

*Embracing Community Growth: Addressing Concerns and
Opportunities that Arise in Economic Development*

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Introduction:

Economic development is a curious profession that is often defined in numerous different ways depending on who you ask. Many will answer it is simply growing a community's tax base or attracting new businesses to an area. These are all good answers, but economic development can be numerous different activities all with one goal in mind - to increase the quality of life for citizens in a community. It is a broadly focused profession within a community and falls within many different categories, which is reflected by the different courses within the TCED program and similar programs to obtain economic development knowledge.

An economic developer must, in a sense, be a "jack of all trades" and must be a leader in helping to develop the strategic goals of community in which they serve. Every community has its individual challenges, but typically when a community is experiencing population growth some aspects of economic development become easier. This does not come without its own headaches, but a growing community means a growing tax base, growing workforce, and hopefully more commercial and industrial interest.

Growth sounds great when speaking in terms of economic development, but many people attribute a growing population to issues they are facing within their communities. Despite economic development and economic growth's close association, economic growth implies a quantitative increase, encompassing factors like heightened employment, business expansion, population growth, housing, or elevated levels of income and profits (DSEDP, 2024). Aspects of economic growth tends to be where people's fears reside, specifically with population growth. In Northeast Tennessee, the region covered in this report, there has been an influx of people moving here from out of the region. Some form of economic growth in a community is needed in order

to sustain the economy over time. It falls on local stakeholders to educate the populace on why growth is needed, and the opportunities associated with the growth.

Background:

Tennessee has experienced an exponential amount of growth since the pandemic in all areas, and, of course, in some regions more than others. According to census data published and released in December of 2023, Tennessee came in at sixth among states with the highest population increase and eighth for fastest population increase since 2022 (Census Bureau, 2023). This was not a new trend for Tennessee. The Tennessee Data Center reported the state grew 8.2% from 2010 to 2020. In addition, since 2017, Tennessee's GDP in real dollars has grown at a 3% yearly average compared to the United States average of 2.2% (Friedman, 2024).

To reiterate this described economic growth is not economic development. As mentioned previously, economic development lives within the realms of economic growth trends, but there are differences that must be explored. Economic development takes a multi-prong approach that is crucial for every community, regardless of trends they are experiencing. "Economic development can be generically defined as sustainable growth from three points of view: social, cultural, political, and economic changes that contribute to material progress. These changes fulfill the broader objectives of ensuring more equitable income distribution, significant employment, and poverty alleviation," (Karan, 2024). Networks Sullivan Partnership refers to economic development as "chopping wood," a testament to the constant commitment and work ethic it takes to be successful.

Kingsport, Tennessee is located in Sullivan County and the Northeast Tennessee region, sometimes referred to as Appalachian Highlands or the Tri-Cities. The region is made up of three

major cities including Kingsport, Johnson City, and Bristol with many other smaller municipalities and rural areas. Kingsport shares an MSA (metropolitan statistical area) with its neighbor Bristol, Tennessee despite having a reported population of 55,442 in the 2020 census. This makes some data driven research difficult, but Kingsport grew by 15.01%, compared to Johnson City’s growth of 12.5% and Bristol, Tennessee’s growth of 1.67% during the last census (Lane, 2021). During this time Sullivan County barely grew and some reports even show a loss of population, reflecting the opposite of the cities located within it.

The trend has continued at an even faster pace with Northeast Tennessee’s seven-county regions population growing by 12,682 people from 2021 to 2023 according to annual U.S. Census Bureau estimates — more than the entire population added from 2010 to 2020 (Keeling, 2024). The 2023 numbers were released in March of this year. For Kingsport, and Sullivan County as a whole, this is welcoming news. Sullivan County’s death rate greatly exceeds the birthrate so without migration to the area residents would see a decline in overall population as shown in the figure below.

	Deaths vs. Births	Migration	2022 Population	2-Year Growth Rate
Hawkins	-1,098	2,380	58,043	2.2%
Washington	-1,510	4,290	136,172	2.0%
Greene	-1,285	2,464	71,405	1.7%
Sullivan	-2,753	5,337	160,820	1.6%
Johnson	-327	451	18,086	0.7%
Carter	-1,129	1,104	56,410	0.0%
Unicoi	-499	195	17,674	-1.7%

Figure 1. Provided by Move to Kingsport.

