



Engaging in Economic Development: A How-To Guide and Toolkit



Table of Contents

Introduction	4
Why Get Involved in Economic Development?	5
Economic Development in North Carolina	6
Getting Started	7
Global Opportunities	9
Economic Development Grants and Incentives	12
Opportunity Zones	13
Conclusion.....	14



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Introduction

Welcome to the NC REALTORS® Economic Development and Real Estate Resource Guide. REALTORS® know their communities better than anyone, from both economic and quality of life perspectives. This makes our members ideal community leaders to engage in local economic development efforts. This guide will help you and your local associations become an invaluable resource to attract and retain businesses in your communities.

In the following pages, you will find strategies and resources that demonstrate all that North Carolina has to offer to assist you in supporting and engaging with economic development efforts in your local communities.

This guide is intended to serve as a guide and reference manual to assist local associations and NC REALTORS® in their efforts to engage with economic development and business recruitment efforts in their local communities.

North Carolina is fortunate to have significant economic engines throughout all 100 counties, giving each local association opportunities to make a difference in their own communities.



Why Get Involved in Economic Development?

Not only do the fields of economic development and real estate share a natural connection, economic development brings tangible benefits to REALTORS® and their business. Every day, REALTORS® go out into the community and “sell” their communities to potential clients. As much as the dwelling matters, so too does the quality of the economy locally.

In short, economic Development is the process by which a community grows by attracting good paying jobs and desirable amenities. It benefits the community as a whole and strengthens its economy and vitality. Everything from jobs and education to quality of life and infrastructure plays into the final decision to purchase a new home. Similarly, economic developers sell a community by looking at these areas along with other factors such as the available workforce, housing stock, tax incentive options, tax rates etc.

Strong economic development efforts allow the community to grow and develop, leading to a better place to live. More jobs means more people who need to buy a home. In many cases, a community may need to build even more housing and amenities which will greatly help increase business. Industrial, flex, and office sites will bring jobs while retail opens up jobs and amenities for the community. This benefits property managers, commercial REALTORS®, and residential REALTORS®.

Luckily, North Carolina already has great people working across the state to make sure our local communities continue to grow and thrive. Oftentimes the process of recruiting a new business means that most of the discussions take place behind closed doors to maintain confidentiality. We believe that as REALTORS®, our best approach is to help these existing efforts by sharing our expertise and knowledge to aid these efforts as needed. That support can take on several roles, depending on the needs of your local economic development organization. Building a mutually beneficial relationship will entail getting to know the people involved on both sides, understanding each other’s’ business better, and determining how REALTORS® can provide support for the economic development professionals. We’ll come back to specifics later in the guide, but overall, we believe that REALTORS® have an incredible opportunity to build strong relationships with their local economic development efforts and assist them to achieve some big wins for your community.

Economic Development in North Carolina

North Carolina's winning combination of location, workforce, existing industry strength, and business-friendly environment makes it a leading destination for domestic and international companies alike. The state boasts the fastest growing large economy in the U.S. and consistently ranks among the top five in internationally-recognized business environment rankings.

Who works on Economic Development in North Carolina?

The Economic Development Partnership of North Carolina (EDPNC) is the organization that is charged with recruiting businesses to our state. It works with the NC Department of Commerce to get companies interested in moving to North Carolina.

EDPNC also works with a network of local and regional economic development organizations to find the perfect site that meets the needs of the company interested in relocating here. Those local organizations take on different forms. Some are part of the local government. Some are independent organizations or Chambers of Commerce which contract with local governments to provide economic development recruitment for their communities. The North Carolina Economic Development Association (NCEDA) is the statewide trade organization to which most local economic development organizations belong.

Useful information and publications are available on EDPNC's website www.edpnc.com.

As outlined in the [2019 EDPNC Annual Report](#), EDPNC and its partners helped secure **154 business recruitment and expansion projects in 2019**.

According to announcements by company and state officials, those projects are expected to create the following:

- 21,675 new jobs
- \$4.4 billion in announced investment
- \$1.26 billion in new annual payroll

For members of the North Carolina REALTORS[®], these recruitment and expansion projects directly equate to more opportunity and more business. But how can REALTORS[®] tap into this wealth of opportunity and help build our communities? This brochure is designed to guide local associations and individual members through the process.



