



**STATE OF NORTH CAROLINA  
OFFICE OF THE GOVERNOR**

**JOSH STEIN  
GOVERNOR**

September 4, 2025

Mr. Brandon McBride  
Executive Director  
Appalachian Regional Commission  
1666 Connecticut Avenue, N. W.  
Suite 700  
Washington, D.C. 20009-1068

Dear Mr. McBride:

I am pleased to submit North Carolina's Appalachian Development Plan for 2025–2029. This plan outlines North Carolina's strategic priorities for investing Appalachian Regional Commission (ARC) funds to enhance economic opportunity and quality of life across North Carolina's Appalachian region. The submission aligns with the requirements of the Appalachian Regional Development Act of 1965, as amended, and Section 5 of the ARC Code.

We look forward to a continued partnership with the Commission as we support North Carolina's ARC counties in recovering from the devastating impacts of Hurricane Helene and work together to build a stronger, more resilient future. If you have any questions regarding this submission, please contact Jim McCleskey, my ARC Alternate, or Olivia Collier, North Carolina's Appalachian Program Manager.

Sincerely,

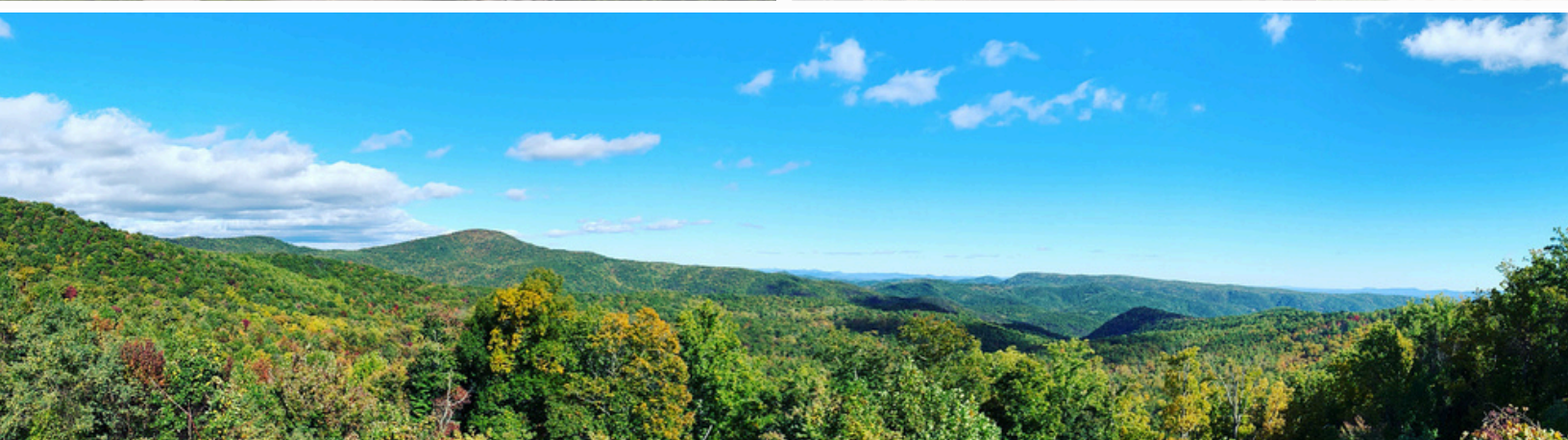
A handwritten signature in black ink that reads "Josh Stein".

Josh Stein  
Governor

cc: Jim McCleskey  
Olivia Collier

Enclosures

# North Carolina Appalachian Regional Commission Program 2025-2029 Development Plan



Appalachian  
Regional  
Commission



NORTH CAROLINA  
**DEPARTMENT of  
COMMERCE**

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***North Carolina’s 2025–2029 Development Plan is in compliance with ARC’s current Strategic Plan. However, ARC is updating its Strategic Plan for FY 2026–2030. Any elements of North Carolina’s Plan that do not align with the updated Strategic Plan will be revised as necessary.***

## Acknowledgements

This 2025-2029 Appalachian Development Plan was prepared by the North Carolina Appalachian Regional Commission (NC ARC) Program Office with the cooperation and support of the six Local Development Districts, North Carolina Department of Commerce, and staff in Governor Josh Stein's office. These individuals contributed significantly to the preparation of this report and their assistance is gratefully acknowledged:

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The Appalachian Development Plan was prepared by the staff of the North Carolina Department of Commerce's Rural Economic Development Division under the direction of Reginald Speight, Assistant Secretary for Rural Economic Development. Staff direction for this project was provided by Olivia Collier, NC Appalachian Regional Commission Program Director. NC Appalachian Regional Commission Program Staff include Allison Smith, Phil Boggan, Olivia Collier and David McRae.

## North Carolina Appalachian Development Plan 2025-2029

Governor Josh Stein is committed to building a stronger, more inclusive North Carolina— “NC Strong”—where every resident, regardless of their background or zip code, has access to economic opportunity. He believes that where you come from should never limit how far you can go. That’s the promise of North Carolina: ensuring every North Carolinian has a fair shot at prosperity—whether that means starting a small business, accessing job training, or finding a good-paying job in every corner of the state, including rural and small-town communities.

To help fulfill this vision, Governor Stein will leverage Appalachian Regional Commission (ARC) funding to:

- Create and retain quality jobs,
- Strengthen the workforce through targeted training and education, and
- Invest in critical infrastructure that supports long-term economic growth and resiliency

This approach reflects his broader commitment to rural revitalization, economic parity, and building a future where all North Carolinians can thrive.

Governor Stein, the 76th Governor of North Carolina, assumed office on January 1, 2025. Born in Washington, D.C., he relocated with his family to North Carolina, where he has dedicated his life to public service. Governor Stein is an alumnus of Chapel Hill High School and Dartmouth College, and he holds law and public policy degrees from Harvard University.

After college, he spent two years teaching high school English and economics in Zimbabwe. As a young lawyer, he contributed to the development of affordable housing in Durham through his work with the Self-Help Credit Union and supported small businesses across the state with the North Carolina Minority Support Center.

Governor Stein's public service career is marked by his tenure in the North Carolina Senate, representing the 16th district from 2009 to 2016, and his two terms as Attorney General from 2017 to 2025. As Attorney General, he led significant initiatives, including clearing the state's backlog of untested sexual-assault kits, negotiating North Carolina’s share of a multibillion-dollar opioid settlement, and taking legal action against industries engaging in fraudulent practices, such as Juul. He also championed senior protections through initiatives like Operation Silver Shield.

Governor Stein's lifelong commitment to North Carolina continues to drive his efforts to improve the lives of its citizens. He is committed to bringing new business to North Carolina, building a strong workforce, and expanding job opportunities across the state. His administration will work to ensure that all North Carolinians have access to good-paying jobs by strengthening career and technical education, expanding apprenticeships, and supporting workforce training aligned with industry needs.

The Governor also supports continued investment in affordable, high-quality health care, with a focus on expanding telemedicine, increasing the presence of health care providers in rural

communities, and strengthening mental health, behavioral health, and substance use disorder treatment systems.

*“To have economic development, you have to have community development. There has to be a strong community for businesses to grow and relocate,”*

- Governor Josh Stein



Photo: North Carolina Governor Josh Stein

Governor Stein will utilize resources provided by the ARC to advance North Carolina’s economic development goals in Western North Carolina. ARC investments will be used to strengthen the workforce, support small businesses, improve infrastructure, and empower communities—ensuring that the region remains competitive, resilient, and positioned for long-term growth.

A top priority for Governor Stein is responding with urgency to support Western North Carolina in recovering from Hurricane Helene, which devastated many counties within the ARC footprint on September 27, 2024. The storm brought historic rainfall, high winds, and landslides, leaving a lasting impact on the region’s ability to achieve economic success. According

to the NC Office of State Budget and Management, the storm caused an estimated \$44.4 billion in direct damages. The Governor is committed to leveraging a variety of resources—including support from the ARC—to ensure the region is equipped for long-term recovery that enables communities to rebuild stronger and create greater economic opportunities.

This document, in accordance with Section 5.3 of the Appalachian Regional Commission Code, will serve as North Carolina’s ARC Development Plan for 2025-2029. The purpose of this plan is to establish a process that sets forth goals, objectives, priorities, and policies for North Carolina’s ARC Program. This plan will also identify broad statewide issues and needs that the Governor has chosen to address with ARC resources and sets priorities for project development. The implementation of this plan will continue to meet the diverse and changing needs of Western North Carolina by targeting resources to accomplish the defined goals and objectives of both ARC and the Governor.

The North Carolina Program will support the guiding principles of the ARC. These principles ensure that the support provided to the state by the Commission provides the greatest impact. The program is committed to innovating, partnering, and investing in activities that:

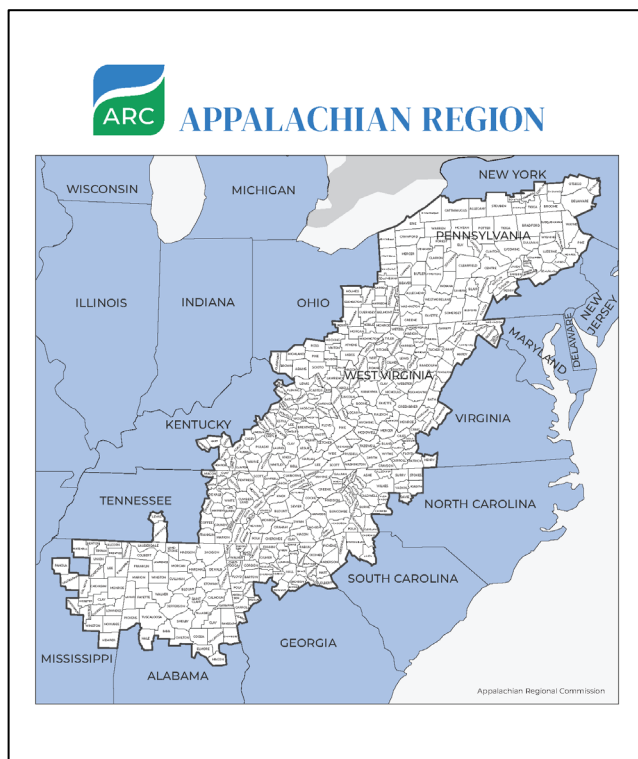
- Address persistent economic distress in the Region
- Drive transformational outcomes by leveraging resources, assets, and private investment
- Support coordination across sectors to accelerate economic growth

- Remain flexible to ensure responsiveness to evolving regional needs and economic conditions
- Identify and promote practical, result-oriented solutions to regional challenges
- Support community-level capacity to implement effective economic development strategies
- Emphasize outcomes and hold partners and grantees accountable for achieving measurable performance
- Promote infrastructure, workforce, and business development as central to economic competitiveness
- Support the development and use of local assets to drive job creation and private-sector investment

## Appalachian Regional Commission Overview

The ARC was created by the Congress in 1965 to address economic and quality of life issues in the thirteen-state Appalachian region. In the 1960s:

- One in three Appalachians lived in poverty,
- Per capita income was 23% lower than the U.S. average, and
- High unemployment and harsh living conditions had, in the 1950s, forced more than two million Appalachians to leave their homes and seek work in other regions.



