

Economic Vitality



In 2015, new technologies complement a highly skilled work force to support world-class manufacturing facilities.

The economy of Winston-Salem and Forsyth County has changed dramatically over the last two decades. Traditional industries such as tobacco and textiles have had to adjust to new market realities and the future promises even more radical changes as other local businesses become increasingly linked to national and global economic trends. In many ways the very foundations of Winston-Salem's strong manufacturing-based economy have already shifted to a service-based economy as new customers, off-shore labor pools, advanced technologies, and new economic values have challenged established business principles and practices at the local level.

Amid all the economic uncertainty, however, Winston-Salem and Forsyth County have generally fared well. In spite of corporate mergers, downsizing and leveraged buyouts, many larger companies have restructured and diversified, smaller companies have expanded, and new "niche" companies have started or relocated to capture emerging market opportunities. While many factors have contributed to the community's successful adjustment to the times, other factors remain volatile and suggest potential problems which need to be addressed if the area's economic future is to remain bright.

Strategically, Winston-Salem benefits from a central location within the burgeoning "Piedmont Crescent" of North Carolina. This mega-region of over 3.9 million people, includes not only the Piedmont Triad, but also the Charlotte and Triangle metropolitan areas. With a desirable climate and good transportation links both within and outside the region, the Piedmont Crescent

appears destined for continued economic success. However positive the economic future may be for the region as a whole, Winston-Salem and Forsyth County must still compete to share in the region's economic strength. Just as businesses must compete with each other for market share, whole communities must now compete more aggressively with other communities for quality jobs and economic stability.

A community's quality of life, a new factor in the competition to attract economic development, was recognized by the *Legacy* Citizens Steering Committee as increasingly important to our future economic vitality. The new service-based economy and the emergence of the Internet and other means of instant electronic communications means that employers now have more flexibility in where they locate and relocate their facilities. These employers must offer their employees a desirable place to live and work in addition to good salaries if they are to attract and retain the highly educated and skilled workers they need. It has been estimated that over one-third of all workers, including medical professionals, educators, computer programmers, and people employed in finance and insurance, have a high degree of choice in where they choose to live, work and raise a family.

Although available development sites with supporting infrastructure such as roads, water, and sewer still are the basic requirements for attracting economic development, excellent educational opportunities, safe and attractive neighborhoods, and clean natural environments have become part of the competitive formula for a community's economic success. Quality of life

has become recognized as a catalyst for economic development.

The quality of the natural environment—clean air, unpolluted streams and lakes and protected open space and environmentally sensitive areas—contributes greatly to the overall quality of life in our community. At the same time, a strong local economy gives us the necessary assets to address environmental issues and maintain a healthy environment. For these reasons, both business and environmental interests were represented on the *Legacy* Economic Vitality and Environmental Quality Focus Group that met and worked together to develop our future visions for economic development and the environment. This chapter on economic vitality and the following chapter on environmental quality should be read with the important linkage between the two topics in mind.

Our Vision

Forsyth County is characterized by a vital and diverse economy consisting of clean, high paying companies, world-class educational institutions, and high-tech medical facilities. The community is a source of pride for its citizens and is envied by its competitors. Governing bodies, business leaders, citizens, and special interest groups have all recognized the critical relationships between quality of life and economic strength and work together to promote progressive, balanced, and competitive programs for economic development.

In the year 2015 we envision that . . .

- 👁 Corporations and small businesses thrive because of our well-trained and highly skilled work force.
- 👁 We have created a strong and diverse business community which includes banking, high-tech medical research facilities, film and visual communications industries, and entrepreneurial niche companies.
- 👁 New technologies complement a highly skilled work force to support world-class manufacturing facilities.
- 👁 We have revised our site location policies to emphasize office and industrial sites in downtown Winston-Salem and at existing and planned suburban activity centers.
- 👁 Transportation, communications, and utilities systems are some of the most advanced for a community of Winston-Salem's size.
- 👁 Large capital investments by businesses contribute to the community's low tax rates and proportionately small tax liability for residential property owners.
- 👁 Broad-based, high paying jobs provide opportunities for all citizens to participate in the benefits of a strong local economy.

