

## Making It Work

This issue of *Econ Focus* is a special issue on the economic challenges of rural areas and small towns. I spend a lot of time in these communities, meeting with local leaders — in government, business, and nonprofits — to learn from them about the issues they face and, often, the solutions that have worked for them. (During the pandemic, our meetings have been socially distanced.) What I have seen consistently is that success does not come from a single program or initiative. The places that are making it work have several key elements in common: a story, regional cooperation, and dedicated funding — tied together by something harder to define, which I like to call “scrappiness.”

First, towns need a story: a reason to visit and a reason to stay; a sense of place to rally around. The story is for employers, and the story is for talent. But, importantly, the story is less about marketing to outsiders and more about marketing to those who live there — why one should come and why one should stay.

This is a relatively easy task for beach towns and college towns, but many other places also have strengths to build on. In Fayetteville, W.Va., a thriving outdoor sports industry has helped rejuvenate the area. An all-terrain vehicle trail system draws visitors to Gilbert, W.Va. The town of Danville, Va., has capitalized on its riverfront and New Bern, N.C., on its thriving waterfront district.

Other towns build on history, as Cambridge, Md., is doing by honoring Harriet Tubman for her anti-slavery activity in that region and by capitalizing on its rich maritime history. Abingdon, Va., has a revitalized downtown that dates back to the Revolutionary War (along with a thriving theater program). I could keep listing examples — the arts scene in Lake



City, S.C.; the vibrant downtown in Aiken, S.C.; the lively retail district in Leonardtown, Md. The common thread is that these communities all believe in what they have to offer and are committed to making others believe too. (See “In Tourism, Old Stories and New Opportunities,” *Econ Focus*, Fourth Quarter 2019.)

Second, towns need to collaborate regionally. Small towns tend to be surrounded by other small towns. They need to speak with one voice and operate to take advantage of each other's strengths, whether those are in education, amenities, employment opportunities, or housing. Similarly, a nearby bigger city isn't a problem but a benefit, as proximity to amenities and transportation can enhance the story.

Third, everything I've talked about obviously requires money. Here, some places have gotten creative. Danville and Martinsville, Va., and Asheville, N.C., used the sales of local hospitals to endow regional foundations that invest in health, education, and workforce programs. In Hagerstown, Md., a local business association worked

with a state senator to secure legislation to issue bonds to fund a new baseball stadium, which is in turn supporting downtown revitalization. And the COVID-19 stimulus funding represents a major opportunity.

One challenge for small towns now is local capacity. Government institutions are slow to release money, and they tend to distribute it to places with a proven track record, access to matching funds, and a well-written plan for using the money. Some communities have built that grant writing and funding capacity, but most have not.

Bringing all these pieces together — building a sense of place, collaborating with neighbors, and being opportunistic about funding — requires scrappiness. It's hard to define, but we know it when we see it: a mix of determination, optimism, and creativity that sets some places apart. Every town I've mentioned has scrappy local leaders who just won't give up.

We'll be talking about many of these leaders and their communities at our Investing in Rural America conference on March 30 in Greensboro, N.C. You can register on our website, [RichmondFed.org](https://richmondfed.org), to join us in person or virtually.

Thanks, and enjoy the issue.

A handwritten signature in black ink, appearing to read "Th. L. H.", written in a cursive style.