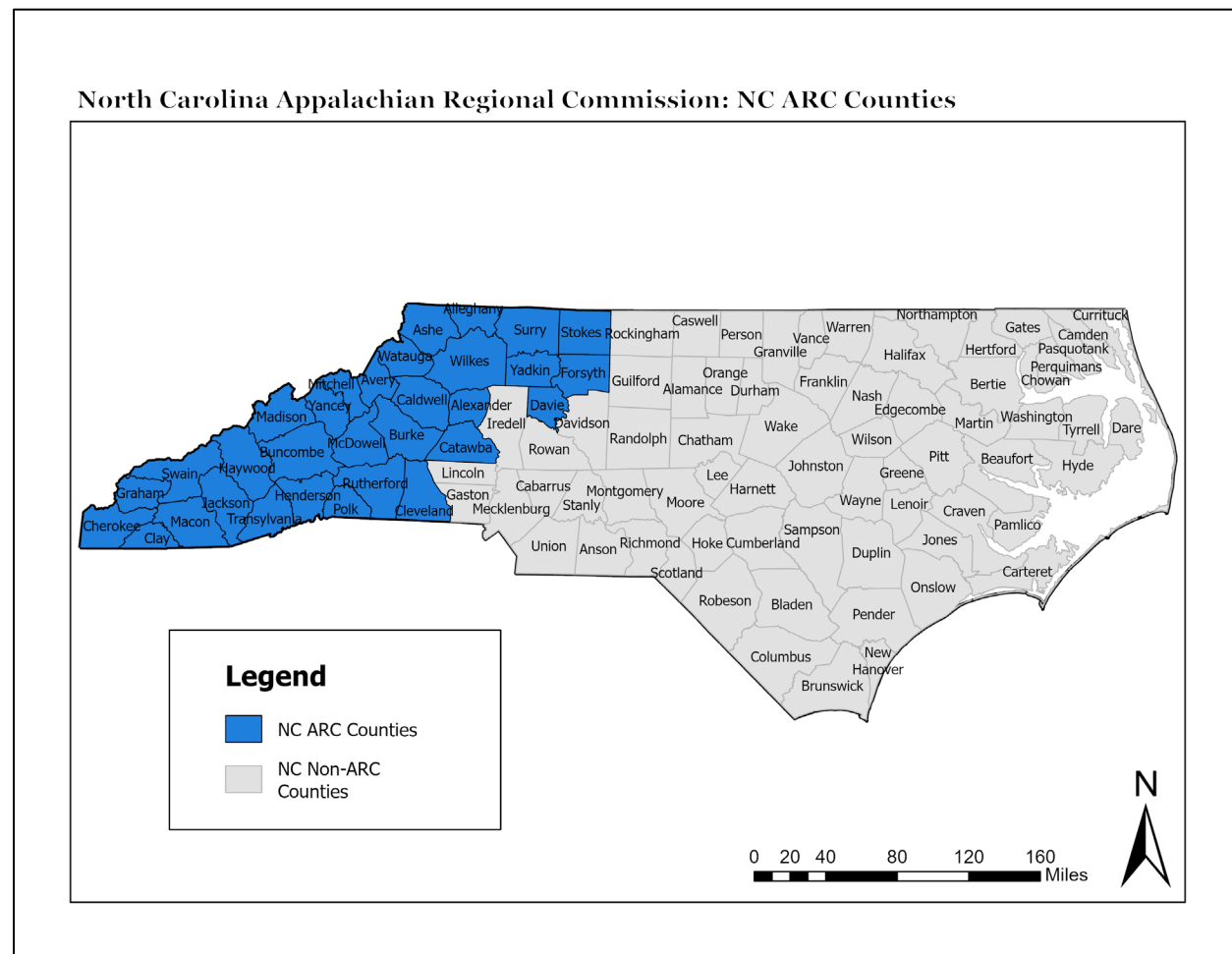
*Map: The Congressionally Designated Appalachian Regional Commission area.*

In 1960, the governors from New York, Pennsylvania, Ohio, Maryland, Virginia, West Virginia, North Carolina, Tennessee, Kentucky, South Carolina, Georgia, Alabama, and Mississippi formed the Conference of Appalachian Governors to develop a regional approach to resolving these problems. In 1963, President John F. Kennedy formed a federal-state committee that came to be known as the President's Appalachian Regional Commission (PARC) and directed it to create a detailed program for the economic development of the region. The resulting program was outlined in an April 1964 report that was endorsed by the Conference of Appalachian Governors. President Lyndon B. Johnson submitted legislation to Congress based on the PARC's report. The Appalachian Regional Development Act was passed early in 1965 by a broad bipartisan coalition and signed into law.

## Federal-State Partnership

This federal-state partnership works to create opportunities for self-sustaining economic development and improved quality of life for the people of Appalachia. The region includes 423 counties and stretches from southern New York to northern Mississippi. The governors from the 13 Appalachian states and the Federal Co-Chair, appointed by the President of the United States, comprise the Commission. Governor Josh Stein is North Carolina's member of the Commission; Jim McCleskey, the Director of the Governor's Washington, D.C. Office, serves as his Alternate. The North Carolina Department of Commerce is responsible for the administration of the North Carolina Appalachian Regional Commission (NC ARC) Program.

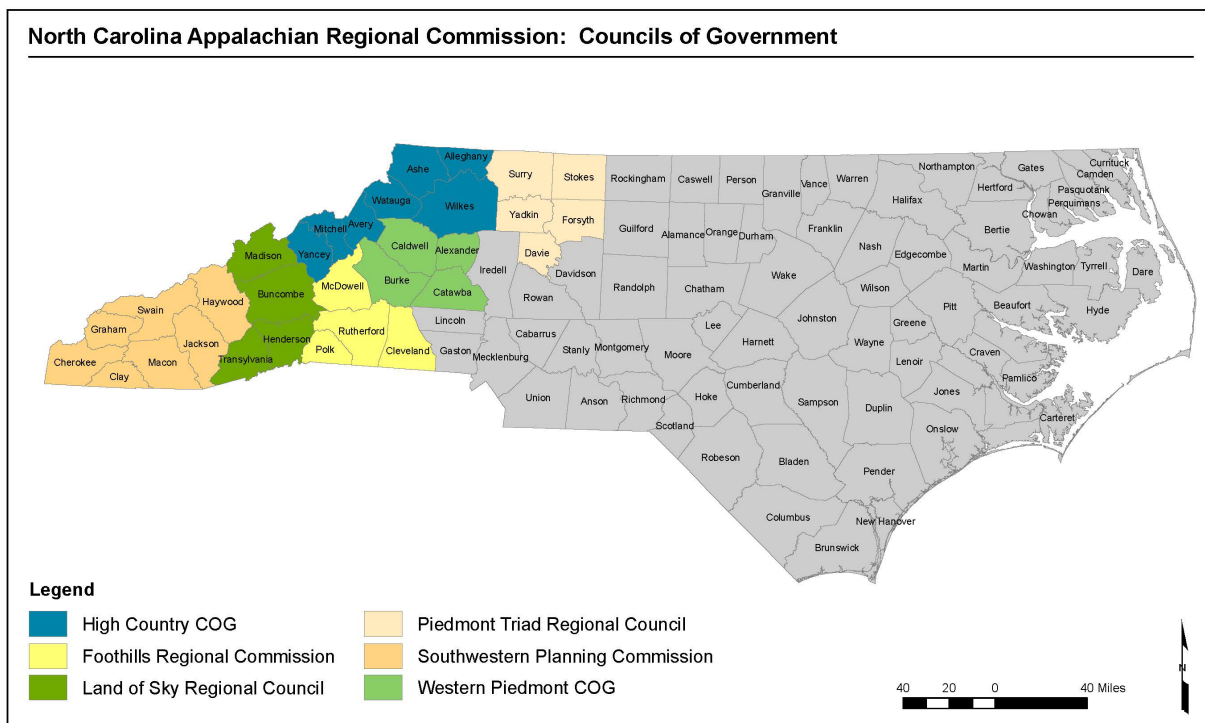
The Appalachian portion of North Carolina, commonly referred to as Western North Carolina, consists of 31 counties: Alexander, Alleghany, Ashe, Avery, Buncombe, Burke, Caldwell, Catawba, Cherokee, Clay, Cleveland, Davie, Forsyth, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Stokes, Surry, Swain, Transylvania, Watauga, Wilkes, Yadkin, and Yancey.



Map: North Carolina Appalachian Regional Commission Counties

The 31 counties are served by six Local Development Districts (LDDs). The LDDs are:

- **Southwestern Commission:** Cherokee, Clay, Graham, Haywood, Jackson, Macon, and Swain counties;
- **Land-of-Sky Regional Council:** Buncombe, Henderson, Madison, and Transylvania counties;
- **Foothills Regional Commission:** Cleveland, McDowell, Polk, and Rutherford counties;
- **High Country Council of Governments:** Alleghany, Ashe, Avery, Mitchell, Watauga, Wilkes, and Yancey counties;
- **Western Piedmont Council of Governments:** Alexander, Burke, Caldwell, and Catawba counties; and
- **Piedmont Triad Regional Council:** Davie, Forsyth, Stokes, Surry, and Yadkin counties.



