The North Carolina Department of Commerce maintains a laser focus on North Carolina's rural communities to help them create the future – a future with a trainable workforce, 21st century infrastructure, and the tax structure needed to help rural areas prepare to attract industry. Our team is results driven, and I'm proud of the accomplishments outlined in this annual report. But good results today won't guarantee success tomorrow. The Commerce team works hard every day to bring economic success to every community in North Carolina.

— Anthony M. Copeland
Secretary, North Carolina Department of Commerce

RURAL INFRASTRUCTURE AUTHORITY (RIA)
The Rural Economic Development Division receives appropriations from the U.S. Federal Government and the State of North Carolina. The Rural Infrastructure Authority (RIA) is responsible for awarding grants within the following programs: Community Development Block Grants for Economic Development, Rural Grant Programs, and the Industrial Development Fund.
The Division’s 2018 Strategic Priorities focus on statewide collaboration and program enhancements to ensure continued growth and development in rural NC.

**Focus 1**
Build a Strong Ecosystem for Rural Prosperity

**Focus 2**
Increase Job Growth & Investment

**Focus 3**
Strengthen Capacity of Stakeholders & Partners

**Focus 4**
Statewide Engagement & Collaboration

RURAL ECONOMIC DEVELOPMENT DIVISION
ENGAGING, ENHANCING, AND TRANSFORMING RURAL NORTH CAROLINA

The Rural Economic Development Division (REDD) takes a strategic approach to advance the North Carolina Department of Commerce mission and build strong partnerships with North Carolina’s rural communities. REDD offers targeted programs that provide grants, technical assistance, capacity building, and economic development support that help increase competitiveness and enhance the quality of life in rural communities. REDD programs are designed and implemented to reflect the Division’s four strategic priorities:

- Building a strong ecosystem for rural prosperity
- Fostering job growth and investment in rural communities
- Developing products and services to enhance community capacity
- Prioritizing engagement and collaboration

In 2018, the Rural Economic Development Division expanded its base of community partners, increased its investments in rural communities, and elevated the level of engagement with communities and external stakeholders. REDD programs generated grant awards in excess of $96 million that supported 184 projects throughout the state. REDD activities are firmly committed to the Commerce mission and focused on the overarching goal of delivering impactful programs that help transform rural North Carolina.

“The Rural Economic Development Division is committed to advancing the Commerce mission and building strong partnerships with, and in support of, our rural communities. We are energized by the high priority that both the Governor and the Legislature have placed on rural issues and excited by the level of collaboration and support offered by our statewide partners. Through continued engagement, investment, and collaboration, we enhance our state’s competitive profile and help create the best environment for rural prosperity and economic development success.”

– Kenny Flowers
Assistant Secretary, Rural Economic Development Division

919 814 4600 | NCCommerce.com/RD
The Appalachian Regional Commission (ARC) works to address economic and quality of life issues for the people in the thirteen-state Appalachia region. Twenty-nine counties in North Carolina are eligible to receive ARC funds for economic development activities. These counties are: Alexander, Alleghany, Ashe, Avery, Buncombe, Burke, Caldwell, Cherokee, Clay, Davie, Forsyth, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Stokes, Surry, Swain, Transylvania, Watauga, Wilkes, Yadkin, and Yancey.

ARC provides funding for projects throughout western North Carolina. These projects must support one of the ARC’s five goals:

- **Economic Opportunities**: Invest in entrepreneurial and business strategies that strengthen Appalachia’s economy.
- **Ready Workforce**: Improve the education, knowledge, skills, and health of residents to work and succeed in Appalachia.
- **Critical Infrastructure**: Invest in critical infrastructure – especially broadband; transportation, including the Appalachian Development Highway System; and water/wastewater systems.
- **Natural and Cultural Assets**: Strengthen Appalachia’s community and economic development potential by leveraging the Region’s natural and cultural heritage assets.
- **Leadership and Community Capacity**: Build the capacity and skills of current and next-generation leaders and organizations to innovate, collaborate, and advance community and economic development.

