

# **Economic Development Planning In Bedroom Communities: A Case Study of Chatham County, North Carolina**

**G. Jason Jolley**

University of North Carolina  
Chapel Hill, NC, USA  
[Jason.Jolley@unc.edu](mailto:Jason.Jolley@unc.edu)

**E. Brent Lane**

University of North Carolina  
Chapel Hill, NC, USA  
[brent\\_lane@unc.edu](mailto:brent_lane@unc.edu)

**Lukas C. Brun**

Duke University  
Durham, NC, USA  
[lukas.brun@duke.edu](mailto:lukas.brun@duke.edu)

## **Abstract**

This article shares lessons learned in the economic development planning experience in Chatham County, North Carolina, a traditionally rural county on the urban fringe of the growing Raleigh-Durham-Chapel Hill Consolidated Metropolitan Statistical Area (CMSA), which includes Research Triangle Park. Chatham County has faced tremendous residential growth pressure as portions of the county have transitioned into a bedroom community while other parts of the county remain rural and economically depressed. The authors share their planning experiences and lessons learned in developing an economic development plan designed to increase the non-residential tax base and provide jobs for residents while preserving the rural character of the County. These lessons are vital to community engagement in economic development planning in similar communities facing both residential growth pressures and stagnant local economies.

Keywords: bedroom community, economic development priorities, place of residence, place of employment, retail pull factor, strategic planning process

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## **1.0 Introduction and Background**

In late 2006, the University of North Carolina at Chapel Hill's Center for Competitive Economies (the Center) was approached by three newly elected commissioners to the Chatham County Board of Commissioners. The three new commissioners were scheduled to be sworn in as commissioners in January 2007 to the five member board. The newly elected commissioners were concerned about the county's recently residential growth boom and its lack of accompanying non-residential development. This article describes the 14-month economic development strategic planning process for Chatham County, North Carolina undertaken by the Center. The project comprehensively assessed the county's current economic conditions and provided policy options for capitalizing on the county's economic,

geographic, and cultural assets. In completing the plan, the Center found that informing citizens about the direct and indirect costs of becoming a bedroom community assisted in developing consensus about economic development priorities. This article discusses the costs and benefits of being a commuter county and describes the process used to encourage agreement on the economic development priorities of the county. In many ways, it is a story that will be familiar to many communities faced with growth pressures: how to achieve the benefits of growth while maintaining the core of a community's character. The discussion of the direct and indirect costs of being a bedroom community follows a brief section on the project's background. Concluding comments summarize the lessons learned.

Chatham County lies on the urban fringe of the core metro counties of Wake, Orange, and Durham making up the Raleigh-Durham-Chapel Hill Consolidated Metropolitan Statistical Area (CMSA) in North Carolina. Commute rates are high in the county with more than 55% of Chatham County workers commuting outside the county to work, according to the 2000 Census<sup>1</sup>. Areas of the county within short driving distances of the Research Triangle Park (RTP) and Raleigh have experienced rapid residential growth in recent years, while other parts of the county struggle with a stagnant housing market and declining employment in traditional manufacturing and food-processing industries typical in the western region of the county. The result has been an increasing divide between east and west Chatham County as the needs of the rapidly growing east are perceived to overshadow those of the slower growing west.

The county's most contentious issues are over whether growth is desirable and how to pay for it—particularly the increased demand for costly infrastructure such as water, sewer, roads, schools, and other government provided services. A proposed land transfer tax to assist the county in paying for costs associated with development were vigorously opposed by real estate developers and agents and failed on the November 2007 ballot. In 2007, Chatham County declared a moratorium on larger residential developments in order for the county to catch-up with the recent wave of residential expansion.

Retail development (or “non-basic” employment in economic development terminology) had also become an area of concern. Some residents, particularly in the eastern portion of the county, were vocal in their objections to “big box” retail (national chains, large stores, low prices, and low wages/benefits for employees), while other residents in the county welcomed prospects of any retail—big box or not. Concurrent with the debate over retail development was a debate over the proposed major transportation corridor zoning. Some residents wanted to regulate the types and locales of business establishments that could be built along the main transportation corridors, while others resisted zoning. Frustrated by the response from officials elected by the more populous east, areas of the county began pushing for district representation so that the preferences of the west could receive at least a minority representation on elected boards. Much of this debate centered on what to do with growth and how to develop agreement on economic development priorities given the different historical and current experiences between east and west.

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<sup>1</sup> Commute rates are determined by the decennial U.S. Census. The most recent data available during the planning process was from the 2000 Census. At the time of this writing, the 2010 Census commuting data has not yet been released. However, based on the residential growth patterns, we have little reason to believe it will show a reduction in the out-commute rate.