*Map: Councils of Governments serving the NC ARC area*

The NC ARC Program works closely with the LDDs in the development of projects that are consistent with the ARC Code and guidelines. Each LDD is governed by a Board of Directors comprised of local government representatives. The LDDs are an active and critical part of the ARC partnership. The North Carolina ARC Program Manager meets with the LDDs regularly to discuss regional issues and to understand the need for ARC resources. The LDDs provide support to the NC ARC program office in determining which projects should be recommended to the Governor for approval by ARC.

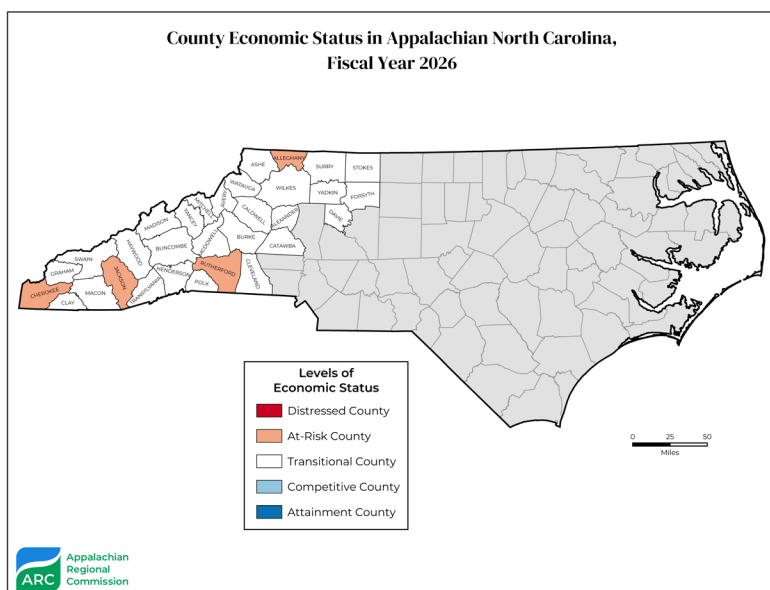
## ARC Economic Status

ARC's primary objective is to help counties improve their economic development potential in order to compete with the rest of the nation and the world. The ARC uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties. The system compares each county's averages for three economic indicators—three-year average unemployment rate, per capita market income, and poverty rate—with national averages. The resulting values are summed and averaged to

create a composite index value for each county. Each county in the nation is then ranked, based on its composite index value. Counties are designated as distressed, at-risk, transitional, competitive, or attainment, based on their ranking in the index.

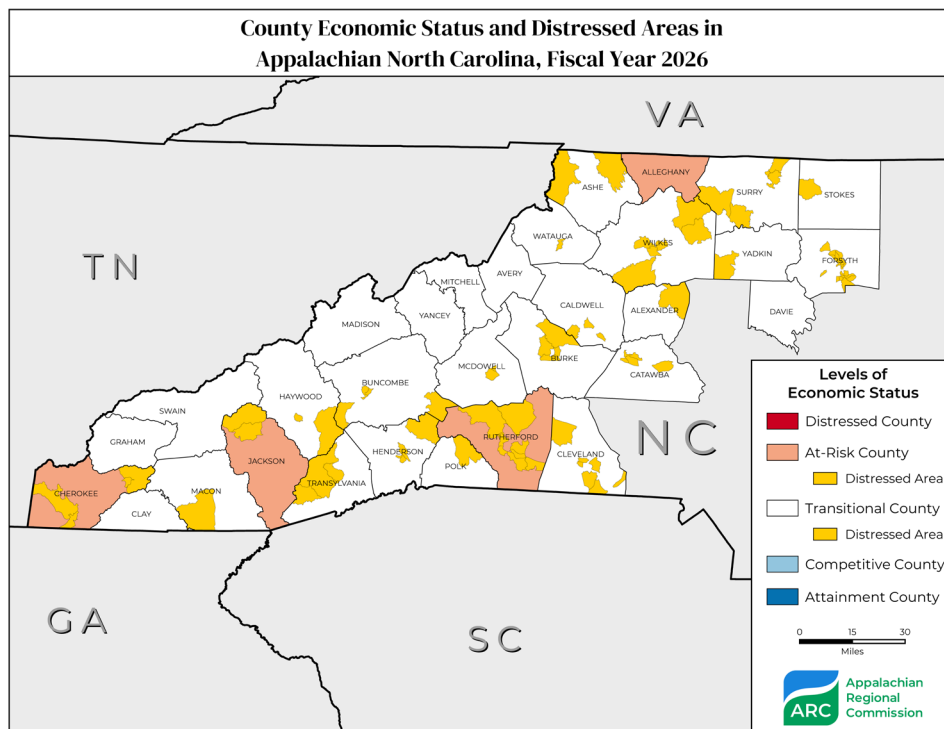
- **Distressed** - Distressed counties are the most economically depressed counties. They rank in the worst 10 percent of the nation's counties.
- **At-Risk** - At-Risk counties are those at risk of becoming economically distressed. They rank between the worst 10 percent and 25 percent of the nation's counties.
- **Transitional** - Transitional counties are those transitioning between strong and weak economies. They make up the largest economic status designation. Transitional counties rank between the worst 25 percent and the best 25 percent of the nation's counties.
- **Competitive** - Competitive counties are those that are able to compete in the national economy but are not in the highest 10 percent of the nation's counties. Counties ranking between the best 10 percent and 25 percent of the nation's counties are classified competitive.
- **Attainment** - Attainment counties are the economically strongest counties. Counties ranking in the best 10 percent of the nation's counties are classified attainment.

The Commission recognizes that some areas in non-distressed counties have substantially higher poverty or lower income levels than national averages and should be considered economically distressed. Accordingly, ARC designates "distressed areas," those census tracts in at-risk and transitional counties that have a median family income no greater than 67% of the U.S. average and a poverty rate 150% of the U.S. average or greater. Designations are revised



Map: NC ARC County Economic Status Designation, FY 2026

annually using the latest five-year estimates from the American Community Survey. These areas should be an important focus of ARC's assistance.



Map: NC ARC County Economic Status Designation with Isolated Areas of Distress, FY 2026

## Appalachian North Carolina Regional Profile<sup>1</sup>

Appalachian refers to regions in the central and southern Appalachian Mountains and covers a 205,000-square-mile region that follows the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. Appalachian **North Carolina covers 31 counties**: Alexander, Alleghany, Ashe, Avery, Buncombe, Burke, Caldwell, Catawba, Cherokee, Clay, Cleveland, Davie, Forsyth, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Stokes, Surry, Swain, Transylvania, Watauga, Wilkes, Yadkin, and Yancey.

### Demographics and Population

In 2023, more than 2 million people or 19% of the total North Carolina population resided in the 31 counties of the NC ARC region. In the region, 47% of the population resides in rural areas, which is higher than the statewide average of 33%. The Region's population increased by 3.7% from 2010 to 2020, a slower growth rate than the state (9.5%). From 2020 to 2023 the region's

<sup>1</sup> Appalachian North Carolina Regional Profile compiled by the NC Department of Commerce, Labor & Economic Analysis Division.

population grew by 2.2% compared to the state's 3.9% growth. However, the growth of the region was not uniform as 15 counties had fewer people in 2023 than in 2010.

The Region is projected to add nearly 138,000 people by 2030, an increase of 6.8% from 2020 levels. This projected growth is also slower than the state's (12.5%). Despite overall projected growth, four counties in the region are projected to lose population by 2030. Much of the Region's growth has been the result of migration from other parts of the country and state to the region (vs. natural increase), a trend that is projected to continue.

### NC Appalachian Region and North Carolina Population, 2010-2020

NC Appalachian Region		North Carolina	
2010 Population	1,951,344	2010 Population	9,535,483
2020 Population	2,024,433	2020 Population	10,439,539
% Change in Population (2010-2020)	3.7%	% Change in Population (2010-2020)	9.5%

Source: NC Office State Budget Management

In 2020, the Region's population was 51.5% female and had a median age of 42, higher than the state median age of 39. Forsyth (median age: 38), Jackson (38), and Watauga (32) were the only three counties with a lower median age than the state. Appropriately 20.7% of the Region's residents were age 65 or older, a percentage that is projected to grow to 24% by 2030. In 2020, 75.5% of the region's total population identified as White (not Hispanic), followed by 9.3% Black (not Hispanic) and 8.9% Hispanic. Between 2010 and 2020, both the White and Black populations declined slightly in the region. The population reporting "Some Other Race" had the fastest growth from 2010 to 2020 (188.3%), followed by the Hispanic population, which grew by 35.8%, and the Asian population at 29.8%.