Goals, Objectives, Policies, and Action Agenda

Goal:

Attract environmentally sensitive new businesses and expand existing large and small businesses to provide a broad range of employment opportunities and a high quality of life for people living and working in Forsyth County.

Objective 1: Economic Development

Concentrate economic development activity in locations identified in the Legacy development guide including Winston-Salem’s Downtown, Activity Centers, and urbanized areas with established infrastructure.

Forsyth County is a relatively small, urbanized county with only a few “greenfield” locations which are suitable for large footprint buildings or industrial parks. Generally, “greenfield” sites are larger, undeveloped tracts of land with good transportation access which are typically located in suburban fringe areas of the county. While some suburban locations may be physically suited for mixed-use office and small scale commercial developments, few suburban areas have the necessary topographic, transportation and other infrastructure requirements to accommodate the building requirements of newer man-

ufacturing and distribution operations. Further, such locations, where they can be found, are often close to established residential areas making land acquisition costs prohibitive and the requisite zoning difficult or impossible to achieve.

Because of the limited amount of “greenfield” opportunities, Forsyth County must place a greater emphasis on the redevelopment of existing sites and on the promotion of new business opportunities in undeveloped areas of the Future Growth Area. Industrial development should not be located in the Rural Area. In addition to making new business enterprises physically compatible with their surroundings, Forsyth County needs to identify and attract new “niche” businesses which can operate successfully within the physical and demographic framework of our existing urban landscape. High wage, high-tech jobs can be located within downtown, as is the case with the Triad Research Park, and in other revitalized urban industrial sites.

Legacy calls for Winston-Salem to be the focus for a significant amount of our future economic development. It has many of the assets that developers find attractive in suburban locations including a concentration of people and purchasing power, good location in the Piedmont Triad and excellent transportation access via Business 40 and US 52 (I-74) and US 311. Downtown also offers entertainment and cultural activities that cannot be matched by most suburban activity nodes.

Finding a site for development in Downtown, however, is much more complicated than in suburban locations where there are still large undeveloped tracts in single ownership. Downtown

land parcels are generally small in size and each parcel may have multiple owners. Complicated and lengthy negotiations may be required to assemble a number of these parcels into a developable site. Once assembled, these tracts may require clearance of existing development before new development can begin.

Policies

- Promote economic development which is compatible with existing residential neighborhoods and other business developments.
- Encourage businesses and local governments to rehabilitate their physical facilities and public infrastructure to accommodate new niche oriented businesses.
- Follow the recommendations of the Southeast Gateway Plan, the Liberty Street Corridor Plan, the Downtown Development Plan, and other adopted development guides.
- Coordinate economic development projects with Forsyth County Environmental Affairs Department and other federal, State, and local regulatory agencies to protect the region’s air and water quality.
- Recognize and support business opportunities associated with the growing diversity of cultures.
- Recognize the scarcity of “greenfield” industrial sites and promote the wisest economic use of those limited resources.

- Support an attractive and environmentally sound community to attract quality, high-paying employers.
- Do not locate industrial development in the Rural Area

Action Agenda

- Identify and create development-ready “green-field” industrial sites.
- Create incentives to redevelop underdeveloped areas of the community including the east and south side of Winston-Salem.
- Develop public/private partnerships to assemble land in downtown Winston-Salem and make it ready for development.
- Recruit entertainment, retail, and sports venues to the downtown to increase its attractiveness for additional development.

The Wachovia Linden Center in downtown Winston-Salem is an excellent example of reuse of an underutilized industrial site. A former R. J. Reynolds factory building has been converted to office use.

**Objective 2:
Redevelopment of Abandoned Industrial and Brownfield Sites**

Stimulate redevelopment and increased economic activity on abandoned industrial and brownfield sites and in other areas of Forsyth County which have become less economically attractive.

The limited supply of “greenfield” sites and the growing desire to curtail sprawl development in Forsyth County has galvanized local support for the economic revitalization of older, abandoned, or underdeveloped industrial sites. These sites often exhibit a run-down appearance and

suffer the stigma, if not the actuality, of environmental contamination. Local initiatives are consistent with broader-based national trends to clean up and reuse older industrial properties. For example, new Environmental Protection Agency (EPA) guidelines and incentive grants now support business reinvestments into underdeveloped or abandoned properties. In addition to industrial sites, similar concerns face some of Forsyth County’s older retail commercial properties.