“The ARC has positively impacted the quality of life in every facet of life for the residents of Graham County over the span of many years. Whether it be job creation, access to clean water, growing our access to medical care, support to grow our emerging tourism industry, better education opportunities to grow a diverse and vibrant workforce or help in getting the “final mile” of broadband, the ARC has and continues to partner with Graham County. We are excited to continue to sustain our heritage while growing globally with 21st-century innovation. ARC’s commitment to its mission of partnering with us with its investments in our future will help us to strengthen and sustain our growth and sustainability!”

– Becky Garland

Graham County Manager

---

Results

ARC has invested $200,000 in STEM West. Teachers from Alexander, Burke, Caldwell, Polk, McDowell, and Rutherford counties are receiving enhanced science, technology, engineering and mathematics (STEM) education training. ARC funding is being used for teacher stipends and instructional materials for training and activities, which are supporting their work with local industries to develop Problem-Based Learning (PBL) units. This effort trains teachers on how to engage middle and high school students in problem-based project activities. During the summers of 2017 and 2018, teachers were involved in training that included visiting local businesses and working with local business partners in unit development. In addition, Girls Engaged in Math and Science (GEMS) clubs were started across the region to engage female students in STEM fields and how to solve “real world” challenges. GEMS training and support has been offered to more than 30 teachers. Almost 4,000 students have benefited from this training program.

For More Information:
Olivia Collier, ARC Program Manager | 919 814 4656 | ocollier@nccommerce.com

---

2018 RESULTS

<table>
<thead>
<tr>
<th>GRANTS APPROVED</th>
<th>$7,003,799</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMOUNT APPROVED</td>
<td>197</td>
</tr>
<tr>
<td>BUSINESSES CREATED AND/OR STRENGTHENED</td>
<td>767</td>
</tr>
<tr>
<td>JOBS CREATED AND/OR RETAINED</td>
<td>4,975</td>
</tr>
<tr>
<td>BUSINESSES AND HOUSEHOLDS WITH IMPROVED INFRASTRUCTURE ACCESS</td>
<td>$33,862,275</td>
</tr>
</tbody>
</table>

Statistics noted above are for the state fiscal year 2017-18
Total open grants are cumulative
Eligible ARC applicants are public entities and nonprofit organizations
COMMUNITY DEVELOPMENT BLOCK GRANT

The State of North Carolina’s Community Development Block Grant (CDBG) funds are available to local governments that develop and preserve decent and affordable housing, provide services to the most vulnerable in communities, and create and retain jobs. The State receives approximately $45 million in federal funds annually from the U.S. Department of Housing and Urban Development (HUD). CDBG programs target low to moderate income families. In 2017, $10 million of the CDBG allocation was earmarked for Neighborhood Revitalization. In addition, some urban counties and cities in North Carolina receive CDBG funding directly from HUD.

CDBG Programs

- **CDBG – Economic Development:** Local government funding to assist businesses in job creation and retention. Grant and loan opportunities include: Infrastructure for water, sewer, natural gas, and rails, with the grant funding 75% of the need.
- **CDBG Building Reuse Loan Program:** Funding to revitalize vacant industrial/commercial spaces into income producing property. A forgivable loan, if jobs are maintained during the four-year reporting period.
- **Shell Building Loans:** Funding to local governments that covers 50% of the project cost, with yearly payments for a five-year term.
- **Industrial Site Development Loans:** Funding to local governments with a repayment term of seven years at 2% interest.
- **CDBG Neighborhood Revitalization Program:** Provides funding for critical housing needs.

CDBG Highlight

**AUSTRIA-BASED MANUFACTURING COMPANY LOCATES ITS FIRST U.S. FACILITY IN DAVIDSON COUNTY**

Egger Wood Products broke ground on its $700-million, 770-job project in Davidson County. It is the first significant development in the county-owned 1-85 Corporate Center near Linwood. CDBG awarded $2,243,294 to the project to assist with infrastructure. Phase one is expected to take six years. It will feature 400 jobs and a $300 million investment.

**PUBLIC INVESTMENT**

- **CDBG**
- **NC Railroad**
- **Davidson County**
- **IDF**

**PRIVATE INVESTMENT**

- **EGGER WOOD PRODUCTS**
- **Land, Building, Machinery, & Equipment**
- **Jobs Pledged**

The North Carolina facility will be a state-of-the-art particleboard manufacturing plant. The facility will contribute to the regional economy through the purchase of wood byproducts from sawmills in and around the state, and through work with a range of local suppliers for additional services.