### ARC Region Population by Race and Ethnicity, 2020

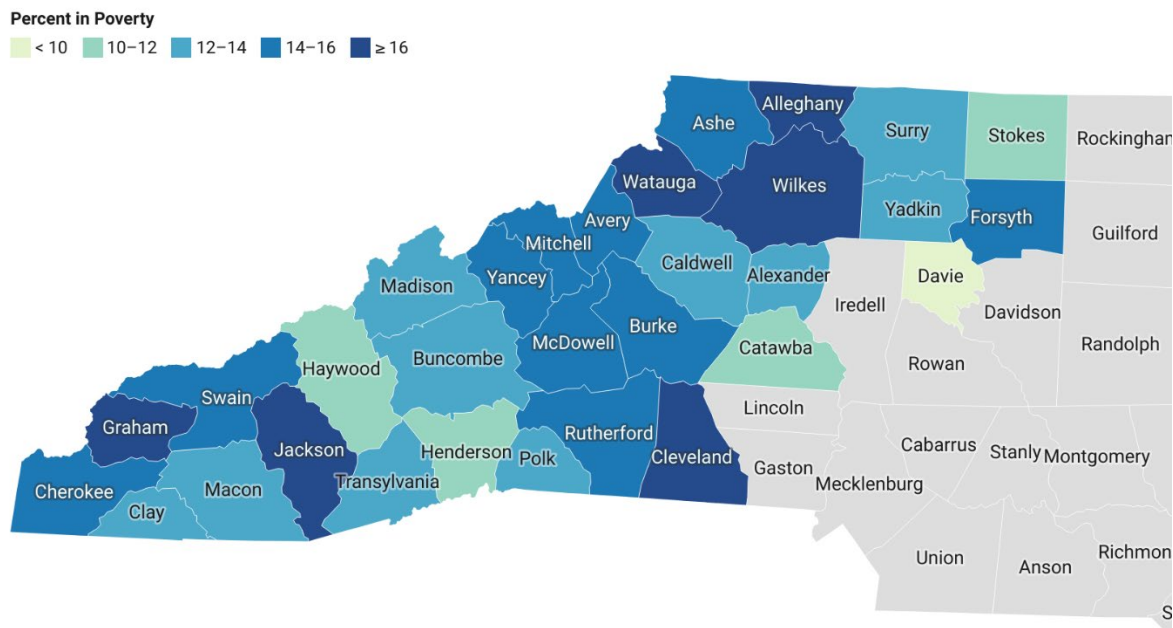
Race Reported	Number of Persons	Percentage of Region Population	Percentage Change 2010-2020
White	1,528,649	75.5%	-2.5%
Black or African-American	188,820	9.3%	-0.3%
Hispanic	179,982	8.9%	35.8%
Asian	31,798	1.6%	29.8%
American Indian	13,855	0.7%	7.0%
Some Other Race	82,107	1.9%	188.3%

Source: NC Office State Budget Management

### Income and Poverty

The poverty rate remains high in most of the NC ARC counties. In 2023, 22 counties in the Region had poverty rates above the state level of 12.8%. Davie County had the lowest rate of 9.7% while Watauga had the highest rate at 18.6%.

## North Carolina ARC Region Poverty Rates (2023)



Source: U.S. Census Bureau. 2023 Small Area Income and Poverty Estimates (SAIPE). Created by Datawrapper.

Median household income is defined as the income of the household in the middle of the income distribution for all households—meaning half of households earn more and half earn less. In 2023, only two counties, Davie (\$76,153) and Buncombe (\$71,218), had a median household income above the state average of \$70,838. Alleghany County had the lowest household income of \$46,571.

### ARC Region Median Household Income, 2023

ARC County	Median Household Income	ARC County	Median Household Income	ARC County	Median Household Income
Alexander	\$62,976	Davie	\$76,153	Rutherford	\$50,714
Alleghany	\$46,571	Forsyth	\$65,556	Stokes	\$61,374
Ashe	\$54,589	Graham	\$51,841	Surry	\$58,211
Avery	\$55,922	Haywood	\$64,553	Swain	\$54,357
Buncombe	\$71,218	Henderson	\$63,765	Transylvania	\$62,002
Burke	\$55,616	Jackson	\$55,462	Watauga	\$62,045
Caldwell	\$56,239	Macon	\$58,765	Wilkes	\$50,848
Catawba	\$65,898	Madison	\$59,505	Yadkin	\$61,626
Cherokee	\$53,926	McDowell	\$53,697	Yancey	\$54,913
Clay	\$53,229	Mitchell	\$56,746		
Cleveland	\$61,411	Polk	\$59,012	<b>NC</b>	<b>\$70,838</b>

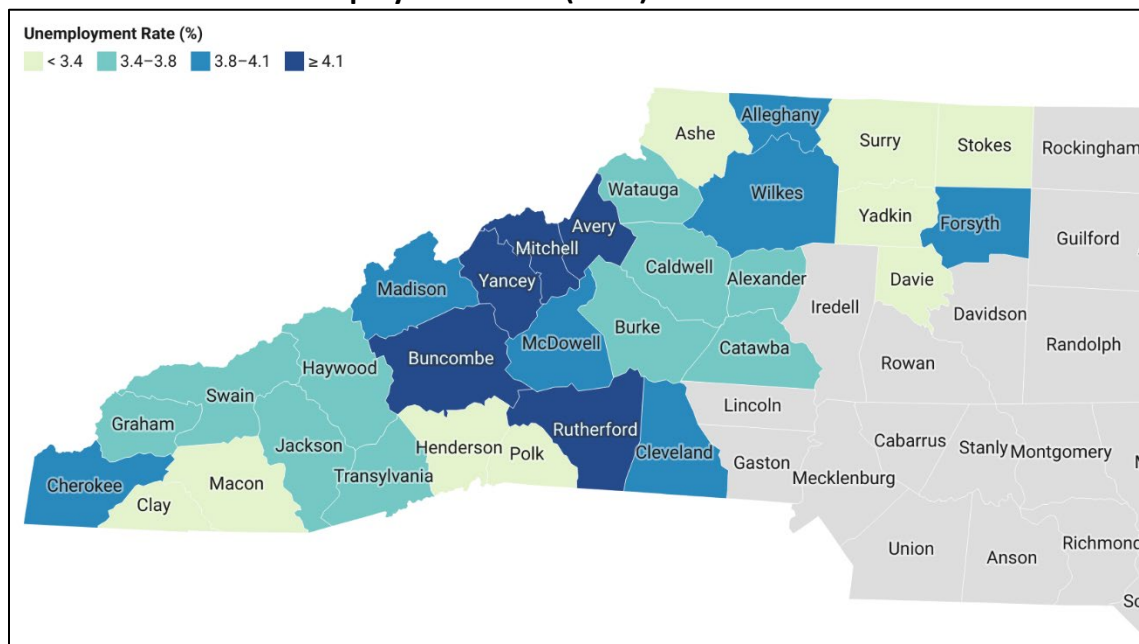
Source: U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE)

## Employment, Industry Jobs and Wages

Unemployment rates in the Region and the State have declined since the initial pandemic impacts on employment rates in the spring of 2020. In 2024, the Region had approximately 961,813 people in the labor force, of which 925,972 people were employed, and the average unemployment rate was 3.7%.

In 2024, 13 counties in the Region had unemployment rates above the state average of 3.6 percent. Mitchell County (4.4%), Rutherford County (4.4%), Avery County (4.3%), Buncombe County (4.3%) and Yancey County (4.1%) had the highest unemployment rates in 2024, while Ashe County (3.1%), Yadkin County (3.1%) and Henderson County (3.2%) had the lowest unemployment rates. Eight counties in the Region had higher unemployment rates in 2024 compared to 2019, including Buncombe (+1.2 pp), Madison (+0.4 pp), Avery (+0.3 pp), Alexander (+0.2 pp), Mitchell (+0.2 pp), Yancey (+0.2 pp), Haywood (+0.1 pp), and Rutherford (+0.1 pp) counties. An increase in unemployment during the last quarter of 2024 in counties impacted by Hurricane Helene may partly account for the higher overall unemployment rate observed in 2024 compared to 2019.

### North Carolina ARC Unemployment Rates (2024)



Source: NC Department of Commerce. 2024 Local Area Unemployment Statistics (LAUS). Created with Data Wrapper.

Total employment in the NC ARC region grew by 1.5% from 2019 to 2024, a lower rate compared to the state at 8.9%. Private Industry, which made up 85% of total jobs in the Region, grew by 1.7% while Government jobs grew by less than 0.1%. Industries adding the most jobs from 2019 to 2024 were Educational Services (6,492), Construction (6,296), and Health Care & Social Assistance (5,120). Six sectors had employment declines from 2019 to 2024, including

Manufacturing (-7,377), Administrative & Waste Services (-2,542), Management of Companies (-2,024), Finance and Insurance (1,210), Accommodation & Food Services (-720), and Wholesale Trade (-211).

### Average Employment

Ownership	NC ARC Region				North Carolina			
	2019	2024	Growth		2019	2024	Growth	
Total Federal Government	7,770	8,593	823	10.6%	74,248	82,195	7,947	10.7%
Total State Government	28,193	26,458	-1,735	-6.2%	182,345	180,043	-2,302	-1.3%
Total Local Government	83,796	84,777	981	1.2%	4,48,536	454,349	5,813	1.3%
Total Private Industry	684,418	696,089	11,671	1.7%	3,792,330	4,183,061	390,731	10.3%
<b>Total</b>	<b>804,177</b>	<b>815,917</b>	<b>11,740</b>	<b>1.5%</b>	<b>4,497,459</b>	<b>4,899,648</b>	<b>402,189</b>	<b>8.9%</b>

Source: NC Department of Commerce; Quarterly Census Employment and Wages (QCEW)

### Average Employment by 2-Digit NAICS

Industry	NC ARC Region				North Carolina			
	2019	2024	Growth		2019	2024	Growth	
Health Care & Social Assistance	134,499	139,619	5,120	3.8%	632,771	696,546	63,775	10.1%
Manufacturing	118,361	110,984	-7,377	-6.2%	477,043	465,639	-	-2.4%
Retail Trade	100,077	102,255	2,178	2.2%	508,186	531,994	23,808	4.7%
Accommodation & Food	86,392	85,672	-720	-0.8%	440,854	458,573	17,719	4.0%
Educational Services	51,119	57,611	6,492	12.7%	386,195	391,172	4,977	1.3%
Public Administration	43,652	45,231	1,579	3.6%	248,032	266,141	18,109	7.3%
Construction	36,917	43,213	6,296	17.1%	231,802	272,049	40,247	17.4%
Administrative & Waste	43,871	41,329	-2,542	-5.8%	302,829	325,812	22,983	7.6%
Transportation & Warehousing	24,824	28,944	4,120	16.6%	165,432	207,078	41,646	25.2%
Professional & Technical Services	26,587	28,880	2,293	8.6%	267,185	335,885	68,700	25.7%
Wholesale Trade	23,665	23,454	-211	-0.9%	187,322	207,630	20,308	10.8%
Other Services	21,611	23,363	1,752	8.1%	116,507	132,097	15,590	13.4%
Arts, Entertainment, Recreation	17,645	19,921	2,276	12.9%	79,689	87,770	8,081	10.1%
Finance & Insurance	20,035	18,825	-1,210	-6.0%	184,912	232,295	47,383	25.6%
Real Estate & Rental and Leasing	7,844	8,986	1,142	14.6%	61,601	72,212	10,611	17.2%
Management of Companies	10,570	8,546	-2,024	-19.1%	84,873	83,906	-967	-1.1%
Information	6,707	7,275	568	8.5%	76,886	86,834	9,948	12.9%
Utilities	1,856	2,097	241	13.0%	15,571	17,113	1,542	9.9%
Agriculture	717	880	163	22.7%	26,653	24,770	-1,883	-7.1%
Mining	836	862	26	3.1%	3,117	3,689	572	18.4%
Unclassified	0	12	12	-	-	444	444	-