The benefits to local economies of rehabilitating older business properties are many. By rehabilitating derelict and underutilized properties which are currently fiscal and social liabilities, these abandoned industrial and brownfield sites



can again become assets to the local tax base and positive contributors to the overall community image. Further, these abandoned industrial and brownfield sites, which are typically located in established urban locations, are often more accessible than “greenfields” by public transportation and more conveniently located near other types of public infrastructure. Underemployed workers, a local source of potentially skilled workers, often live in close proximity to brownfield sites. Since required infrastructure is already in place, the public costs to revitalize such sites is often less than the short term or long term costs of developing suburban fringe sites. Another fundamental benefit of reutilizing abandoned sites is to help contain urban sprawl and preserve rural open space.

In the past, environmental laws kept many brownfield sites and buildings vacant. Reuse required the complete cleanup of any contamination. Developers feared going broke trying to remove all contamination and becoming the target of federal lawsuits. That has changed under North Carolina’s progressive new brownfields law. Under the *Brownfields Property Reuse Act of 1997*, businesses can come to an agreement with the State to clean up brownfields enough to use them again safely, even if they aren’t completely free of pollutants. The law protects developers, keeps cleanup costs down and should help create jobs, build the tax base and stabilize neighborhoods.

The City of Winston-Salem was awarded a \$200,000 grant by the EPA to study brownfield sites along Liberty Street for potential redevelopment. An additional EPA grant of \$500,000 was awarded to help off-set the costs to rehabilitate these sites. The objectives of the project are to

create new jobs for low and moderate income individuals, to improve the appearance of the area, to provide for the service and retail needs of residents, to increase the tax base, and to encourage economic development and reduce urban sprawl. Selected sites will be studied and remediation plans prepared if necessary. Insurance liability issues will be addressed and marketing plans developed for the sites. This project combined with several other redevelopment efforts occurring along the Liberty Street corridor should help encourage Winston-Salem’s redevelopment efforts in this area.

Policies

- Forge new public, private, and non-profit alliances to garner financial and other community support to rehabilitate abandoned industrial and brownfield sites.

Action Agenda

- Seek and use EPA grants to identify, cleanup and rejuvenate brownfield sites.
- Provide incentives and/or restrictions to address the aesthetic concerns of vacant or derelict commercial buildings and properties.
- Provide local incentives to encourage business reinvestments in abandoned and industrial brownfield sites.
- Undertake an inventory of abandoned industrial and brownfield sites.

Objective 3: Economic Diversification

Increase economic vitality through diversification by expanding existing businesses; attracting new, high paying employers; and promoting a business climate which supports entrepreneurial innovation.

Manufacturing, which has historically been the basis of Winston-Salem’s strong economy, has changed dramatically just within the past two decades. Off-shore competition from cheaper labor, automation, and other factors have accelerated the need to diversify the local economy. While the growth of service businesses in fields such as banking and medicine have provided much of the replacement job growth, more diversification is needed to sustain Forsyth County’s economic strength and stability. As Forsyth County diversifies its economy, however, the community must also promote new ways to assist existing local businesses to remain healthy in an increasingly competitive global economy.

In order for Forsyth County to attract and retain higher paying employers, the workforce itself must become better trained and educated. Improved education at all levels is, therefore, vital to satisfying various employer demands for technically competent, higher skilled employees. In addition to providing a skilled workforce, many of Forsyth County’s larger corporations have valuable experience and knowledge in international business affairs. Some of this expertise exists among retired business executives and others who could assist smaller busi-

nesses and entrepreneurial start-up operations to access global markets.

There is also a link between the availability of housing that is affordable to diverse economic and social groups and continued economic vitality. To attract higher paying employers, Forsyth County must have a diverse housing stock that provides a supply of affordable housing options for the work force. (See Chapter 10 - “Building Better Neighborhoods”.)