For More Information:

Iris Payne, CDBG Program Director | 919 814 4663 | ipayne@nccommerce.com
The NC Main Street & Rural Planning Center works in regions, counties, cities, towns, downtown districts, and in designated North Carolina Main Street communities, to inspire placemaking through building asset-based economic development strategies that achieve measurable results such as investment, business growth, and jobs.

The team provides the following services to communities across the state:
- Strategic economic development planning
- Implementation services to complete projects
- A wide array of technical assistance
- Main Street program guidance
- Downtown and rural community economic development education and training
- Main Street Solutions Fund program grants and funding assistance

“The North Carolina Main Street & Rural Planning staff facilitated a strategic economic development plan for our community. This plan focuses on Boonville’s assets and incorporates three strategies that will ensure that the Town will be more economically vibrant. The Town would never have done strategic planning on their own due to inadequate experience and resources. The Rural Planning Program is an important asset and an invaluable resource to rural municipalities similar to Boonville.”

   – Sarah Harris
   Town Administrator, Boonville, NC

Louisburg Strategic Economic Development Plan Spurs Investment

Planners with the NC Main Street & Rural Planning Center worked with the Town of Louisburg to develop a strategic economic development plan that is generating economic impact for the community.

Since the plan was completed, the town has purchased and renovated multiple buildings in the downtown district. The town also built an amphitheater downtown, began the renovation of a 100-year old train depot, and is currently working on an underground utility project that was identified in the plan. "Our entire downtown is an example of what we have accomplished, in part, due to the assistance that the Rural Planning program provided us," noted Jonathan Franklin, Town Administrator, Town of Louisburg.

For More Information:
Liz Parham, CMSM, Director, NC Main Street & Rural Planning Center
919 814 4658 | lparham@nccommerce.com
In 2018, Main Street Specialists provided community economic development assistance in the state’s designated Main Street and Small Town Main Street communities and Downtown Associate Community programs through strategic planning, technical assistance, market studies, Main Street program guidance, training and education, Main Street grants, design improvement plans, and Main Street awards.

<table>
<thead>
<tr>
<th>MAIN STREET SERVICES PROVIDED</th>
<th>PROJECTS &amp; ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Economic Development Plans Facilitated</td>
<td>29</td>
</tr>
<tr>
<td>Technical Assistance Provided</td>
<td>16</td>
</tr>
<tr>
<td>Market Studies Completed</td>
<td>10</td>
</tr>
<tr>
<td>Main Street Program Guidance Provided</td>
<td>43</td>
</tr>
<tr>
<td>Trainings &amp; Educational Publications/Presentations Produced</td>
<td>61</td>
</tr>
<tr>
<td>Main Street Grants Administered</td>
<td>31</td>
</tr>
<tr>
<td>Design Improvement Plans Delivered</td>
<td>51</td>
</tr>
<tr>
<td>Main Street Awards Presented</td>
<td>57</td>
</tr>
</tbody>
</table>

The Reeves Theater
129 W. Main Street, Elkin, NC
Photo Credit: Kenan G. Swaim Photography

This 300-seat Art Deco theater provides live music and performances and is a transformational economic development project for the community that received a $100,000 Main Street Solutions Fund grant and leveraged an additional $900,000 in private investment.

The NC Main Street Conference
Photo Credit: Sunset Studios, LLC

In March 2018, Clayton was the host community for the North Carolina Main Street Conference. More than 600 participants, including Governor Roy Cooper, attended the conference and awards ceremony. The annual conference is the state’s largest downtown revitalization event.