<b>Total *</b>	<b>777,785</b>	<b>797,959</b>	<b>20,174</b>	<b>2.6%</b>	<b>4,497,460</b>	<b>4,899,649</b>	<b>402,189</b>	<b>8.9%</b>
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Source: NC Department of Commerce; Quarterly Census Employment and Wages (QCEW) \* 2-digit level data may be impacted by data suppression

In 2024, North Carolina’s average annual wage for all industries was \$68,742. All counties in the NC ARC Region had lower average annual wages than the state. The counties with the highest wages included Forsyth (\$66,240), Buncombe (\$58,790), Catawba (\$55,758) and Henderson (\$54,117). At the other end of the spectrum, counties with the lowest average annual wages in the Region include Stokes (\$41,687), Alleghany (\$42,016), Avery (\$44,415) and Yadkin (\$45,108).

## Education

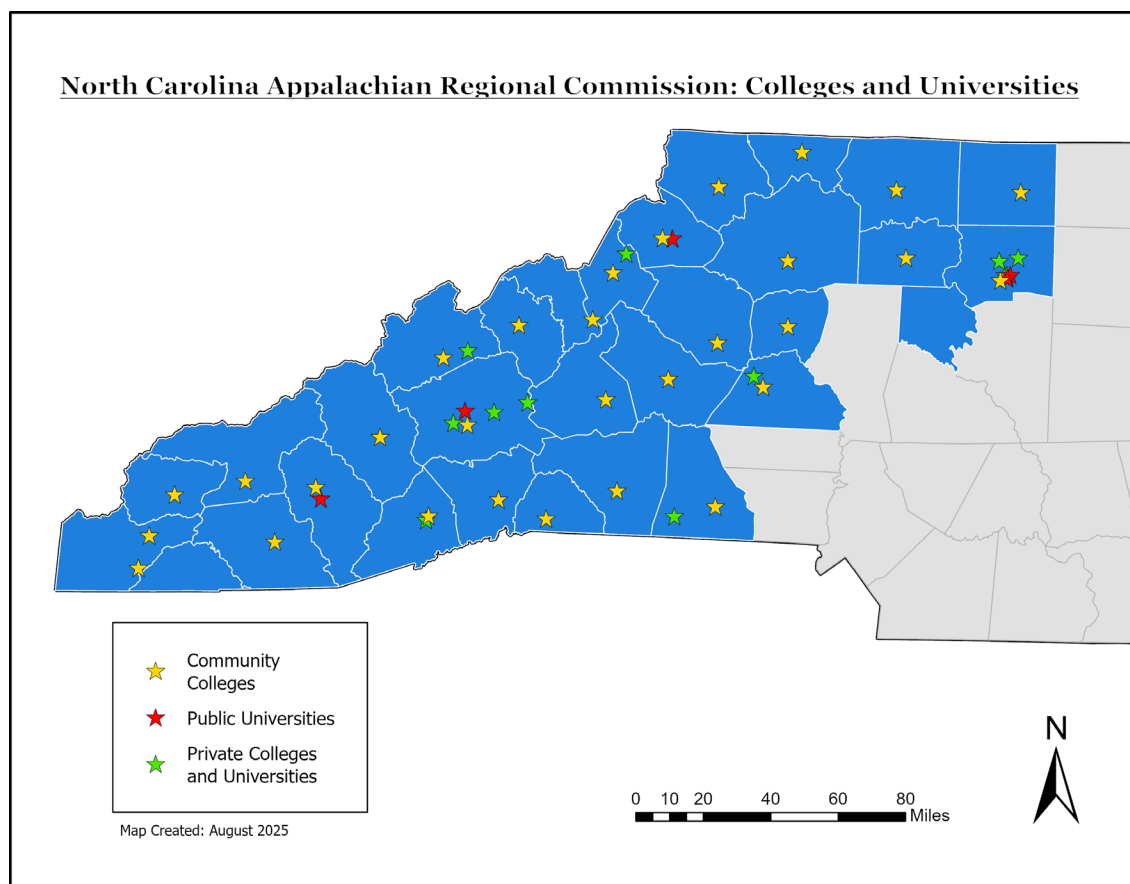
As shown below, the NC ARC Region was similar to the state in highest educational attainment in 2023, although the Region had slightly higher levels of high school graduates and a lower percentage of individuals with a bachelor’s degree or a graduate or professional degree.

### Educational Attainment for Population 25 Years and Older, 2023

Categories	NC Appalachian Region	North Carolina
High School Graduate	28.4%	25.0%
Some College, No Degree	20.4%	20.0%
Associate's Degree	10.5%	10.1%
Bachelor's Degree	18.6%	21.8%
Graduate or Professional Degree	11.0%	12.9%

Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates

The Region is served by five state universities — Appalachian State University, the University of North Carolina at Asheville, University of North Carolina School of Arts, Winston-Salem State University, and Western Carolina University — as well as several private universities/colleges and community colleges. The North Carolina Community College System (NCCCS) is the nation’s third-largest community college system, pioneering the nation’s most advanced vocational and technical programs. More than 615,000 students were enrolled in one or more courses at one of NCCCS’s 58 campuses during the 2023-2024 school year. According to the NCCCS, every North Carolina resident lives within a 30-minute drive of a community college, making high quality education accessible to the Region’s workforce.



*Map: Educational institutions within the NC ARC area*

## Infrastructure

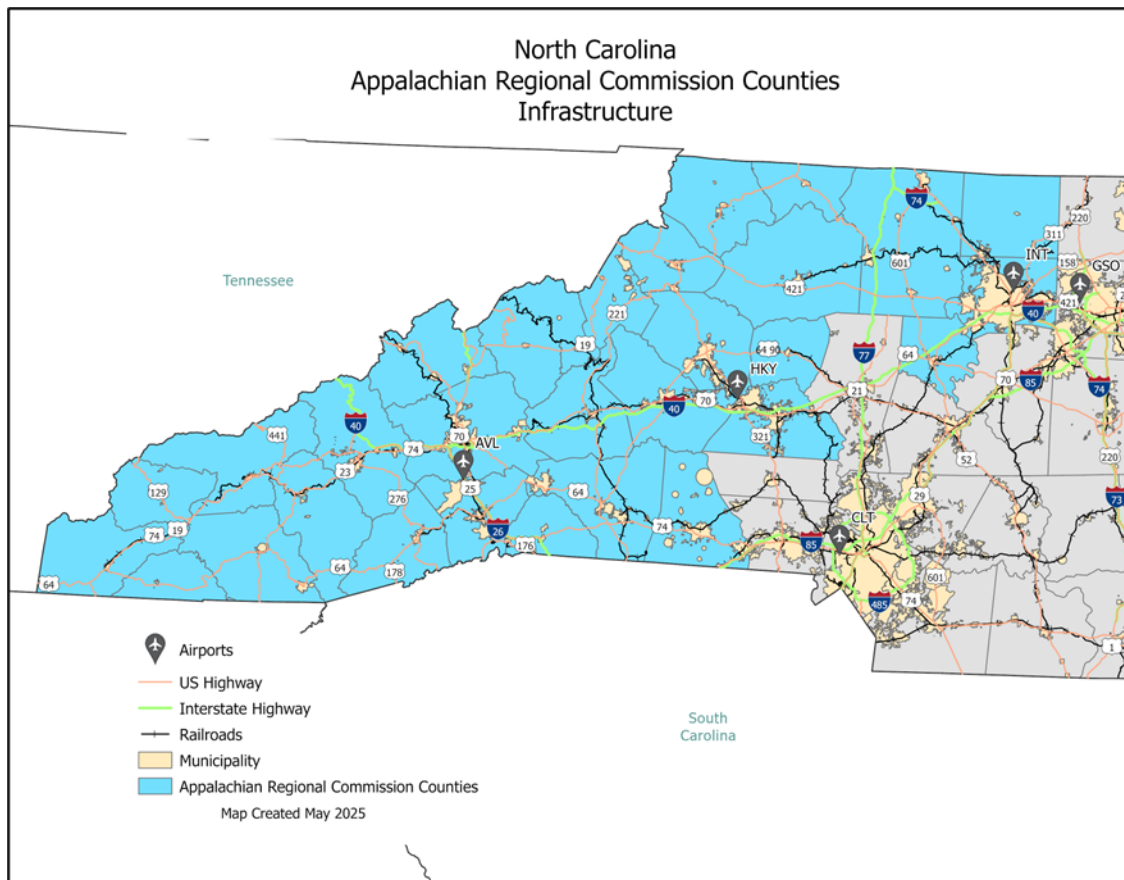
### Transportation

North Carolina boasts over 80,000 miles of state-maintained roads and has the largest state-maintained highway network in the country, giving the Region excellent access to Interstates 40, 85, 81, 95, 77, 26, 74, and other major U.S. highways. This highway system puts the Region within a day's drive of nearly half of the U.S. population.

The NC ARC region is served by freight rail providers including CSX Transportation, Norfolk Southern, and short-line carriers such as the Blue Ridge Southern Railroad and Yadkin Valley Railroad, offering key connections to Tennessee, South Carolina, and North Carolina's extensive 3,600-mile rail network. Amtrak passenger rail is available in Greensboro and other nearby cities outside of the NC ARC area, but no passenger rail currently serves the NC ARC region.