## **2.0 Chatham County as a Model Case Study**

The growth experience of Chatham County is a familiar one. Americans have increasingly lived outside the urban city center since the postwar boom in residential construction began in the 1950's. In 1950, 23% of Americans not living on farms lived outside of the city center. By 1960, it was 31%, and by 2000 50%. (Hobbs & Stoops, 2002). Commutes traditionally made in the city center with mass transportation were increasingly replaced in the suburbs with private passenger vehicles. This was the combined result of decreased availability of public transportation in the suburbs, increased affordability of cars, and an eventual change in tastes and preferences for public transportation. Quite simply, residents of suburbs enjoyed the convenience and flexibility of passenger cars, while governments—faced with either paying for extensions of public transportation networks to lower density areas or improving roads—choose to invest in building roads. As a result, the demand for transportation infrastructure changed from mass transit to roads (Jackson, 1985). The experience in North Carolina has generally followed a similar pattern, although urbanization rates in North Carolina have lagged those of the South and the US. For example, the 2000 urbanization rate for North Carolina of 68% is roughly equivalent to that of the South in 1985 and the rest of the US in 1965 (Hobbs et al., 2002).

With rapid residential growth came the debate over the costs and benefits of being a bedroom community. The benefits often cited are population growth and increased economic activity due to the initial construction boom and ongoing retail sales used to support new residents. The familiar negatives cited are an increased demand for government-provided services (police and fire protection, education, recreation) and related infrastructure (schools, parks, roads, expanded water and sewer). By the 1970's, communities also began to consider the impact of development on the environment, including water and air quality.

It became apparent to the authors early in the strategic planning process that the elected boards and residents of Chatham County were not fully informed about the direct and indirect costs of being a bedroom community. Rather than wade into the debate between new and old residents, between east and west, between proponents of basic industries or the “creative class” over whether growth was good or not, the authors sought to inform all sides about the costs and benefits of being a bedroom community and to develop a process in which to engender agreement about the economic development priorities of the county. The process was to acknowledge the reasons why residents commuted and then to detail the direct and indirect costs of commuting to themselves and to the county. Once a shared basis of information existed, the authors facilitated community dialogue about the desired future of their county.

### ***2.1 The Benefits and Costs of Commuting***

Commuter studies find that people make decisions about where to live and work by trading off wages, housing prices, and commuting costs. School quality, transportation network quality, crime levels, and the local unemployment rate are additional factors for why people choose to commute rather than to live closer to their place of employment (So, Orazem, & Otto, 2001). Our study found that out-commuters in Chatham County on average earned 43% more than in-county workers according to Bureau of Economic Analysis statistics. Increased fuel costs will reduce the wage gap between commuters and in-county workers but the overall impact is likely to be less than 5%. Commuting workers in all industries

earned more by working outside the county than in similar industries inside the county. Moreover, the higher the industry wage differential between county and commuter wages, the higher the commute rate of workers in that industry. Similarly, housing costs in the county are 10%–50% less than in the primary commute destinations of Durham, Orange, and Wake counties (US Census, 2000). School quality in the county is increasing, particularly in areas of the county with high growth and within the commute shed for the Research Triangle Park and Raleigh. Additionally, the road infrastructure of the county is excellent, with major expansions of both north-south (US15-501) and east-west (US64) corridors recently completed. The crime rate and unemployment rates are low in the county. In short, real benefits accrue to commuters as Chatham County appears to offer many of the benefits of rural life with easy highway access to the economic and cultural benefits of a major urban area.

The real question left unaddressed is the cost of commuting to the county and its citizens. In other words, to whom do the benefits of growth accrue? Since new residents need additional services and infrastructure provided for by government, the question for governments evaluating the costs and benefits of growth is whether they can be compensated for the expansions of service and infrastructure development places on them.

The break-even point for residential development is surprisingly high. Cost of Community Services (COCS) studies evaluating the net financial benefit of various types of land use (residential, commercial, and agriculture) find that for every dollar spent on public services, residential development contributes 87 cents, commercial development \$3.57, and agriculture \$2.78 (median figures from American Farmland Trust, 2007). The methodology was also used for Chatham County's Cost of Community Services study conducted by North Carolina State University economist Mitch Renkow who found that residential development contributes 87 cents, commercial development \$3.01, and agricultural land \$1.72 for every dollar in public services used (Renkow, 2007).

North Carolina law permits counties to charge school and recreation impact fees to new residences. Yet as COCS studies make clear, these fees do not recover the full cost of services provided by counties. In fact, the results of the studies support the need for an additional 13 cents for every dollar spent on residential services. Yet it is difficult politically to recover residential expansion costs through higher taxes or the introduction of new impact fees. Politically, it is difficult to support increased property taxes; it may be self-evident, but for most politicians most of the time increasing taxes is a poor (re)election strategy. A concern about equity also exists. Is it really fair for current residents to pay for service expansions consumed by new residents? Similarly, is it fair for regions of the county not experiencing growth to pay for the additional costs of growth? Most people and elected officials would hesitate in answering with an unqualified yes. Thus, raising property taxes appears not to be a good solution for recovering residential expansion costs.