“The Main Street program is the most successful program we’ve ever had. It is designed and modeled to empower the businesses, and for us, we continue to empower the community through the program. I’m also happy to share that the Main Street program is the most effective program in the state.”
- The Honorable Jimmy Harris
Mayor, City of Brevard, NC

Edenton Plans for Downtown Development

In the spring of 2018, Main Street staff facilitated the development of a one-year economic development plan for Destination Downtown Edenton, Inc. Because of the strategic planning process, Downtown Edenton identified the potential of relocating its Farmers Market to a formerly vacant and dilapidated gas station. Destination Downtown Edenton worked methodically through the renovation project. The new location has increased the market’s sales and foot traffic. The once vacant gas station is now a symbol of new life and investment in the downtown.
INDUSTRIAL DEVELOPMENT FUND / UTILITY ACCOUNT

The Industrial Fund Utility Account provides grants to support local development in the 80 most distressed counties in North Carolina. Grants support publicly-owned infrastructure projects that are reasonably expected to result in the creation or retention of jobs. Utility account projects include water, sewer, road access to industry, natural gas, and rail. The Utility Account allows the department to consistently invest in rural communities and build a stronger grid of infrastructure across our state. The Utility Account is funded by the Jobs Development Investment Grant program (JDIG).

“...The greatest weakness of rural communities in competition for new industries and jobs is infrastructure, water, sewer, and roads to industrial sites. Today’s communities bidding to attract industries need existing industrial buildings and/or pre-graded sites. Companies today usually are expanding their market share with new contracts that require them to be operational within six months or less. Projects today are fiercely competitive so having a product with infrastructure in place is crucial even to make a list.

The Industrial Development Fund Utility Account delivers the maximum benefit to rural counties in North Carolina providing the tools needed to compete and grow. This is the only way our rural areas can get into the game of economic development!”

— Terry Bralley
President, Davie County Economic Development Commission

Utility Account Catalyst for Jobs and Investment

In 2015, Davie County received Utility Account funds for an access road, preparing a site for development. The site’s success led to another award in 2017 for water and industrial access, leveraging additional land development. The combined sites brought jobs and significant investment to Davie County.

Infrastructure Leads to Commitment

In 2017, the Utility Account awarded $1.7 million for water and sewer, to Edgecombe County for the Kingsboro Industrial Park. The industrial park serves as a critical component in Edgecombe County’s economic development strategy. Within six months of the award, the county received a private sector commitment to locate within the park, adding 800 well-paying jobs and almost $580 million in investment to the region. Having a site that was ready to accommodate such a large project was critical to the county’s success.

For More Information:
Mark Poole, Financial Analyst, Industrial Development Fund | 919 814 4616 | mpoole@nccommerce.com
RURAL GRANT PROGRAMS

Rural Grant Programs administers grants authorized by the North Carolina General Assembly for the Rural Economic Development Division. With an annual appropriation of approximately $12 million, the program awards grants to local governments to support economic development projects that lead to job creation and increased investment. The Rural Building Reuse, Infrastructure, and Demolition programs are available to local governments to support the transformation of buildings and the development of public infrastructure. The programs give priority to projects located in Tier 1 and Tier 2 counties, rural census tracts in Tier 3 counties, and to resident companies.

Rural Building Reuse provides three categories of funding for: 1) the renovation of vacant buildings; 2) the renovation or expansion of buildings occupied by existing North Carolina companies wishing to expand in their current location; and 3) the renovation, expansion or construction of healthcare facilities. Rural Infrastructure funds support the development of water, sewer, electric, broadband, rail, and road improvements. Rural Demolition provides funds to demolish buildings that will lead to redevelopment of the property. Rural Building Reuse and Infrastructure programs require the direct creation of new, full-time jobs as a result of the project.

Local Impact

The Town of Hudson received assistance to support the expansion of Associated Hardwoods, Inc., and the reuse of a total of 102,600 sq. ft. on the company’s Hudson campus. Multiple buildings were constructed in 1974 and had been vacant for five years. A grant of $125,000 assisted in the renovation of the facility and offered the company the ability to expand production and create 10 new, full-time jobs. Associated Hardwoods, Inc., is the parent company for nine affiliates involved in lumber processing.