The Region is served by three airports. The Asheville Regional Airport (AVL) hosts major airlines including American, Delta, United, Allegiant, and JetBlue, with nonstop service to approximately 25 destinations across the U.S. The Piedmont Triad International Airport (GSO), located in Greensboro serves the Piedmont Triad region—including Greensboro, Winston-Salem, and High Point. GSO offers a range of commercial flights through major carriers, as well as extensive cargo and aerospace operations. Hickory Regional Airport (HKY) is a general aviation airport serving

the Hickory, North Carolina region. Located just a few miles from downtown, HKY offers convenient access for private, corporate, and charter flights.



Map: Transportation infrastructure within the NC ARC area

North Carolina has two modern deep-water ports in Wilmington and Morehead City with the capacity to support more than 320,000 twenty-foot equivalent units and more than 4 million tons of general cargo annually. In addition, an inland port in Charlotte provides access to numerous manufacturing and distribution sites. The Region also connects to ports in neighboring states such as Norfolk, VA, Charleston, SC and Savannah, GA.

#### Travel Time to Work for Workers Ages 16 and Over in the Appalachian Region, by Amount of Time, 2019-2023

Travel Time to Work (Minutes)	Workers Ages 16 and Over	Percent of Workers Ages 16 and Over				Mean Travel Time to Work (Minutes)
		Less Than 15 Minutes	15 Minutes to 29 Minutes	30 Minutes to 59 Minutes	60 Minutes or More	
<b>North Carolina</b>	<b>4,269,317</b>	<b>26.4</b>	<b>39.3</b>	<b>27.6</b>	<b>6.6</b>	<b>25.1</b>
<b>Appalachian North Carolina</b>	822,442	29.1	41.3	23.5	6.1	23.8
<b>Non-Appalachian North Carolina</b>	3,446,875	25.8	38.9	28.6	6.7	25.4

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

## Place of Work (State and County Level) for Workers Ages 16 and Over in the Appalachian Region, 2019-2023

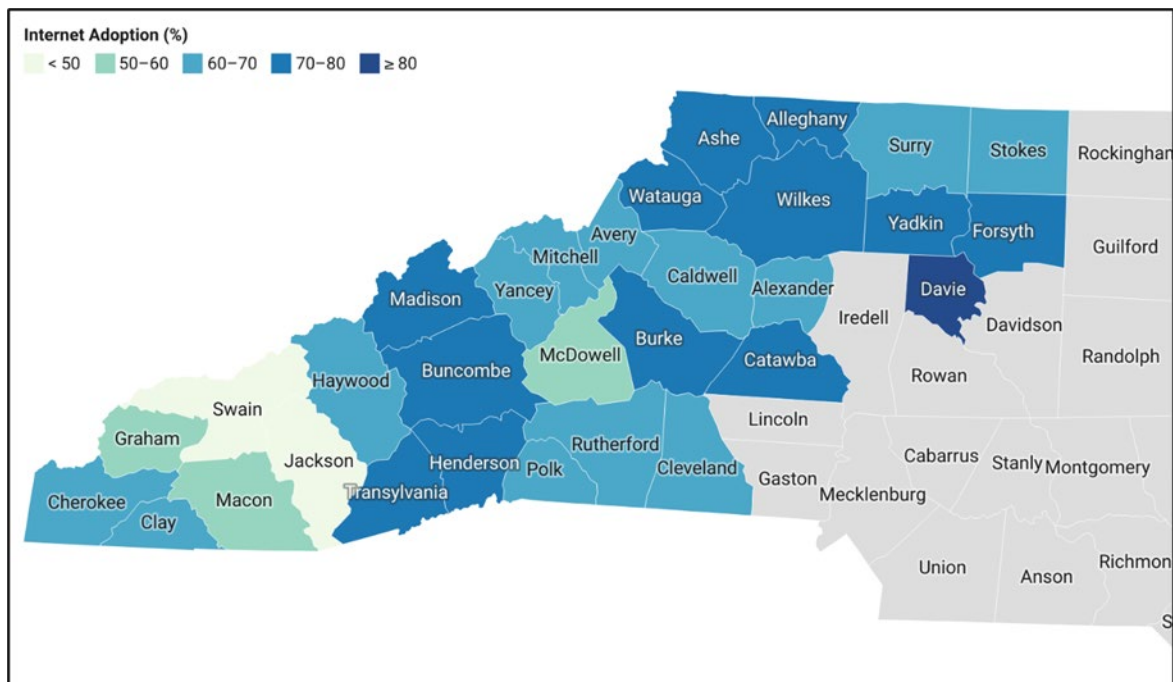
Place of Work (State and County Level)	Workers Ages 16 and Over	Percent of Workers Ages 16 and Over			
		Worked in County of Residence	Worked Outside County of Residence		
			Total	Worked in State of Residence	Worked Outside State of Residence
<b>North Carolina</b>	<b>4,991,806</b>	<b>72.7</b>	<b>27.3</b>	<b>25.0</b>	<b>2.3</b>
Appalachian North Carolina	909,993	72.2	27.8	25.5	2.2
Non-Appalachian North Carolina	4,081,813	72.8	27.2	24.9	2.3

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

### Broadband

The U.S. Census Bureau and the National Telecommunications and Information Administration (NTIA) recently released the 2022 Local Estimates of Internet Adoption (LEIA), an experimental data product that measures Internet adoption at the county level. According to these estimates, 16 of the 31 counties in the Region were below the state's adoption rate of 68%. The lowest adoption rates were in Swain County (44%), Jackson County (47%) and Graham County (54%). The counties with the highest adoption rates were Davie County (82%), Buncombe County (78%) and Wilkes County (78%).

### North Carolina ARC Internet Adoption (2022)



Source: US Census Bureau, 2022 Local Estimates of Internet Adoption (LEIA). Created with Datawrapper.

### Electricity and Gas

Electric utilities for the Region are provided by [Duke Energy](#) and several other [electric membership corporations](#), commonly known as EMCs or Co-ops. [Municipal electric providers](#) also serve several communities in part of the region. According to the US Energy Information Administration, North Carolina's electricity costs were about 16.3 percent below the national average in 2023. Natural gas service is furnished by four companies: Enbridge Gas (formerly [Dominion Energy](#)), [Piedmont Natural Gas](#), [Toccoa Natural Gas](#) and [Frontier Natural Gas](#). Out of the 31 counties, Alleghany, Clay, Cherokee, and Graham are not assigned to any state's natural gas distribution companies.

### Water and Sewer

While the Region has extensive water and wastewater systems, there are persistent challenges throughout the state. North Carolina's 2017 Statewide Water and Wastewater Infrastructure Master Plan describes the state's challenges as "a combination of poor water infrastructure condition, the need for modernization and the lack of sufficient revenues that threaten the viability of some water utilities." One issue is the state's large number of small, independent systems, many of which have unique challenges such as small customer bases and limited revenue. According to the Master Plan, of the 2,000 community water systems operating in the state, one-third of these systems have customer bases of 100 people or less.

There are 1,800 small, individual water and sewer systems serving a low percentage of the state's population. In contrast, the ten largest water systems serve 30% of the state's population. The systems with a small number of customers face considerable budgetary strain on constructing and maintaining these systems. In addition, the two main funding sources for the construction of these systems—federal grant funds or revenue from large manufacturers—have both declined over time. While new users can help pay for infrastructure in growing communities, paying for aging infrastructure is more difficult in areas with low population growth and a smaller industrial base.

### **Appalachian Development Highway System**

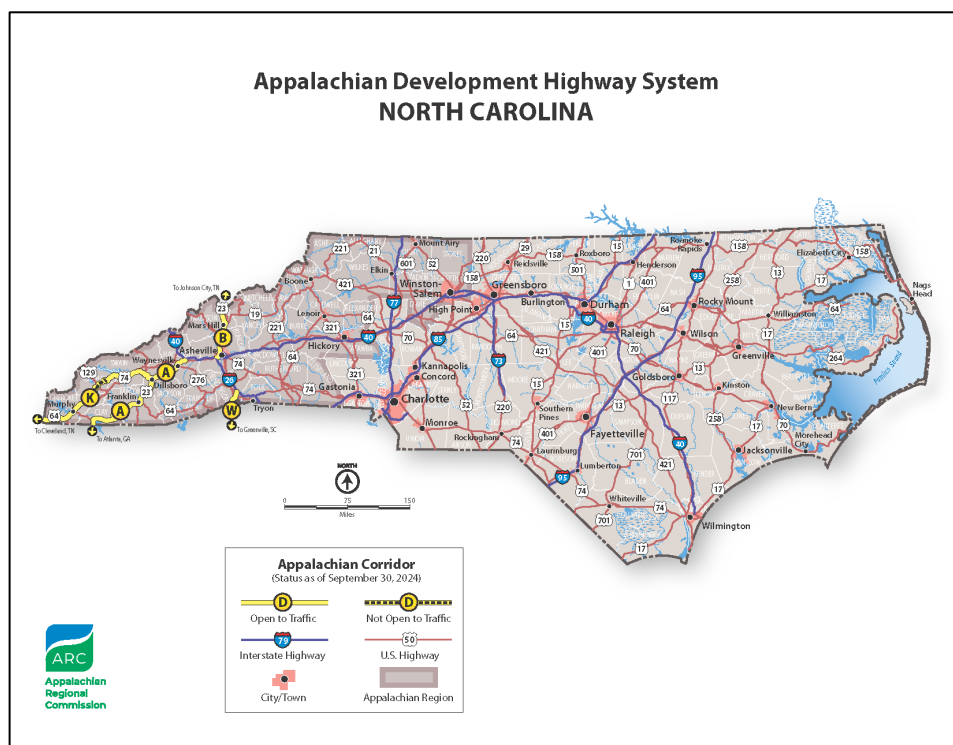
In 1964, the President's Appalachian Regional Commission (PARC) reported to Congress that economic growth in Appalachia would not be possible until the region's isolation had been overcome. Because the cost of building highways through Appalachia's mountainous terrain was high, the region had never been served by adequate roads. The nation's interstate highway system had largely bypassed the Appalachian region, going through or around the region's rugged terrain as cost-effectively as possible.