The economically efficient solution would be to assign the marginal cost to those deriving the marginal benefit—the developers of residential housing, and ultimately, the new residents. In other states, for example, the costs for expanding water and sewer infrastructure, school and library construction, parks, and police/fire protection are borne entirely by the developers who then pass them on to home buyers. Typically, this is negotiated by local governments during the permitting phase as part of the development contract. This scenario, however, is

unlikely to happen soon in North Carolina due to restrictions on county governments to only recover recreation and school impact costs. New impact fees are also unlikely to be allowed. Current state law permits counties to put on the ballot either a .25% sales tax or a .004% land transfer tax (or \$400 for every \$100,000) to help pay for growth. However, no county has been successful in passing the land transfer tax due to strong opposition by real estate groups, and the sales tax has been successful in half of the counties seeking the enhanced authorization. The effective result is that developers and new residents have been successful in shifting the marginal costs of expanded services to county government and existing residents.

At first glance this appears to be a winning strategy for developers and new residents—they win at the expense of the county and current residents. However, over the longer run, it is likely to be a losing strategy for all sides as resentment about new development occurs in the county over current residents subsidizing the full costs of new housing. The better long term strategy for all sides would be to make county government and current residents at least neutral about new development by paying for the full financial costs of development. In this way, developers can continue to build, new residents can continue to live in attractive new areas, and current residents are at least financially ambivalent about adding new members to their community.

The discussion thus far assumes that current residents and local governments only evaluate the financial costs of development and do not consider the social or environmental value of particular land uses. Just as important, however, are the environmental and social costs of commuting. The residential development that creates the need to commute profoundly affects the ecosystem. Residential (and commercial) construction reduces the natural habitat available to native plants and animals, while road construction creates ecological barriers. Commuting also increases the carbon footprint of residents by releasing greenhouse gasses into the environment. All place burdens on the environment that are almost impossible to capture on a balance sheet.

In addition to the environmental costs of commuting is the growing awareness about the social and human costs of commuting and the decline in social capital as people who commute have less time to spend with family, friends, and their community (Besser, Marcus, & Frumkin, 2008).

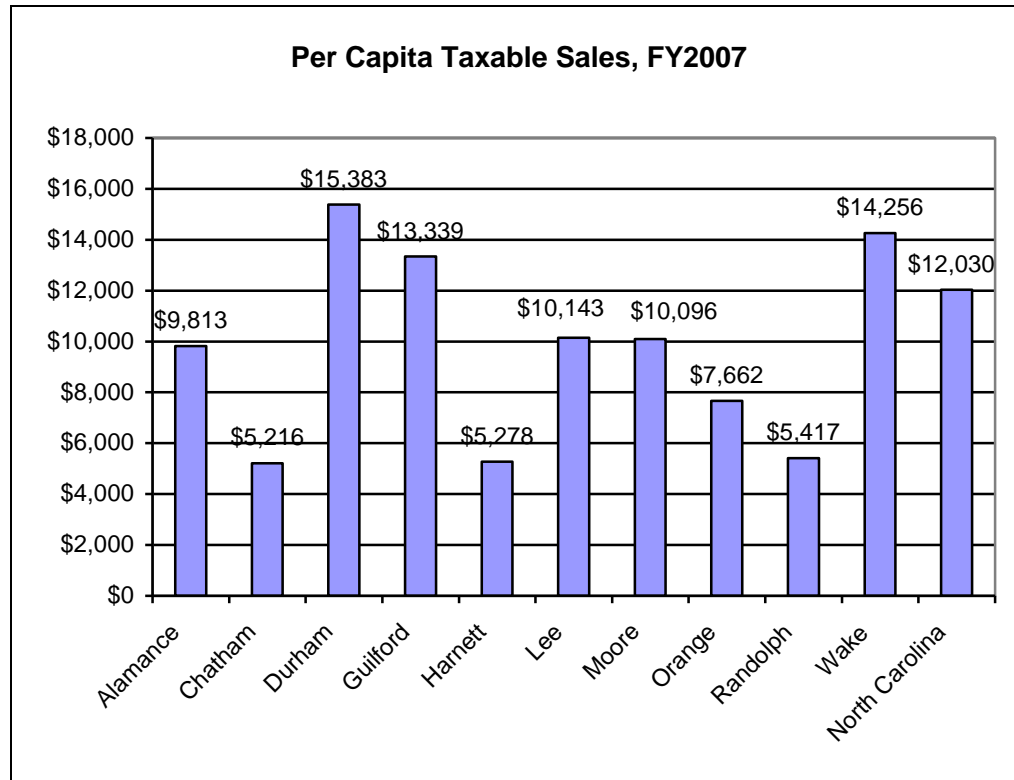
## ***2.2 Retail Sales Leakage***

Chatham County residential growth boon has been accompanied by limited commercial development. Anecdotally, this suggested the county lacked sufficient retail businesses to support the needs of local residents. In fact, limited retail, restaurant, and service businesses were among the major concerns expressed by many Chatham County citizens at the community forums.

Retail development is often ignored in traditional economic development due to the low wage rates of retail jobs. However, retail sales play an important role in the fiscal health of counties, particularly in North Carolina where a portion of local option sales tax is collected by the state and distributed back to counties on a point of origin of sale basis. The remainder of the local option sales tax collected is distributed on the percentage of population formula.

