to Reynolds' circumstances, officials from the governor's office and the Indiana State Department of Agriculture came to Reynolds with a proposal. The governor wanted to make Reynolds the nation's first community to use renewable resources to meet the energy needs of all homes and businesses in town.

APPROACH TO DEVELOPMENT

Reynolds is now BioTown, U.S.A. With the support of state officials, researchers and corporate partners, Reynolds has embarked on a strategy to become a showcase community whose complete energy needs are met by renewable resources. State and federal resources are playing a role in BioTown, but not to the extent one might expect. In fact, one prominent goal for the development of BioTown is that 80 percent to 90 percent of the investment comes from the private sector. The goal is to create a sustainable and replicable model for small town energy self-sufficiency.

The decision-making authority for the BioTown initiative rests with the BioTown Economic Development Authority, which consists of a local economic development executive, the president of the county council, the township trustee and one representative each from Purdue Cooperative Extension, the state agriculture department and the state energy department.

The project is divided into three phases. Phase I, which concluded in September 2006, focused on promotion, education and increasing the local use of ethanol and biodiesel in automobiles. The state helped to facilitate a unique partnership between General Motors and BioTown in which GM offered various discount packages for local residents to purchase or lease flex-fuel vehicles. Flex-fuel vehicles are designed to run on gasoline or any mix of gasoline with ethanol up to 85 percent ethanol, called E-85. As of early 2007, local residents and businesses have purchased more than 160 flex-fuel vehicles.

The second major milestone for BioTown was the completion of a USD 400,000 renovation project to add a pump for E-85 fuel at the local BP gas station. This investment, which was required to upgrade the tanks and pump island at the town's only filling station, was made by Good Oil, a regional petroleum dealer that wanted to be on the front end of the environmentally friendly movement in Reynolds. "These alternative fuels really needed to be showcased, so we decided to put in two islands and remodel the building," said the investor and owner of Good Oil.

Phase II of the project includes the research, development and implementation of plans to transform agricultural and municipal waste into energy. In late 2008, Rose Energy Discovery, Inc., a private alternative energy company, broke ground on a USD 10 million facility. The state offered USD 3 million in tax credits and other incentives to Rose Energy Discovery to develop the technology for the project in Reynolds. The technology will be capable of converting animal waste, municipal waste, corn stover and other types of biomass into electricity, thermal energy, biodiesel and crop inputs such as fertilizer. Phase III calls for upgrading the technology to produce natural gas. The technology is still being developed.

KEY THEMES OR LESSONS

- ***Green innovation is an economic development strategy.*** In Reynolds, taking the opportunity to be on the front-end of an innovative green strategy has jump-started economic development.

Investments by Good Oil (to upgrade the local service station) and Rose Energy Discovery (to develop bioenergy conversion technology) will eventually lead to more direct economic development benefits such as new jobs and new businesses. These initial investments also demonstrate the tremendous economic impact that green innovation can have in small town America.

- ***Biomass waste has a huge potential to create energy.*** Residents of Reynolds were shocked to learn that their town's municipal waste had the potential to produce 74 times the power to fuel their little town. More widespread recognition of the latent energy in traditional biomass waste

products has the potential to drive innovation in rural agricultural regions.

- ***Biomass fuel production can reduce the load on municipal wastewater infrastructure.***

Reynolds has discovered that its effort to convert various biomass waste products into energy products will greatly reduce its need for higher load wastewater infrastructure. In fact, three neighboring municipalities are planning to send their municipal waste to the bioenergy plant as an alternative to upgrading their own municipal wastewater infrastructure. The potential for lowering sewer bills was a major selling point in terms of invigorating local interest in the BioTown project.

CONCLUSIONS AND LESSONS LEARNED

In small towns, community development is economic development

If community development—compared with economic development—is generally considered to include a broader set of activities aimed at building the capacity of a community, then these case studies demonstrate that capacity-building and other strategies typically associated with community development are analogous with actions designed to produce economic outcomes. This is especially true, it seems, when these efforts are included as parts of a comprehensive package of CED strategies designed to address a community's core challenges and opportunities. Further, communities that take a comprehensive approach to CED -- one that includes economic and broader, longer-term, community development goals -- stand to gain more than small towns that take a piecemeal approach. Finally, because CED includes short-range and long-range strategies, it is by definition a long-term and transformative process (a fact that is recognized more in community development circles than in economic development). Successful small towns tend to balance short-term economic gains with longer-term community development goals.

Small towns with the most dramatic outcomes tend to be proactive and future-oriented; they embrace change and assume risk.

These general characteristics of small towns (specifically, of leadership in small towns) perhaps relate to the fact that most communities featured here “hit the bottom,” and their stories evolved from circumstances in which local leaders were willing to try new things and take new risks. Being proactive (as opposed to reactive) can be measured by a small town's willingness and ability to act on a particular challenge before it becomes a problem. Finally, most of the communities profiled in this collection demonstrate a willingness to embrace change and assume risk.