The PARC report and the Appalachian governors placed top priority on a modern highway system as the key to economic development. As a result, Congress authorized the construction of the Appalachian Development Highway System (ADHS) in the Appalachian Development Act of 1965. The ADHS was designed to generate economic development in previously isolated areas, supplement the interstate system, connect Appalachia to the interstate system, and provide access to areas within the region as well as to markets in the rest of the nation.

The ADHS is currently authorized at 3,090 miles. By the end of FY 2024, 2,845.6 miles – 92.1% of the miles authorized – were complete or under construction. Many of the remaining miles will be among the most expensive to build. Completion of the ADHS remains a top priority for ARC.

Four ADHS corridors are located in North Carolina's portion of Appalachia. Corridor A and Corridor K serve the southwestern portion of the region, both originating in Haywood County and tracking south and west into Jackson County. In Jackson County, Corridor A turns south and connects with Georgia. Corridor K continues through the tip of the state into Tennessee.

Corridor K includes the most expensive section that remains to be completed. The current cost estimate to complete North Carolina's ADHS system is over \$490 million, the majority of which is the \$440 million estimated cost of completing Corridor K. This roughly 18-mile section will provide improved highway access in Graham County. The expansion of Corridor B (Interstate 26) from Buncombe County north through Madison County provides the only four-lane road in Madison County. The final corridor, Corridor W, is nearly complete and passes through Henderson County, leading south into South Carolina. The state's intrastate highway system complements the ADHS. This network of state roads will bring four-lane access to 90% of the state's population when it is completed.



Map: Appalachian Development Highway System, North Carolina

## Tourism

According to the study “The Economic Impact of Travel on North Carolina Counties” prepared for VisitNC by Tourism Economics,” visitors to the NC ARC Region spent an estimated \$9.1 billion in 2023, roughly 25% of the state total. This spending was a 4.0% increase over 2022 levels, less than the state’s increase of 6.9%. Nearly 57,000 jobs and \$2.2 billion in payroll were directly attributable to travel and tourism in 2023. State and local tax revenues from travel to the Region amounted to \$6.8 million.

Western North Carolina is home to some of the finest resorts, golf courses, spas, scenery, outdoor recreation, wineries, festivals and cultural attractions in the world. Iconic destinations

such as the Biltmore Estate, Yadkin Valley and Tryon Wineries, Chimney Rock State Park, the Blue Ridge Parkway and the Great Smoky Mountains National Park, attract many tourists and create a significant economic impact. Outdoor enthusiasts can explore Mount Mitchell State Park, home to the highest peak east of the Mississippi, as well as the vast Pisgah and Nantahala National Forests, known for their waterfalls and recreational trails. Other highlights include the dramatic landscapes of Linville Gorge, sometimes referred to as the “Grand Canyon of the East,” and Grandfather Mountain, featuring a mile-high swinging bridge and native wildlife habitats. In recognition of its rich cultural traditions and natural beauty, the U.S. Congress designated Western North Carolina as the Blue Ridge National Heritage Area in 2003, honoring the region’s deep-rooted Appalachian natural and cultural heritage.

## Housing

In 2023, the NC ARC Region had a homeownership rate of 71%, higher than the statewide rate of 66%. In both the Region and the state, nearly half of renters and one-quarter of homeowners with a mortgage were cost burdened, spending 30% or more of their income on housing expenses. The vacancy rate in the NC ARC Region was 18%, compared to 13% statewide. Additionally, the Region had a higher share of mobile homes than the state.

Region	% Owner Occupied	% Renter Occupied	% Owner Cost Burdened	% Renter Cost Burdened	% Vacant	% Mobile Home
NC ARC	71%	29%	23%	46%	18%	14%
North Carolina	66%	34%	24%	47%	13%	11%

Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates

Note: Cost burden refers to spending 30% or more of income on housing costs. Owner cost burden is calculated for owner-occupied housing units with a mortgage only.

A recent *Housing Needs Assessment* of 18 NC ARC counties was conducted by Bowen National Research (BNR) for the Dogwood Health Trust. The study conducted housing gap estimates (the number of units that could potentially be supported or are needed) for rental and for-sale housing for each study area within the region. These estimates included a variety of income level factors based on program thresholds and methodologies commonly used in housing programs including government-subsidies or mortgage insurance from the Department of Housing and Urban Development (HUD) or Tax Credits from the North Carolina Housing Finance Agency (NCHFA).

“Overall, using NCHFA methodology there is a potential housing gap for approximately 13,609 rental units in the region among the three combined income groups that includes both families and seniors.” The study indicates that low vacancy rates are common among “government subsidized, Tax Credit and moderately priced market-rate rental housing supply” indicating that there could be demand for this type of housing model. “Following HUD’s methodology, there is a potential housing gap for approximately 14,213 rental housing units in the region among the three combined income groups that includes both families and seniors,” and indicated that this type of housing program is in high demand in the region.

“Following NCHFA’s methodology, there is a potential housing gap for approximately 3,096 for-sale housing units in the region” across all income groups studied. And “following HUD’s methodology, there is a potential housing gap for approximately 8,830 for-sale housing units in the region among the three combined income groups that includes both families and seniors.”

The study indicates that the area’s largest need is rental units for those families earning up to 50% of the AMHI. Housing quality is also a concern for the study area as these western North Carolina counties also exceed percentages in every indicator of substandard housing as compared to state levels.

The study provides more detailed information regarding housing gaps at the individual county level for all 18 counties within the Dogwood Health Trust service area.

### **Percent of Households in the Appalachian Region that are Housing Cost Burdened, by Tenure, 2019-2023**

Housing Cost Burden	All Households	Percent of Households that Are Housing Cost Burdened		
		Total	Renter Households	Owner Households
North Carolina	4,186,924	27.2	43.7	18.8
Appalachian North Carolina	827,673	24.0	41.1	17.0
Non-Appalachian North Carolina	3,359,251	28.0	44.3	19.3

*Data source: U.S. Census Bureau, 2019-2023 American Community Survey.*

### **Small Business Supports**

Small businesses and entrepreneurs are a critical component of the Western North Carolina economy. Both receive a broad range of support and training from a variety of organizations within the region. Networks and collaboration among organizations including Community Development Finance Institutes (CDFIs), small business assistance providers, economic development officials, and other community leaders provide a strong entrepreneurial ecosystem within the region. North Carolina Small Business and Technology Development Centers (SBTDCs), a service administered by the University of North Carolina System, and the Small Business Centers, housed within the state’s Community Colleges, provide accessible business development services across the state.

### **Economic Challenges**

The economic challenges facing Western North Carolina’s Appalachian region have not only been persistent in many communities but are now deepened by the impacts of Hurricane Helene. This natural disaster created new vulnerabilities particularly around infrastructure, workforce development, tourism, and local government capacity.

## Hurricane Helene

While not all NC ARC counties were directly impacted by physical damage from Hurricane Helene, this storm had, and will continue to have, a significant impact on the broader region, particularly from any economic standpoint. Impacts from Hurricane Helene will continue to affect long-term economic conditions and impact many aspects of NC ARC's focus areas. Thus, hurricane recovery will be a factor in many of the program areas addressed in the coming years.

## Workforce Development Challenges

Western North Carolina faces a complex and evolving set of workforce development challenges that threaten long-term economic resilience and growth. The region continues to struggle with the outmigration of young adults who leave in search of broader career opportunities, higher wages, and clearer paths to upward mobility. This not only drains the region of emerging talent but also weakens the local tax base and entrepreneurial pipeline.

A persistent skill mismatch further compounds the issue. Many residents lack the specific credentials, technical skills, or certifications required by high-demand industries such as advanced manufacturing, and healthcare. At the same time, employers across the region report difficulty finding qualified workers, even for entry-level positions. This disconnect suggests a need for more responsive and industry-aligned training programs, particularly those that offer work-based learning and stackable credentials.

Structural barriers also limit participation in workforce development. Access to broadband remains spotty in rural and mountainous areas, making it difficult for individuals to engage in remote learning or access job search resources. Transportation gaps isolate entire communities from training centers, job sites, and career services. Affordable, high-quality childcare is also in short supply, especially in the most economically distressed counties, creating a major obstacle for working parents and caregivers.

The region's aging population poses an additional challenge. Many long-time workers are retiring, and not enough younger workers are entering fields to replace them. This is especially problematic in essential industries such as construction, skilled trades, and healthcare, which are vital to community well-being and disaster recovery efforts.

Western North Carolina continues to grapple with complex workforce challenges, as a growing number of individuals seek to re-enter employment following incarceration, recovery from substance use, or economic disruption — particularly in the wake of Hurricane Helene's lasting impacts. While many are eager to work, they often lack access to the wraparound services—such as mental health support, stable housing, transportation, and legal assistance—needed to maintain steady employment and build a career path.

Addressing these workforce challenges will require coordinated investment in accessible training, barrier-removal strategies, and stronger partnerships between education providers, employers, and community-based organizations. This will require supporting place-based workforce solutions that meet people where they are and connect them to real economic opportunity.

### Economic Infrastructure Challenges

Western North Carolina's economic growth and community resilience are increasingly constrained by outdated and vulnerable infrastructure systems. While the region boasts natural and cultural assets that support key sectors like tourism and outdoor recreation, the underlying infrastructure—essential to daily life and economic activity—is often aging, insufficient, or ill-equipped to meet modern demands.

Many rural mountain communities continue to rely on decades-old water, sewer, and transportation systems that were not designed for today's population, environmental pressures, or economic needs. These systems require significant upgrades, yet the mountainous terrain makes construction and ongoing maintenance especially complex and expensive. The cost of burying pipes, stabilizing slopes, and rebuilding access routes across rugged landscapes, places a financial burden on small local governments with limited tax bases.

Transportation infrastructure, in particular, faces heightened vulnerability. Severe weather events—including hurricanes—frequently lead to landslides, road washouts, and damaged bridges. These disruptions not only isolate communities but also impede critical travel corridors such as Interstate 40, U.S. 74/441 and the Blue Ridge Parkway, which serve as lifelines for tourism, commerce, and emergency response. In the wake of events like Hurricane Helene, entire towns have faced prolonged closures and costly detours that affect small businesses and regional supply chains.