Policies

- Continue to improve the transportation and utilities infrastructure to support the needs of local manufacturers and distributors.
- Continue the recruiting efforts of economic development organizations: Piedmont Triad Partnership; Winston-Salem Business, Inc.; the Winston-Salem Alliance; City of Winston-Salem; Forsyth County; and the State of North Carolina.
- Capitalize on the presence of world-class corporations and institutions of higher learning in Forsyth County to recruit prospective companies.
- Educate Forsyth County residents and decision makers about the importance of the local economy and the need to be competitive in a global market.
- Promote public-private partnerships, including the selective use of local incentives which facilitate the growth of capital investment and high paying jobs.

- Support tourism, the convention center, local historic, recreational, and arts-related attractions in Winston-Salem and Forsyth County.
- Support efforts to define and promote a national and international identity for the Triad Region.
- Promote community initiatives to improve the quality of primary and secondary schools in Forsyth County.
- Support Forsyth Technical Community College and other institutions of higher learning to meet the challenges of providing a well trained and highly educated workforce.
- Support “buy local” programs.
- Promote spin-off manufacturing of products related to medical and other high-tech research and development operations.
- Explore air cargo opportunities at Smith Reynolds Airport for “just in time” delivery of medical and other urgent delivery products.

Action Agenda

- Create a one-stop processing center for various applications, permits, and general information to further streamline the development approval process.

**Objective 4:
High-Tech Industries**

Support the growth of high-technology industries including medical research, the film school and the visual communications industry, as well as finance, insurance and real estate.

With the decline of traditional manufacturing jobs, there has been a corresponding growth in the service industry. Unfortunately, many service-oriented jobs do not pay as well as their manufacturing counterparts. As in manufacturing, however, better paying jobs go to better qualified workers. Training is, therefore, a fundamental component of enhancing the growth of high-paying service jobs. Nationally, the fields of finance, medicine and entertainment are three of the fastest growing service areas of the economy. The fact that Forsyth County is strong in all three speaks well for the future of the community, especially if the three can leverage common areas of economic cooperation.

The Idealliance, composed of local business and academic leaders, was formed in 1998 to promote technology businesses in our community. Its purpose is to create and attract high-tech businesses in order to diversify the local economy. Thomas Hearn, president of Wake Forest University, heads Idealliance. Creation of high-tech businesses locally will require venture capital. Idealliance is seeking commitments for \$10 million in seed venture capital that will support early-stage technology business development.

Idealliance heads the marketing and operation of the Piedmont Triad Research Park in downtown Winston-Salem. This park is the cornerstone of local technology development. Currently, three buildings are open in the park, The Piedmont Triad Community Research Center, One Technology Place and Albert Hall. The park's master plan calls for the creation of an additional 600,000 square feet of research space.

Winston-Net, a high-speed, fiber-optic network, will provide the infrastructure to support community efforts to create and attract high-technology businesses. Wake Forest has already built the first 16 miles of the system—a loop that connects its main campus, the medical campus and its offices Downtown—and donated it to the project. City and County governments and Cook Middle School have also linked to the system. When it is completed, students at schools that are linked will have direct access to the on-line resources of Wake Forest University, Winston-Salem State University, the N.C. School of the Arts and Salem College. The project will eventually have 155 miles of fiber optic cable and related infrastructure at a cost of between \$6 million and \$12 million.

The network will encourage the development of new technology-based businesses in Winston-Salem and allow Winston-Salem to become a national model for other communities interested in creating a high speed, community-wide computer network.

Policies

- Promote technical education programs at local institutions of higher learning and the N.C. School of the Arts.
- Support the redevelopment of business and residential neighborhoods around the N.C. School of the Arts.
- Support the Downtown Research Park.
- Support the Idealliance objectives including venture capital funds.

Action Agenda

- Develop the Winston-Net fiber optic network and other telecommunications-based infrastructure county-wide.

Conclusions

Creating economic vitality in our community requires more than providing available land and buildings served by roads and sewer. Increasingly, it requires the commitment of outstanding human and community resources as well. In the twenty-first century economy, with its emphasis on knowledge and technical skill, the presence of a highly trained work force has become a necessity for a vital economy.

The attractiveness of an area as a place to live is also an increasingly important factor in relocation decisions by businesses and individuals. The quality of life factors that make an area attractive include attractive neighborhoods, a variety of housing at reasonable prices, first class public schools and higher educational institutions, a clean environment, parks and recreational facilities, and a low crime rate. All of these factors are discussed in the following chapters.