Per capita taxable sales is a simple measure to gauge the relative strength of a local retail economy (See Figure 1). In 2006-2007 fiscal year, Chatham County had much lower per capita retail sales (\$5,216) than surrounding counties in the region. This figure was also considerably lower than the state average of \$12,030.

Figure 1. Per Capita Taxable Sales for Chatham and Surrounding Counties



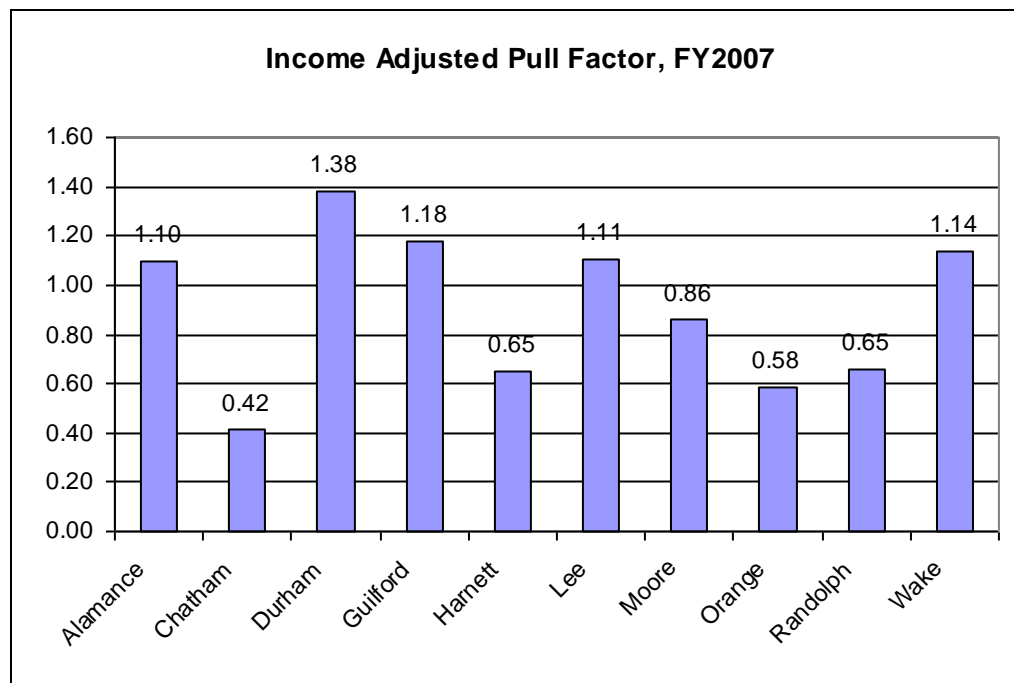
Source. Calculated from NC Dept. of Revenue and NC Office of State Management and Budget, State Data Center population estimates data.

While per capita taxable sales is an adequate cursory measure, it does not lend itself to accounting for the sales gains or leakage of a county. Nor does the measure allow for the control of unique county factors, such as income differences. The authors measured the extent to which Chatham County had sufficient retail development to serve its citizens utilizing a retail pull factor calculation. Pull factors are a common ratio measure to determine the extent to which a study area is capturing local sales relative to a larger base area (see Lloyd, 1995 for complete methodology). The pull factor is measured by dividing the per capita sales of a local area by the per capita sales of a base area. In this study, the authors divided per capita sales for a county by per capita sales for North Carolina (See Figure 2). A pull factor greater than one indicates the percentage of sales beyond the local base that an area is capturing or pulling into the local area. A pull factor less than one indicates the percentage of local sales captured, while the difference from one indicates the percentage of local sales leaked to or captured by other counties. For example, a pull factor of 1.2 would indicate that a local area had a net gain in retail sales by capturing 20% more retail sales than its local base. A pull factor of .75

would indicate that local area only captured 75% of its local sales base and therefore, 25% of local purchases occurred outside the local base area.<sup>2</sup>

A level of precision in Chatham County's pull factor calculation was added by adjusting for the county's per capita income, which is among the highest in the state. To adjust for per capita income, the per capita income for the study area (in this case, a county) and the per capita income for the base area (in this case, North Carolina) are included in the pull factor calculation. When adjusting for per capita income, Chatham County's pull factor is .42, which means the county only captures 42 cents of every retail dollar spent by local residents. This results in a 58 percent retail sales leakage rate, meaning approximately 58 cents of every retail dollar spent by residents is spent outside of Chatham County. When controlling for income, Alamance, Durham, Guilford, Lee, and Wake Counties are the counties in proximity to Chatham with a net gain in retail sales. This is not surprising given the large regional shopping malls in Durham, Guilford, and Wake Counties. Lee County is a geographically small county with many shopping options. In addition to well-established traditional and outlet malls, Alamance County has also experienced construction of new shopping venues in recent years.

Figure 2. Income Adjusted Pull Factor for Chatham and Surrounding Counties



Source. Calculated from NC Dept. of Revenue and NC Office of State Management and Budget, State Data Center population estimates data.