Getting Started

Now that you have some background, you can begin involving your local association in Economic Development. You'll need to first assemble a small team or committee. This should have good buy-in from leadership and staff who can help support the effort, plus members who understand the significance of the undertaking. Ideally, you will include members who already engage in economic development efforts, but commercial members generally understand this territory well already. Residential members who understand the local housing market well and know the nuances of the local community will help round out the team. Elected officials or community leaders within the membership will be invaluable as well.

During your first meeting, you'll want to figure out where your community currently stands, and where you think it should go, particularly in the context of the real estate industry. Identify strengths and weaknesses, or things you need locally. These should include things like land, housing stock, inventory, commercial properties, potential sites for development, quality of life, etc. This will help give everyone a well-rounded view of the community and put everyone on equal footing moving forward.

The next step will be to identify key players in economic development in your own community, or a targeted area, which could consist of a particular town, a county, or a region. NC REALTORS® can also help make introductions through our partners at the state level.

Once you identify key players, set up meetings with them to learn about their efforts and see how the REALTORS® can help. Choose a small team (maybe 1-3 people) to sit down and find out more about their role in economic development locally. The goal is to supplement existing efforts with our resources and expertise through inserting REALTORS® further into the community.

Check out this list of ideas to help grow your economic development efforts:

1. Join the local chamber of commerce and attend meetings to stay up on local business developments
2. Invite your local economic development expert or chamber of commerce representative to speak at your local association meetings, board of directors meetings, or government affairs meetings.
3. Host or sponsor a table at an annual event with your local economic development and/or chamber of commerce offices, encouraging dialogue regarding how the local association can assist in business development in your community. Even better if elected officials attend.
4. After discovering the primary focus for development in your community, proactively assist in that effort through local advocacy

5. Stay abreast of proposed legislative and regulatory changes or local ordinances that could influence the viability or desirability of your community. Keep in touch with your economic development partners regarding your views, as they may serve as potential allies.
6. Consider lobbying for economic development organizations funding, specific incentive packages, or changes to zoning or other ordinances to accommodate economic development.
7. Identify members who already volunteer or serve in positions that make your communities stronger. Seek out and include their feedback to find new economic development opportunities.
8. Offer to assist your economic development partners with presentations/social events that would assist in demonstrating your community's strengths
9. Attend meetings of the NC REALTORS® Economic Development Committee to stay abreast of issues affecting economic development in North Carolina.
10. Work with local developers and utility providers to increase the number of shovel-ready properties available in your community.
11. Provide appropriate sites for economic development to the organization's database via the EDPNC. If you do not have an existing relationship with EDPNC, reach out to NC REALTORS® and we can help make the connection.
12. Organize and publicize a tour of a development-ready area, including site visits to properties
13. Provide local real estate industry and market information to economic development partners
14. Keep in mind the EDPNC's five core functions: recruiting new companies, taking care of existing employers, promoting North Carolina exports, promoting the state for travel and tourism, and providing counseling for small businesses and startups. Consider sponsoring ads in future EDPNC Economic Development Guides highlighting the benefits of your community in attracting business, travel and tourism.
15. Support REALTOR® members' appointments to local economic development and chamber boards
16. Provide relevant housing statistics which may inform their understanding of the local real estate industry
17. Consider applying for a REALTOR® Party grant to support a speaker to address a topic of interest with elected officials
18. For communities with a population under 30,000 people, NAR's Rural Outreach Initiative can provide special grant dollars for speakers, community surveys, and other special projects
 - a. Your assigned NC REALTOR® Government Affairs Director can connect you with these resources and help you attain the grants

Given how new economic development efforts are in the REALTOR® world, particularly at the local level, the successes and opportunities are wide open. NC REALTORS® stands by as a resource to you and your efforts to help you achieve successes locally.