Advantages:

The business community thrives around the phenomenon of “growth” when considering where to locate. Specifically, the commercial development community, both restaurants and retail, are centered around a community’s demographics. The first thing one will see when looking at commercial listings is population within a certain radius and traffic counts on approaching roadways to the property being considered. Also, the first question a commercial developer is going to ask a local economic developer is where is the growth happening or where are the new housing units are being built, all in an effort to make informed decisions when selecting a site. The economic developer, and/ or site developer, are going to have to sell the community not only to the company, but that company most likely has their own site selection professionals and real estate committees that formulate their own opinions based on the data given for an area.

The direct benefits of growth can be found within the tax base. Cities are funded through property and sales tax revenues. Tourism should also be a factor in attracting outside investment into one’s community to increase the tax base. “If visitors and their money are being drawn to your town, businesses will expand or locate there to capitalize on it.” (Thornell, 2024, pg. 19). Tourism is a vital portion of the economy. The focus should be to not only having people visit, but also marketing the community in a way that makes visitors want to stay.

It is the economic developer’s job to educate local leaders on the importance of maintaining adequate growth. Data is an important tool an economic developer should use in educating local leaders and the community on the importance of growth. There are numerous free data sources to help understand how one’s community is growing. Jeff Fleming, a retired city manager and now director of Move to Kingsport, has managed to sort through endless amounts of data and has

stated that “every city needs 5% to 10% of population growth just to sustain the economy.” Of course, there are communities that are having “growing pains,” such as Nashville and its surrounding municipalities, due to an explosion of migration in combination with its natural growth.

The state has certainly capitalized on these trends and has been extremely successful in doing so. The Tennessee Department of Economic and Community Development reported in its Annual report for 2023 that the state landed 104 projects, creating 13,136 jobs and almost \$4 billion dollars of capital investment. Data will be one’s best friend when trying to capitalize on advantages of growth and being able to make use of that data in recruitment efforts. The Marketing and Attraction course through the TCED program gave many examples of sources and services that anyone can use to ensure communities are putting their best foot forward. Some of these sources include the Bureau of Labor Statistics data, National Center for Educational Statistics, and the Tennessee Department of Transportations traffic counts. As Dr. Sharon Younger said in the course, “business attraction is not based solely on marketing, but on the comparative advantages of the community.” Comparison data is a good way to tell one’s story and present the community’s competitive advantage.

Disadvantages:

In the Northeast Tennessee region, as with other communities across the state, there is a rising sentiment that growth is not something to be celebrated. Many communities are faced with a segment of the population that does not want growth. Officials hear statements like Tennessee’s closed, no more newcomers, or claims of being priced out of homes. These fears arising from population growth need to be understood and addressed rather than dismissed. Since many

people do not understand the complexities of economic growth these outcries tend to fall on the heads of local economic development professionals.

In an effort to understand why people resist the concept of community growth, economic developers must first understand their unique communities.

Communities outside of Nashville have faced unprecedented growth that has put a strain on local the local municipalities.

	Natural Change		Migration		2022 Population	2-Year Growth
Maury County, Tennessee	400	0.4%	6,825	6.3%	108,159	6.7%
Wilson County, Tennessee	191	0.1%	10,168	6.4%	158,555	6.5%
Montgomery County, Tennessee	3,902	1.7%	11,192	4.8%	235,201	6.4%
Rutherford County, Tennessee	3,056	0.8%	15,136	4.2%	360,619	5.0%
Williamson County, Tennessee	1,480	0.6%	11,455	4.4%	260,815	5.0%

Figure 2. Provided by Move to Kingsport via Census Data

As shown in Figure 2, these counties have seen a large increase in natural growth and migration. Between 2020-2022, Montgomery County has experienced some of the most significant growth throughout the state and is facing its challenges head on. Montgomery County Mayor Jim Durrett said, “We have our challenges. We have them in our transportation infrastructure, obviously our schools are busting at the seams, they’re saying we’re probably going to have 40,000 students this year in our system, so yeah, it brings challenges, but I’ll tell you what, it’s better than trying to go after growth and having no growth.” (Gessner, 2022).