While it is not surprising that Chatham leaks a percentage of its retail sales, the large gap between Chatham and neighboring counties should be a concern to citizens and policymakers. This signals the county is underperforming in retail

<sup>2</sup> This assumes that all residents have a similar propensity to consume. The alternative hypothesis for lower retail sales per capita and associated "pull factors" is that residents have different tastes and preferences leading to reduced consumption.

sales relative to peer counties, and Chatham County residents are forced to shop and dine outside the county borders at a much higher rate than peer counties.

The North Carolina Department of Revenue captures taxable sales and sales tax data on a categorical basis for counties. The authors applied the pull factor calculation on a categorical basis to determine Chatham County’s retail performance on a categorical basis. As Table 1 demonstrates the county leaks retail sales across all categories. The lowest leakage rates are in furniture and food, while the highest leakage rate is in apparel. An astonishing 89% of apparel purchases from residents occur outside the county.

Table 1. *Chatham County Taxable Sales Leakage by Category, FY 2007*

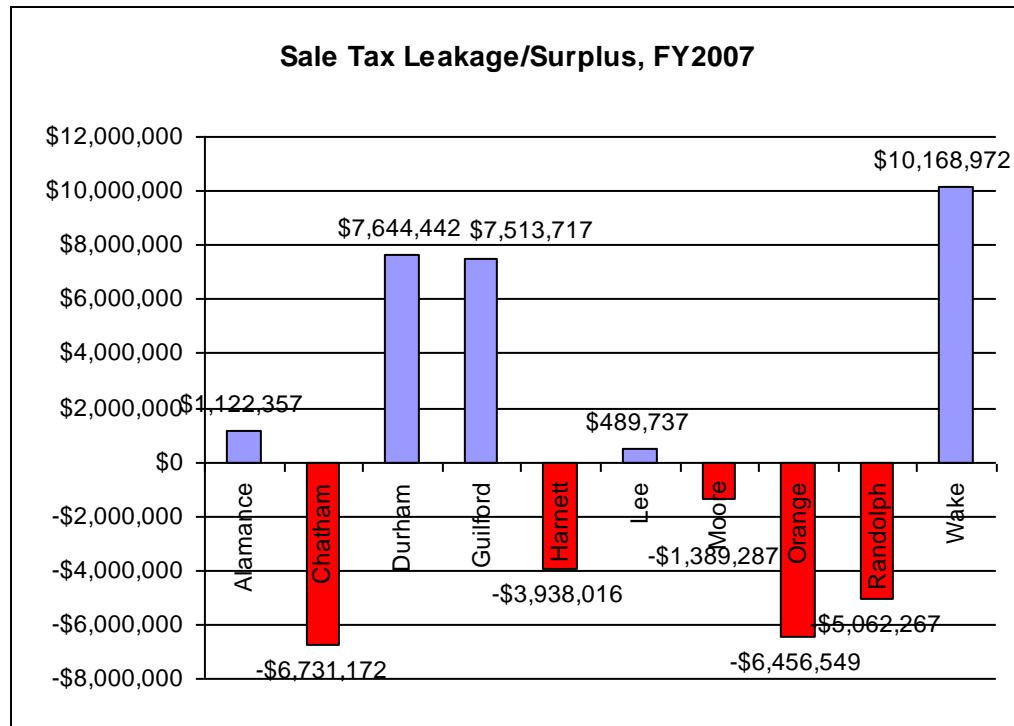
Chatham	Total	Captured in County	Leaked Outside County	Leakage Rate
TOTAL	\$301,018,001	\$124,925,752	\$176,092,249	58%
Apparel	\$2,702,364	\$288,397	\$2,413,967	89%
Automotive	\$24,484,392	\$13,929,557	\$10,554,835	43%
Food	\$70,503,751	\$33,790,430	\$36,713,321	52%
Furniture	\$22,450,671	\$13,888,657	\$8,562,014	38%
General merchandise	\$91,053,506	\$40,625,105	\$50,428,401	55%
Lumber and building material	\$62,898,006	\$33,236,289	\$29,661,717	47%
Unclassified	\$24,373,510	\$4,191,960	\$20,181,550	83%

*Source.* Calculated from NC Dept. of Revenue and NC Office of State Management and Budget, State Data Center population estimates data.

Next the authors sought to demonstrate to the policymakers the fiscal implications of ignoring retail development as part of a broader economic development strategy (See Figure 3). In the most recently available data, Chatham County received approximately \$4.4 million in point of origin sales tax revenue. This revenue was distributed back to Chatham County because the sale occurred in the county. When the 58% leakage rate was applied to the point of origin sales tax revenue, it was determined that the county lost approximately \$6.7 million annually in point of origin local option sales tax revenue due to the high retail sale leakage rate.



Figure 3. Sales Tax Leakage and Surplus Calculations for Chatham and Surrounding Counties



Source. Calculated from NC Dept. of Revenue.