Global Opportunities

Maximize Global Business Opportunities in Your Community

NC REALTORS® is working with NAR to create a global toolkit to this one focused on economic development, which we will disseminate upon its final approval. In the meantime, we've compiled some attainable first steps to help get started. Global and economic development efforts go hand-in-hand, and your foundation in one will lead to success with the other.

REALTORS® are always trying to gain and maintain their competitive edge, and more than **\$104 billion worth** of residential real estate is sold to foreign and immigrant buyers annually, resulting in **over \$5 billion** in commissions for REALTORS® nationwide. **Over 750,000 North Carolinians**, or about eight percent of the population, are foreign born. In 2012, they pumped **\$12.9 billion** into the state's economy.

The continued expansion of trade and investment among countries, the ease of mobility, and the migration of people opens greater opportunities for transacting with international clients looking at North Carolina. Cultural affinity, foreign language capabilities and an awareness of business trends cultivate strong relationships with international clients and bring transactions to successful conclusions. Your association can undertake a variety of activities to help members participate in this global opportunity and we've included a few below:

1. Sponsor an "At Home with Diversity" class [More Information: <https://www.nar.realtor/designations-and-certifications/at-home-with-diversity>]
2. Form a Local Global Council dedicated to globally themed, education, programming and networking for your members
3. Distribute to members as well as economic development and chamber of commerce offices publications from NAR, including [Business Data for Engaging in International Real Estate Transactions in North Carolina \(2016\)](#) and [Case Studies – Global Influences and Opportunities – Utah, Arkansas and North Carolina \(2014\)](#)
4. Encourage members to earn their Certified International Property Specialist (CIPS) designation. [More Information: <https://www.nar.realtor/designations-and-certifications/cips-designation/become-a-cips-designee>]

5. Educate members regarding how to get and handle international referrals. Distribute to members NAR's [Field Guide for International Referrals](#)
6. Discover which banks/lenders, CPAs, attorneys, translators etc. are working and proficient in international transactions in your community and start a resource list
7. Encourage members with an interest in international transactions to participate in NC REALTORS® Global Network as it develops programming and resources
8. Encourage participation in trade missions organized by your local chambers of commerce

Economic Development Grants and Incentives

Understanding Grant Opportunities for Your Community

The North Carolina General Assembly has made economic development a financial priority. Numerous state programs can help with development projects in your community. NC REALTORS® actively lobbies for the protection and continuation of these programs at the state level due to the positive impact that they have in local communities. Many of these incentives are involved in pitching economic development opportunities. Here is some background so you are familiar with what programs your organization is working with.

The Job Development and Investment Grant (JDIG) program and the One North Carolina Fund help attract companies to locate an appropriate site, or expand and renovate.

JDIG is a performance-based, discretionary program that provides grants to new and expanding companies to help defray the cost of locating or expanding a facility in the state. Funds are allocated based on a ranking scale, which weighs factors such as the location of the project, the county tier designation (Tiers 1-3), the number of net new jobs created, the wages of the jobs compared to the county average wage, and whether the industry falls into one of the state's targeted industry sectors (<https://edpnc.com/incentives/job-development-investment-grant/>).

The One North Carolina Fund (OneNC) is a discretionary grant program that allows the Governor to respond quickly to competitive job-creation programs. Similar to JDIG, the state awards OneNC based on the number of jobs created, level of investment, location of the project, economic impact of the project, and the importance of the project to the state and region (<https://edpnc.com/incentives/one-north-carolina-fund/>).

The North Carolina Department of Commerce administers both of these grants, in consultation with the state Economic Investment Committee.

In addition to these incentive programs, tax credits and other grants can also support economic development projects. One example includes the North Carolina Community Development Block Grant (CDBG) which offers assistance to municipalities and counties for infrastructure projects that will assist in the creation new jobs. Tax credits focus on specific activities or project types. For example, the Historical Preservation Tax Credits promote the restoration of historic sites and mills. These credits have revitalized main streets and towns around North Carolina and have particularly helped rural areas. A number of other credits of use exist including the Inventory Tax Exemption, Manufacturing Tax Exemption and Datacenter Sales and Use Tax Exemption. Learn more about these programs, and many others by visiting EDPNC's Incentives page: <https://edpnc.com/relocate-or-expand/incentives/>.