In response to the population increase they are seeing; Montgomery County has built its first new school in more than a decade and TDOT has amped up the number of road projects to address traffic congestion. While increased traffic and strains on a municipalities operations and infrastructure can be challenging, these specific counties are on the extreme side of the curve and

are still managing to address the problems. The problems and sentiments of residents in Middle Tennessee are echoed in Northeast Tennessee despite having the same data to back up the claims.

Youngstown, Ohio:

In contrast to the example above, Youngstown, Ohio is located in the heart of the rust belt and is a prime, and somewhat extreme, example of what can happen to a city when it experiences massive population loss over an extended period of time. Youngstown, Ohio has seen its population shrink by more than half over the last 40 years, leaving behind huge swaths of empty homes, streets and neighborhoods (Christie, 2008). Youngstown is the result of a major industry leaving and never being able to recover. This may be an extreme case, but in comparison to Kingsport, Tennessee there are many similarities.

Kingsport is an industrial centered city. Home to Eastman Chemical Company, which employees around 6,000 people, the city has never been a stranger to manufacturing. Many of the industries were here before the town was ever officially chartered. The city was designed by John Nolan, a pioneer in city planning. Today it is still easy to see that his plan was based on the large industrial base that resides in Kingsport. Over the years the City has seen industry closures, but the city has adapted and is constantly pivoting to create a new identity for itself. It is hard not to theorize that if a major industry like Eastman had left, which almost happened, would Kingsport become the next Youngstown.

In the decades following the steel industry leaving Youngstown many local stakeholders had grand plans to bring the city to its former glory. "We long pursued a policy of growth," said the city's energetic young mayor. "We went after all these things that would make Youngstown a

city of 150,000 again.” (Christie, 2008). The city eventually had to accept that it was never going to be what it once was and needed to start focusing on improving quality of life for residents that were still there. They have now implemented strategies such as a push for local incentives, redevelopment of abandoned homes, and a strategy to completely rework their existing infrastructure.

For over 40 years this city suffered the effects of a declining population and is finally starting to recreate itself. While a rare example, there are still many takeaways from what has happened and is happening in Youngstown. Declines in population can happen on a much smaller scale than in Youngstown, and can even be neighborhood specific. Blight is like a disease, and when it hits one house it spreads throughout the whole neighborhood. Staying on top of crucial data to track all the different sectors within one’s community has to be a top priority so that any problems can be quickly identified, and hopefully fixed before it is too far gone.

Best Practices:

Infrastructure is the most crucial part of any community and is one of the most important pillars of economic development. Infrastructure development or redevelopment should be on the top of any local officials mind when discussing aspects of a city’s growth. Inadequate infrastructure is a detriment to growth. Kingsport took the initiative to expand sewer and water capabilities decades ago in order to foster development well beyond what would be considered the main corridors. It has been highly successful, but the problem now is aging infrastructure and roads. Cities all across the US that are of similar age are facing this problem

Kingsport has implemented long term strategic plans to address infrastructure issues and has implemented a comprehensive paving plan to address all of the streets within the city limits.

Kingsport’s Economic Development office lives within the city and provides an ease of access to other city departments. An economic developer should work closely with a community’s public works and utility departments, specifically water and sewer, to understand capacity levels across the municipality. By working closely with local governments and utilities departments an economic developer can help address capacity strains, or need for utility extensions, and work towards solutions. A growing tax base also means more funds going into the cities enterprise fund resulting in a sound return on investment for making room for growth.

One of the more common statements said in the Northeast Tennessee region is regarding increased traffic. In Nashville, and surrounding areas, this argument has quite a bit of merit but in Northeast Tennessee it’s simply not factual. Tennessee Department of Transportation has a wonderful resource with their traffic count dashboard. This is a good example of how community leaders can use data to educate the community on factual information related to growth.