In the short term, it is not feasible for Chatham County or other bedroom counties on the fringe of large urban areas to capture 100% of retail sales in their county or draw a net gain in retail sales from residents of surrounding counties. However, opportunities for incremental gains exist, which would provide more retail options for residents and provide more local option sales tax revenue for local governments. The retail sales leakage represents a market opportunity for an “import substitution” strategy to reduce the amount of retail sales and sales tax lost to neighboring counties. In addition, such a strategy would increase commercial development opportunities in communities where citizens live.

In Chatham County and other bedroom communities, the fiscal need and desire for more retail must be balanced with citizen preferences. In Chatham County, there was disagreement about the scale and type of retail development. Some citizens desire smaller scale, locally owned retail development, which is more likely to spend and reinvest a larger percentage of profits back into the local community. Others desire “big box” or more traditional larger retailers, which offer larger selections of products at lower prices. The authors recommended the county influence the quantity, quality, and location of new retail in order to best achieve its overall development goals. Steps included encouraging the County to work with its municipalities to promote smaller scale retail development in the downtown areas to revitalize and support traditional downtowns. Larger scale commercial developments were most appropriate along major transportation corridors where the developments are not in competition with the specialty and niche markets within the downtown areas. Improved planning guidelines, façade requirements, set backs, and regulated access points to ensure these developments best utilize the

existing traffic control devices and do not contribute a considerable amount of additional traffic congestion were among the recommendations. Targeting the retail economy in Chatham and other bedroom communities will increase sales and commercial tax revenue, reduce shopping trips outside the county, and supply much needed resources to support the growing population.

### ***2.3 Labor Force Mischaracterization***

Considerable attention was also given to examining Chatham County's workforce and the quantity and quality of that workforce to support new employers. One of the difficulties about economic development planning in a bedroom community is that the commuting labor force in a county is not captured by place of employment data typically relied on by economic developers to inventory a county's labor force. That is, although the workers live in the county, they are not captured by typical measures of labor resources because they do not work in the county. As a result, it is difficult to derive a full understanding of the county's resident labor resources that companies locating in the county would have access to. The authors developed a method to estimate the labor resources of a commuter county in order to derive a fuller understanding of a county's labor resources for planning purposes.

Workforce data is collected by *place of residence* and by *place of employment*. Place of *residence* data is gathered by the Decennial Census and inventories the industries and occupations of persons living in the county. Place of *employment* data inventories employment and wage data for businesses physically located in an area, and is gathered each quarter from businesses in fulfillment of their federal unemployment insurance reporting requirements by the North Carolina Employment Security Commission (ESC). The same data is reported on a quarterly basis for all states at the county and MSA level by the Bureau of Labor Statistic's Census of Employment and Wages (BLS CEW) and could be used in comparison in other states. Theoretically, place of residence and place of employment data would be identical if all residents of a jurisdiction worked where they lived. However, since commuting between jurisdictions is a common occurrence, place of residence and place of employment data often will differ.

Under most circumstances, the difference between the two sources of data is not great enough to warrant comparison of both place-of-residence and place-of-employment employment figures. Instead, ESC data is used to identify industry employment because of its greater reporting frequency. If an area has a high commute rate, however, the difference between place-of-residence and place-of-employment data becomes greater. As a result, ESC-based employment figures cannot serve as a proxy for resident-based employment for areas with high commute rates.

As an illustration of the difference between the two sources of data, Table 2 presents the difference between place of employment data gathered by the North Carolina Employment Security Commission and the place of residence data gathered by the Census Bureau for 2000. The average difference between the two data sources is 35%, but the difference by 2-digit NAICS (North American Industry Classification System) industry ranges from 12% (manufacturing) to 98% (utilities). In numerical terms, the place of employment data would seriously under-represent the labor resources in science/tech, construction, healthcare, and education in the county.

Table 2. *Comparison of Chatham County Census and North Carolina Employment Security Commission (ESC) Employment Data, 2000*

		Census 2000	ESC	# of job	
		Data	2000 Data	% difference	difference
NAICS	NAICS Description	place of residence	place of employment	b/w Census and ESC	b/w Census and ESC
11	Agriculture	658	369	44%	289
21	Mining	14	3	79%	11
22	Utilities	129	3	98%	126
23	Construction	2,253	913	59%	1,340
31-33	Manufacturing	5,587	6,244	(-)12%	(-)657
42	Wholesale Trade	578	385	33%	193
44-45	Retail Trade	2,405	1,938	19%	467
48-49	Transportation	689	409	41%	280
51	Information	605	105	83%	500
52	Finance	715	178	75%	537
53	Real Estate	345	59	83%	286
54	Science/Tech	1,497	304	80%	1,193
56	Administration	606	454	25%	152
61	Education	2,687	1,202	55%	1,485
62	Healthcare	3,008	1,574	48%	1,434
71	Arts	294	245	17%	49
72	Hospitality	1,068	730	32%	338
81	Misc. Services	1,151	378	67%	773
92	Public Admin	806	724	10%	82
	<b>Total</b>	<b>25,095</b>	<b>16,217</b>	<b>35%</b>	<b>8,878</b>

The value of these calculations for planning purposes is to demonstrate the types of industries county residents are already working in. The notion is that the county could support businesses in these industries while mitigating the costs of commuting. Recommendations for Chatham County’s economic development plan included the consideration of an industrial park located near RTP that would use the pool of current residents commuting outside the county to work. The benefit to the county is a more balanced mix of commercial and retail development, while reducing the demand for residents to commute out of the county.

