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Viewpoint

# North Carolina's rural communities need product, not handouts

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Industrial buildings and sites are the ante that allows communities to get into the site-selection game. Without them, workforce, airports, highways, railroads and universities are little more than words on a marketing flier.

Rural communities across North Carolina are especially aware of the importance of available industrial product on their ability to compete for jobs and investment. Metro areas often have private real estate developers vying with each other to construct speculative buildings or partnering with local government on such projects. Rural communities such as Anson County, even though we're just 40 miles from Charlotte, are typically left to our own devices.

Private developers ultimately seek to maximize return, not help a struggling county. While understandable, it illustrates the difficulty rural communities face when competing with metro areas for economic investment. There are well-intentioned state programs designed to level the recruitment playing field, but they require "a bird in hand" – and a ready client with defined expansion or relocation specifications. The state prohibits the use of funds on speculative buildings.



DATHAN KAZSUK

A view of downtown Kinston in rural eastern North Carolina.



Rural economic developers are not looking for a handout. We are simply seeking a way to remain competitive in a booming commercial real estate market that is skewed against us. In some cases, companies locate in a metro area for proximity to suppliers or customers, easy access to an international airport or Interstate, or specialized workforce requirements. But many deals go to metro areas simply because they have the available buildings that their rural counterparts lack.

Fortunately, there is a simple, market-oriented solution to improving rural competitiveness that does not require the state to dive headlong into the commercial development business. Revolving loan funds are a proven tool for assisting communities in the development of speculative product. A 10-year zero-interest loan is a low-cost, low-risk way for the state to kick-start commercial development projects in rural areas where other forms of funding cannot be accessed.

With appropriate rules and qualifications, a loan fund covering up to 90 percent of the cost of spec building construction would put such a building within reach of most rural counties while ensuring local leaders maintain some "skin in the game" and are raising a speculative building, not a fantasy building. The 10-year maturity period would allow communities with successful projects to turn that money two or more times. In contrast, communities that plan or execute poorly will appropriately receive a more limited return.

Making progress on rural product development is a key legislative priority of the North Carolina Economic Development Association (NCEA), which is now making its case to the General Assembly to craft bold, creative solutions for addressing this persistent obstacle to job growth and business recruitment in rural communities.

U.S. trade and social policies of the past 30 years have had a devastating impact on rural North Carolina while bolstering the economies of more densely populated areas. It is time for Raleigh to reverse that trend and distribute some of the fruits of the state's unprecedented prosperity back into the counties that were once the backbone of our economy. Rural communities aren't looking for a gift; we just want a fighting chance.

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