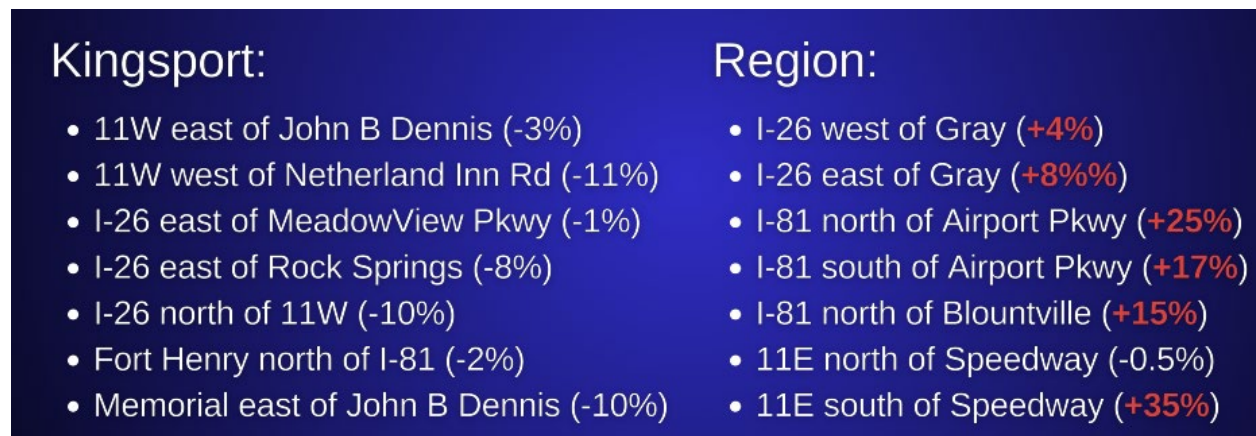


Figure 3. TDOT Traffic History 2019-2023

Figure 3 shows the story that the most well-traveled thoroughfares in Kingsport have actually had a reduction in traffic, while Northeast Tennessee’s major interstates have seen the bulk of the

increases. Some data may be skewed due to the pandemic, but overall one can easily educate stakeholders that Kingsport's road system is still well equipped for any increase in growth.

Finally, the most common argument against community growth, at least in Northeast Tennessee, is regarding housing. This is where many of the negative connotations surrounding growth are derived from. Comments range from the "we're full", or that "newcomers" are pricing people out of the local housing market. As previously covered in this report, Sullivan County, and majority of counties in Tennessee, need population growth in order to sustain the local economy. But this of course does not satisfy the housing question. Similar to what is happening throughout the nation, Northeast Tennessee's increased housing prices debacle is not due to people moving here from outside the region, but rather from lack of inventory. It is a supply-demand issue that is driving housing prices upward.

The Northeast region never fully recovered from the 2008 housing collapse and has been operating on a shortage ever since. Post-covid the supply issue became even more evident that there was not enough inventory for the current and growing population. Housing cost inflation is nationwide phenomenon due to the cost of materials, inflation, and supply chain issues stemming from the pandemic era. Local communities should take stock of their housing numbers, and if there is a shortage, create an environment that encourages residential development.

Kingsport tracks it's current and future housing stock in many different ways. To address the shortage, they have cultivated a development friendly environment and make use of tax increment financing incentives for areas that may have never been developed. The TCED course on basic finance highlighted that tools in one's toolbox must be used to foster development. The

results in Kingsport show that the tools have been beyond effective.