#### **2.4 Community Development Process**

From the beginning of the project, the authors wanted to ensure that the community was included in the economic development planning process, so a three-tiered approach was developed that varied on the level of commitment required of participants. On the first level were meetings with citizens that simply

required attendance, listening to our presentation, and participating in a break-out session in which attendees were asked several questions about their preferences for jobs and economic development in the county, including what they liked or wanted to preserve in the community.

The second tier was an “economic development task force” that was organized with the assistance of the county economic development corporation (EDC). Its purpose was to provide more detailed comments and suggestions about the plan than would have been possible at the broad citizen level. It was composed largely by persons who had expressed an interest and willingness to serve on an advisory group at citizen meetings.

The third tier was a working group of the EDC board members that reviewed the draft report, provided guidance about issues that the authors may have over- or underemphasized, and to serve as a sounding board in developing the plan. The group was particularly adept at keeping the authors informed about concerns expressed by the EDC Board and keeping the EDC Board informed about plan progress.

In addition, the authors conducted business interviews and met with citizen organizations that had particular interests or concerns about economic development in the county, and also met with city and county elected boards and professional staff. The idea was to include participation for all interested citizens, groups, and elected and staff government officials.

The community meetings revealed a broad range of preferences for the types of businesses desired within each community. Broad agreement existed, however, around four environmental priorities. First, residents wanted business with limited environmental impact. Residents did not want Chatham County to become a pollution haven for the larger metro area even if that meant giving up well paying jobs. Second, residents expressed strong interest in locating businesses in the county that were developing or using “clean technologies” or were in the alternative energy industry. Firms using or producing inputs into solar, wind, or biomass energy production were almost uniformly supported as consistent with the environmental priorities of the county. Third, residents expressed strong interest in locally-owned retail and food production. Locally owned stores were clearly a priority for some communities, while other communities were ambivalent about the ownership as long as more retail options existed. Some residents expressed concern about having to “drive twenty minutes for a gallon of milk.” Local food production, particularly those engaged in “sustainable agriculture” practices, also received overwhelming support from community residents. Fourth, it was clear from residents’ comments that many wanted to keep the rural heritage and feel of the county. Turned into planning priorities, this meant maintaining open spaces for aesthetic and recreational opportunities. “The night sky,” one citizen answered when asked what he wanted to preserve about the county.

Community preferences also revealed a need for and willingness to support a policy-driven plan for economic development. To many citizens, this approach was a refreshing departure from the ad hoc and politically driven economic development activities that had marked Chatham County’s economic development history and divided much of the community.

### **3.0 Lessons Learned for Economic Development Planning**

The Chatham County strategic planning process yielded a series of lessons learned that can be generalized to other economic development planning efforts and important for policymakers and community leaders to consider before undertaking their own planning efforts.

#### **1. Listen to the community**

The first lesson learned is the importance of listening to the community. Much of local governments' engagement of the broader community focuses too often on the legal requirements of a public hearing rather than a more deliberate process of soliciting public input at the beginning, middle, and final stages of the project. Formal public hearings tend to be dominated by more affluent members of the community (Godschalk & Stiftel, 1981) and those with economic interests (Checkoway & Van Til, 1978; Checkoway, 1981). These hearings may also offer limited opportunity for public dialogue (Jolley, 2007).

Citizen leaders informed us that some community members were hesitant to attend formal meetings in government buildings, but they feel very comfortable meeting in the community centers or local schools that served as locations for many of the meetings. Each county commissioner hosted a community meeting in their respective districts. The commissioner brought welcome on behalf of the county and then allowed the Center leadership to conduct the meeting. Objective data was presented about the county's economic climate, including the topics outlined in the paper: commute rates and retail leakage rates. Venues for these meetings included a local high school, two secondary schools, the local community college and a senior center.

The public input sessions were structured to provide objective information for citizens to comment on and also provide a forum for engaging in constructive dialogue. Citizens' possess historical and tacit knowledge about a community, which may not be revealed from a top down, data driven process.

Listening to the community also assisted the authors in highlighting what is important for the community to maintain. Researchers are excellent at analyzing data and making recommendations based on best practices, but researchers are not as good at balancing value judgments, for example, between employment quantity and high wages, determining the acceptable level of pollution in an area, or the amount and type of retail or residential development. Community input revealed that different areas of the county had different preferences on these and other issues. As a result, the authors recommended that the county engage their citizens in any planning process it would undertake. It also revealed a strong and consistent preference for renewable energy industries, support for the arts, and maintaining open spaces.