“In 2008, the Town of Hudson’s eighth largest taxpayer and sixth largest employer, a large trucking company, succumbed to an ailing manufacturing economy and closed its operation and warehouse. More than five years passed while the property remained vacant and the buildings fell into disrepair. Associated Hardwoods received a building reuse grant to renovate the buildings and expand their business to Hudson. A once abandoned property is now a vibrant business and valued member of our town. A building reuse grant from the Rural Economic Development Division of the NC Department of Commerce helped make this all possible – creating a new tax base and a growing number of jobs with a thriving new business. We are very proud to have Associated Hardwoods as a part of our community.”

– The Honorable Janet Winkler
Mayor, Town of Hudson, NC

For More Information:
Melody Adams, Director, Rural Grant Programs | 919 814 4661 | melody.adams@nccommerce.com
Production Facility to Support Seafood Industry

Rural Grant Programs awarded $500,000 to Pender County to support RC Creations, LLC in opening a production facility that will import fresh and frozen seafood from around the world to create ready-to-eat seafood products that are packaged and shipped domestically and internationally.

The facility utilizes state-of-the-art technologies to meet and exceed current Global Food Safety Initiatives (GFSI) and Food Safety Modernization Act (FSMA) requirements. The funds assisted with the construction of an $8,427,292 publicly-owned wastewater treatment plant. In return for the infrastructure support, the company exceeded its goal to create 100 new, full-time positions. Other project funders include CDBG-ED, Golden LEAF, and Pender County.

NC’s Oyster Industry is Growing

Since 2016, NC Main Street & Rural Planning Center staff have served on the Shellfish Mariculture Steering Committee with the NC Coastal Federation. The NC Department of Commerce has continued to collaborate with the NC Coastal Federation and critical partners such as NC State’s Center for Marine Science and Technology (CMAST), NC Sea Grant, and the Division of Marine Fisheries. These efforts have contributed to the increase in farm gate mariculture value which has nearly doubled from $1.6 million to $2.4 million in 2017. The increased growth has also provided for rural area employment with 56 jobs created in Pamlico Sound through shellfish restoration in 2017. In August 2018, the NC Coastal Federation received a technical assistance grant from the US Economic Development Administration for shellfish mariculture in North Carolina and continues to partner with NC Commerce’s Rural Economic Development Division.

Tourism Investment Supports Jobs

The Appalachian Regional Commission (ARC) has approved a $300,000 grant to the Blue Ridge Parkway Foundation for the reopening of Bluffs Restaurant along the Blue Ridge Parkway, near Sparta. The restaurant will create 14 jobs and serve as a tourism anchor that will enable visitors to spend more time in the area, thus stimulating the local economy. The grant will fund kitchen, infrastructure, and communication equipment, as well as furniture, for the renovation of a restaurant that had been, until it closed in 2010, a notable Blue Ridge Parkway attraction.

CDBG Program Addresses Critical Housing Needs

A legislative mandate to address critical housing needs in North Carolina led the NC Department of Commerce to create the NC CDBG Neighborhood Revitalization Program Grant in 2017. Following the first Notice of Funding Opportunity for the Neighborhood Revitalization Program Grant, the NC CDBG program received eleven applications, of which ten were awarded funds to implement housing activities.

In April 2018, The NC Department of Commerce allocated additional NC CDBG Neighborhood Revitalization program funding to ensure local governments had the opportunity to apply for resources for critical housing needs.
REDD LEADERSHIP & STAFF CONTACTS

KENNY FLOWERS
Assistant Secretary, Rural Economic Development
919 814 4669
kenny.flowers@nccommerce.com

Melody Adams
Director
Rural Grant Programs
919 814 4661
melody.adams@nccommerce.com

Olivia Collier
Program Manager
Appalachian Regional Commission
919 814 4656
ocollier@nccommerce.com

Liz Parham
Director
NC Main Street & Rural Planning Center
919 814 4658
lparham@nccommerce.com

Iris Payne
Director
Community Development Block Grants
919 814 4663
ipayne@nccommerce.com

Mark Poole
Financial Analyst
Industrial Development Fund
919 814 4616
mpoole@nccommerce.com

For more information about each program: nccommerce.com/rd | arc.gov | mainstreet.org | hud.gov
DIVISION-WIDE IMPACT

Photo Credit: Todd Miller

DIVISION-WIDE RESULTS

$96,821,907

184

AMOUNT

APPROVED

GRANTS

APPROVED