Total Reported and Imputed Units by Year

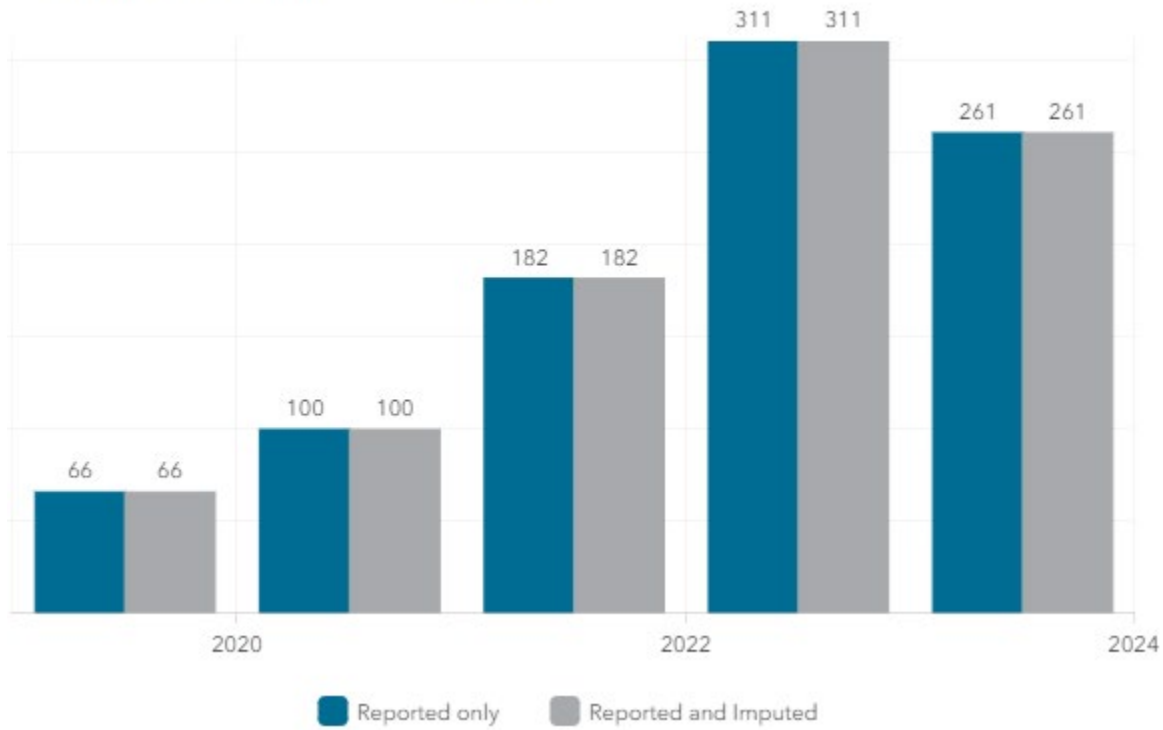


Figure 4. Provided by Tennessee State Data Center

Figure 4 shows the increase in building permits from 2020 within the city limits of Kingsport. The city has also maintained over 2,000 housing units somewhere in the development pipeline over the last years to maintain a steady housing stock for its residents. Projects like West Gate and Brickyard Park all were made possible from the use of tax incremented financing and make up for over 500 new housing units within the city. Adding more rooftops is the cornerstone of economic development and should be treated as such.

Conclusion:

Economic growth is not something to be feared, but is necessary for a community to sustain and thrive. Economic developers must navigate the high's and low's that come with growth,

while continuously educating stakeholders about the differences. Some metro areas that have grown at an unprecedented rate do have problems that must be addressed, but the advantages are going to outweigh the disadvantages as long as there is a quality staff and leadership. Fears that disperse throughout a community are typically a result of local leaders not educating the public on the specific municipalities situation.

First steps to consider:

- Take a data-driven approach when looking at a community's economic growth and have numbers to support the rate at which it's growing.
- Educate the public about upcoming capital projects, new housing efforts, or any other major developments.
- Understand the demographics for every sector of the community and identify corridors ripe for redevelopment.
- Promote the advantages of having a community that people want to live in and use that as a marketing tool to attract new development in all sectors.
- Invest in data that helps tell the story of your community such as Buxton, Placer AI, or countless others.

If one's community is similar to many of the counties in Tennessee, it might be possible to create a Move To program that focuses on recruitment of people to an area. Move to Kingsport has been extremely successful by marketing Kingsport, providing relocation resources, and tracking data of everyone that moves there. They track individuals moving to Kingsport from greater than 35 miles away through the water department that tracks previous zip codes of where people are moving from when they procure new utility service.

In closing, it falls on local economic development professionals and other community leaders to know their communities. It is also their responsibility to use data to educate their citizens on why growth matters. Economic developers must manage expectations of its community leaders, and take advantage of showing the opportunities that come with growth. Be proud to be part of a community that people want to move to and showcase that you are ready for the challenges that come with it.

“Development is about transforming the lives of people, not just transforming economies.”-

Joseph Stiglitz

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