#### **2. Develop consensus from shared information**

While a top down, data driven process alone is insufficient for a community engagement, data provide objective measures of community benchmarking. Data did provide Chatham County citizens with objective economic trends about their community, some of which revealed negative findings such as the overall low wage rates of many existing employers. By focusing on shared information, the community was able to engage around a set of priorities such as increasing the wage rate by targeting recruitment and expansion of industry clusters with higher than average wage rates (Brun & Jolley, 2011). Too often, disagreements about the future are the result of

disagreements about the past. In providing an objective base of knowledge, a neutral but familiar place in which to hear about their community, and a willingness to listen to all sides, researchers are able to develop the necessary points of contact among differing sides to begin developing consensus about the future.

### 3. Learn from other communities

Rarely are the problems of one bedroom community unique. Communities can discover much by being open to learn from others. The authors identified a set of bedroom communities in other states with similar challenges and opportunities to Chatham County. A team of citizen leaders visited three metro regions: Charlottesville, VA, Austin, TX, and Athens, GA. Each region has similarities to the Research Triangle and Triad regions of North Carolina and the presence of a strong public university similar to the University of North Carolina at Chapel Hill, which is located just 10 miles north of Chatham County. Chatham County community leaders meet at length with economic developers, planners, and policymakers in these sister-bedroom communities and drew from their successes and failures. This experience provided Chatham County with a framework for examining and testing its own approaches to economic development planning.

### 4. Focus on quality of life

Quality of life was an important driver in determining the economic development preferences of Chatham County's citizenry. Concentrating on the places, aesthetics, and culture the citizens would like to preserve and enhance provided a framework for better targeting economic development opportunities the community will support. This focus also gave community leaders and citizens a better understanding for how the quality of life elements they desire relate to the broader economic development goals of providing better job opportunities for residents. Developing a shared basis of understanding in such an economically, culturally, and geographically diverse county was critical to incorporating quality of life elements into the economic development plan.

## 4.0 Conclusion

The recommendations to Chatham County focused on attraction, retention, and entrepreneurship around industry clusters identified in the planning process. Recommendations were also made for infrastructure and quality of life improvements and economic development reorganization to achieve these goals. Through the planning process, the county's economic development corporation created a mission statement for what it could become. "Chatham County's strategic location between the Triad and Research Triangle regions positions it as the preferred location for emerging-growth companies." The Triad and Research Triangle remain the prime destinations for companies needing locating in the core of these regions. However, Chatham County is positioning itself as a viable alternative for smaller companies with limited resources to pay higher rents in the core of the region and/or not needing central location for their primary business functions. The reference to emerging growth companies refers to these smaller companies that might brand themselves to the larger region while locating on the periphery. This strategy is also being used in other parts of the Research Triangle region. In the counties north of Research Triangle Park, several smaller research parks have been branded "Triangle North" in an effort to attract such companies. Chatham County's efforts represent a similar effort in area to the southwest of the Research Triangle Park.

The EDC also started industry cluster working groups around the core industry clusters identified in the plan. These groups' initial efforts included creating stronger networks with the existing regional economic development leadership and key leaders in the identified clusters. The County hopes such efforts will position it for the smaller "emerging growth" companies unable to afford the core real estate and as a less expensive production location for companies located or desiring location in RTP.

Due to the economic recession, Chatham County, like all counties, has suffered from limited economic development opportunities since the plan was finalized in 2008. The County has seen expansion and relocation in the wood processing businesses and a strong support across the political spectrum for the economic development plan. The process of building community opinions and values around objective data led the Board of County Commissioners, the local school board, and all three incorporated municipalities to unanimously endorse resolutions supporting the economic development strategic plan in 2008. In 2008, elected officials, in accordance with the authors' recommendations, also removed themselves from the voting positions on the County's economic development corporation board and have opened up more slots for participation by non-elected citizens. The EDC has rebranded itself and is now soliciting participation in its activities from county citizens and is embarking on a private sector fundraising campaign to supplement its public funding. The ground work laid through community engagement in the strategic planning process provides an excellent foundation for achieving this vision.

Additionally, the Center has continued to work in this broader community on further implementing the plan. In 2009, the Board of Commissioners asked the Center to revise the economic development incentive plan around core values outlined by the community in the planning process. Eligibility for companies to receive an incentive is based not only on job creation and tax base addition, but also on job quality, job benefits, wages, and environmental impact factors. The Town of Siler City, an economically challenged community in the western portion of the county where limited growth is occurring, was also assisted by the Center in 2010 to create a marketing plan for the town around its core food processing industries. This plan was funded by an external grant. During the 2010 elections, Republicans made key gains across the United States in local and state elections. The three county commissioners who initiated the planning effort lost their reelection bids to Republican candidates. Despite this political change, there has been little attempt to re-politicize economic development in the county. New elected appointments have joined the EDC Board of Directors, but strong support remains for the economic development plan. The ability of the plan to remain intact and move forward after political change is a strong testament to merits of community involvement in planning efforts. These lessons and the underlying focus on the challenges of bedroom communities are important points of consideration for scholar and practitioners working in these communities.

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