It is also useful to know that North Carolina has four general-purpose Foreign Trade Zones (FTZ). The northeast corner of the state is covered by an FTZ based in Norfolk, Virginia. Foreign Trade Zones offer economic advantages in doing business dealing with international trade and allows for no customs duty to be levied if the final product is exported from the United States.

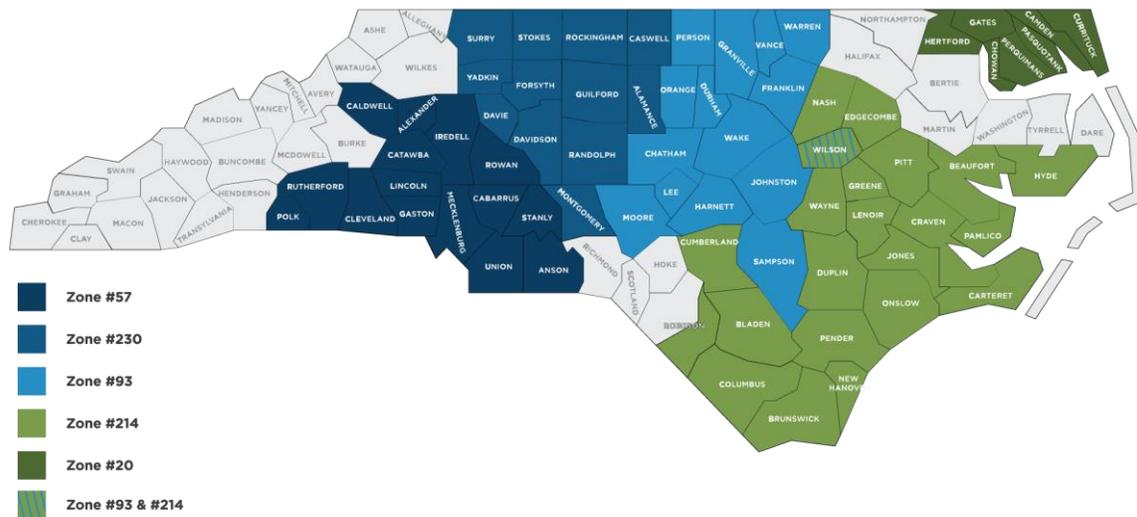


Figure 1. North Carolina Foreign Trade Zones [<https://edpnc.com/incentives/foreign-trade-zones/>]

In addition to these general-purpose sites, there are also eighteen FTZ subzones approved for use by individual companies across the state.

These programs along with the state programs give tools to developers necessary to compete with other locations for jobs. Many of the regional economic development partnerships also have financial assistance for industrial projects. Local governments as well have implemented local incentive programs in order to promote development and attract businesses to their area. Each of these represents a key reason why developing a close relationship with your local economic developers is so important to your success and that of your community.

Opportunity Zones

In 2018, Congress passed the Tax Cuts and Jobs Act (TCJA) creating the Opportunity Zones program to increase investment in economically distressed communities. The program provides preferential capital gains treatment for investments within designated low-income census tracts. Policymakers hoped that opportunity zones would incentivize investment in low-income communities throughout the country.

In North Carolina, 252 census tracts are authorized for participation in this program. You can find the [full map online](#) with all of North Carolina’s zones, and learn additional information about the regulations and guidelines for Opportunity Zones through [NC REALTORS®](#), [NAR](#), and the [IRS websites](#).



Conclusion

Economic development directly correlates to a prosperous real estate market. The more attractive North Carolina presents itself to businesses across the state and the world, the more likely we will see investment in North Carolina. This leads to not only a commercial real estate impact, but also the residential impact that their business has on new workers coming into a community.

We hope this toolkit will steer you in the right direction to being a part of this very important conversation occurring in your community and state, as well as expanding your business reach and expertise.

Your NC REALTORS® staff is standing by to help you as you begin to get involved with this important community building work. Just reach out to Nick Scarci at nscarci@ncrealtors.org