Successful community economic development strategies are guided by a broadly held local vision.

Small towns profiled in this report demonstrate the importance of establishing and maintaining a broadly held vision, including goals for all manner of CED activities. A separate but related point is that in small towns, residents are always the most important resource and communities with limited resources cannot afford to exclude anyone from planning or development efforts. Case after case has demonstrated that people (as opposed to money or other resources) are the one absolutely necessary ingredient to successful CED. A committed group of local residents who are willing to work hard for their community's interests can change the fate of an otherwise hopeless community. Importantly, it seems, special attention needs to be paid to integrating newcomers into the community. Newcomers, including young leaders, bring a fresh perspective and new energy to local challenges.

Defining assets and opportunities broadly can yield innovative strategies that capitalize on a community's competitive advantage.

In almost any setting—urban or rural, small or large—shell buildings, low tax rates, limited regulation and access to trained workers, highways, railroads or professional services might all be considered economic development assets and justifiably so. Small towns, however, cannot afford to stop there. Given limited sources of competitive advantage, they must redefine economic development assets in a much broader framework. Further, the mere fact that a particular town is small can become an asset. In some cases, locating a business in a small town can provide a competitive advantage for the business. A final emerging trend in this category is the increasing use of small town assets as either fuel or triggers for innovation in the area of environment-friendly development or clean energy.

Innovative local governance, partnerships and organizations significantly enhance the capacity for community economic development.

Most towns featured in this collection include an innovative element of either organization or governance. It is clear that innovative local governance, in a variety of forms, can strengthen a community's CED strategy. The key is to think creatively about organizational structure, but always to keep the community's overall net benefit in mind. Regionalism, or identifying opportunities and partnerships beyond municipal boundaries, is another emerging theme in successful CED. Cross-jurisdictional partnerships can help small towns to pool resources toward shared CED objectives. In addition to regional partnerships and opportunities, successful small towns tend to have local leaders who connect with higher level policy makers and business leaders. Finally, public-private (including not-for-profit) partnerships are emerging as the prominent organizational model for small town CED. Given the wide range of concerns that cut across CED, small towns are taking creative approaches to public-private partnerships.

Effective communities identify, measure and celebrate short-term successes to sustain support for long-term community economic development.

Given the long-term nature of CED, and the fact that measurable results from a particular project may be decades in the making, leaders in small towns must repeatedly make the case for the importance of their efforts. Making the case is important to maintain momentum, invigorate volunteers and donors, convince skeptics and, most importantly, to keep the focus of CED activities on the vision or the goals established in a community's strategic plan. Many of the communities profiled in this study recognize that making the case is an ongoing and continuous effort and that there are a number of strategies for doing it. First, in small town CED, short-term success can build long-term momentum. Obviously, the best way to make

the case for any intervention is to demonstrate success. Second, many communities profiled here make an explicit effort to measure and monitor the impacts of local CED efforts. It seems obvious, but measuring progress and evaluating programs tend to get pushed to the end of priority lists. Not so in successful small towns. Finally, small towns profiled here tend to communicate and celebrate success, another simple concept related to making the case for CED activities.

Viable community economic development involves the use of a comprehensive package of strategies and tools, rather than a piecemeal approach.

The capstone lesson is, perhaps, a reaffirmation of a point that we have heard over and over again: there is no silver bullet. No single strategy saved any community in this study. Successful CED in small towns is always multi-faceted. Small towns that are working to develop CED strategies should take nothing off the table in selecting strategies to pursue. Successful communities tend to have evolved to the point where they have a comprehensive package of CED strategies and tools that are specifically aligned with the core assets, challenges and opportunities within their regional context.

Furthermore, given the basic strengths, weaknesses, opportunities and threats affecting each community and the virtually limitless menu of possible strategies, no single package of strategies necessarily fits with a particular type of community. That is, there is no universally applicable formula for determining the right way to do CED. Decisions about what to do and why to do it have to be based on local conditions, context and capacity. The lessons from these small towns, however, provide insights and inspiration for other community leaders as they begin the important process of building locally driven strategies that create economic opportunities and improve the social, civic and environmental conditions that face their hometowns.

THE GLOBAL URBAN ECONOMIC DIALOGUE SERIES

This publication is a collection of case studies which demonstrate successful approaches to small town development. The cases were screened for evidence that either the development strategy was successful, in economic, social, civic and/or environmental terms or that the strategy represented community economic development innovation (first or early use of a particular practice) or was distinct (unique among the alternatives for addressing a particular problem) within the local context.

Case studies in this report are categorized by the primary development approach implemented by the small town. Towns were characterized as carrying out:

- Entrepreneurship and small enterprise incubation-based development
- Place-based development
- Human capital-based development
- Industry or manufacturing-based development

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