A persistent digital divide also undermines economic mobility across Western North Carolina. Many rural areas still lack access to reliable, high-speed internet—limiting opportunities for remote work, virtual learning, telehealth services, and entrepreneurship. The geography and low population density raise infrastructure development costs, discouraging private-sector investment and leaving many residents disconnected from the digital economy.

Flood control and stormwater infrastructure in many small towns and downtowns are also outdated and undersized. As storms intensify and rainfall becomes more erratic, older drainage systems are frequently overwhelmed, leading to repeated flooding that damages homes, storefronts, and community facilities. These recurring events not only carry financial costs but also erode community confidence and deter future investment.

Addressing these infrastructure challenges are critical to the long-term vitality of Western North Carolina. Strategic, place-based investments can help modernize essential systems, increase resiliency to natural hazards, and lay the foundation for sustainable economic development in even the most remote parts of the region.

### Economic Challenges Related to Tourism & Outdoor Recreation

Tourism and outdoor recreation are vital economic drivers in Western North Carolina, supporting hundreds of small businesses and contributing significantly to local tax bases. However, the impacts of Hurricane Helene in 2024 severely disrupted this sector, exposing deep vulnerabilities in the region's tourism infrastructure and economic resilience.

The storm caused widespread destruction to outdoor infrastructure across public lands, including national forests, state parks, and popular recreation areas. Trails, campgrounds, footbridges, shelters, and access roads sustained extensive damage. Iconic trail systems such as the Appalachian Trail, Mountains-to-Sea Trail, and many high-traffic trails in Pisgah National Forest were either closed entirely or rendered partially inaccessible for weeks or months. These closures directly affected hiker traffic and tourism, which are key to the regional outdoor economy.



*Photo: Vehicular bridge within the Pisgah National Forest near Old Fort, NC completely upended by flood waters. This damage has cut off access to some of the area's most popular hiking and mountain biking trails.*

In addition, critical tourist corridors like the Blue Ridge Parkway, U.S. 64, and other scenic byways experienced landslides, flooding, and pavement failures. These road closures disrupted access to well-known destinations, impacting visitor flow during peak times such as fall leaf season and summer vacations. Many travelers canceled or rerouted trips, leaving towns that depend on tourism without their usual influx of visitors.

The economic impact included a substantial loss of seasonal revenue for local hospitality businesses—lodges, outfitters, guide services, restaurants, and retail shops—that rely heavily on high-volume tourism months. Events and festivals that anchor regional tourism—such as fall foliage, music festivals, outdoor races, and arts and crafts fairs—were canceled or postponed, further reducing income for both businesses and the communities that host them.

Helene also left a lasting environmental impact on many of the natural features that draw visitors to Western North Carolina. Flooding, erosion, and debris flows scarred scenic landscapes, damaged riverbanks, and compromised the health of waterfalls and fragile ecosystems. Silt and pollution from storm runoff clouded popular fishing holes, swimming spots, and paddling rivers, reducing their usability and aesthetic appeal while creating long-term restoration needs that many rural communities are not equipped to address on their own.

The long-term economic impact on tourism recovery was hindered by extensive media coverage of damage and subsequent travel advisories which created a perception that Western North Carolina was unsafe or inaccessible, discouraging potential visitors long after the roads reopened. Small towns that depend heavily on tourism saw a drop in local tax revenue, limiting their ability to fund marketing, staff retention, infrastructure repairs, or recovery efforts.

Recovery for the tourism sector in Western North Carolina requires more than reopening trails and roads. It requires strategic investment in resilient outdoor infrastructure, targeted support for tourism-dependent businesses, and coordinated efforts to restore visitor confidence.

### Economic Challenges for Local Governments (Local Capacity)

The impacts of Hurricane Helene in 2024 increased long-standing capacity challenges in local governments that now threaten to slow the region's recovery and limit its resilience to future events.

One of the most immediate consequences of the storm was a sharp loss in local revenue. Closures of businesses, outdoor recreation areas, and tourism attractions led to a decline in sales tax, occupancy tax, and user fees—key revenue sources for rural counties and towns with limited economic diversification. Infrastructure damage also delayed property assessments and disrupted tax collection schedules, creating budget shortfalls that have persisted beyond the initial disaster period.

Compounding the revenue loss is the financial burden of infrastructure repair. Local governments are responsible for rebuilding damaged roads, bridges, stormwater systems, public buildings, and water and sewer infrastructure. Accessing federal or state disaster relief programs—such as FEMA Public Assistance—typically requires local cost shares or matching funds. However, many small jurisdictions lack the financial reserves to meet those requirements, leaving critical projects delayed.

At the same time, staffing and administrative capacity is stretched thin. Many rural municipalities operate with minimal personnel, with staff often wearing multiple hats. This makes it difficult to manage complex post-disaster tasks such as navigating grant applications, coordinating with state and federal agencies, overseeing engineering contracts, and complying with disaster recovery documentation. In some cases, staff burnout or turnover has further slowed progress.

The loss of affordable housing has emerged as another urgent concern. Helene caused widespread flooding and structural damage to older housing stock—much of which served low-to moderate-income residents. Yet most local governments lack the resources or tools to rebuild housing or incentivize affordable development, exacerbating housing instability for the region's most vulnerable populations.

Supporting small businesses has also proven difficult. Business owners and operators turned to local governments for help with permitting, temporary infrastructure fixes, and guidance on recovery resources. But many municipalities do not have dedicated economic development staff or funds to provide direct assistance, creating service gaps just when business owners need help most.

Finally, the storm revealed significant gaps in disaster preparedness and resilience planning. Many communities lacked up-to-date hazard mitigation plans or had not integrated climate resilience into land use strategies. Helene's destruction underscored the urgent need for forward-thinking investments in resilient infrastructure, hazard planning, and risk reduction.

However, the cost and technical complexity of these efforts are often beyond the reach of under-resourced local governments without outside support.

To rebuild stronger and prepare for future disasters, Western North Carolina's local governments need capacity-building resources, planning support, and technical assistance.

### **Hurricane Helene**

On September 27, 2024, Hurricane Helene struck Western North Carolina with such severity and magnitude to warrant a major disaster declaration by the Federal Emergency Management Agency (FEMA). The following NC ARC counties were included in the North Carolina Disaster Declaration (DR-4827-NC) by FEMA: Alexander, Alleghany, Ashe, Avery, Buncombe, Burke, Caldwell, Catawba, Cherokee, Clay, Cleveland, Forsyth, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Surry, Swain, Transylvania, Watauga, Wilkes, Yadkin, and Yancey.



*Photo: Significant damage from Hurricane Helene was experienced across many parts of the NC ARC area.*

In the wake of Hurricane Helene, Governor Stein's administration has set clear priorities to ensure a swift and effective recovery for Western North Carolina, focusing on rebuilding safe housing, restoring infrastructure, and revitalizing the economy and communities. To date, significant progress has been made on recovery and revitalization, but much more work must be

accomplished to continue rebuilding a safer and stronger Western North Carolina. The NC ARC Program seeks to utilize available resources and funding to aid in this recovery effort through direct assistance and collaboration with partner agencies and organizations.

### **GROW NC**

The Governor's Recovery Office for Western North Carolina (GROW NC) was established to support the Governor's efforts to address the ongoing needs of communities impacted by Hurricane Helene. GROW NC advises the Governor and coordinates with local, state, federal, and nonprofit partners to ensure an effective and comprehensive recovery. Key responsibilities include:

- Expanding access to temporary housing and accelerating permanent housing solutions
- Providing relief and support to small businesses
- Rebuilding roads, bridges, and other critical infrastructure

- Recommending relief funding strategies to the North Carolina General Assembly and the state's Congressional delegation
- Advising on broader recovery and rebuilding issues affecting Western North Carolina
- Seeking public input, both formal and informal, from residents and other stakeholders to ensure recovery efforts are community-informed

In addition, GROW NC works closely with the Governor's Advisory Committee on WNC Recovery to ensure the voices of residents, elected officials, and community leaders are reflected in ongoing response and recovery efforts.

NC ARC is coordinating with GROW NC on matters relating to hurricane recovery, particularly on focus areas which align with ARC strategic goals of economic development and infrastructure.

### [Community Development Block Grant – Disaster Recovery](#)

On April 25th, 2025, the United States Department of Housing and Urban Development (HUD) approved North Carolina's Action Plan for a \$1.4 billion grant to help western North Carolina rebuild following Hurricane Helene. A new division at the North Carolina Department of Commerce, the Division of Community Revitalization (DCR), was established to administer these funds based on the approved Action Plan. The Action Plan, following required guidelines from HUD, addresses three broad areas of recovery: housing, infrastructure, and economic vitality.

Many of these focus areas align with NC ARC Priorities and our program will seek to support, and complement the work and initiatives set forth by Community Development Block Grant-Disaster Recovery (CDBG-DR). NC ARC is coordinating with DCR on matters relating to hurricane recovery, particularly on focus areas which align with ARC strategic goals of economic development and infrastructure.

### [Housing](#)



*Photo: Home repair volunteer group in Spruce Pine, NC.*

Housing was substantially impacted by the Hurricane Helene disaster. As a result, housing is one of the priorities for hurricane recovery as set forth by the Governor. Both GROW-NC, and the DCR have been charged with supporting housing recovery with available resources. The DCR is focused on this as it implements the CDBG-DR program in response to Hurricane Helene.

Data regarding housing damage and recovery needs arising from the impact of Helene continues to accrue more than 9 months after the disaster declaration.

The CDBG-DR Action Plan indicates that “the estimated housing damage plus necessary investments for mitigation and resilience is \$15.38 billion. OSBM projected that \$6.779 billion of that amount would be available from federal resources, most notably CDBG-DR at an estimated \$4.771 billion.” The Action Plan proposes that the DCR “allocate \$1.052 billion or 74% of its CDBG-DR allocation for housing recovery... to assist as many low- and moderate-income households as possible with their housing needs...”<sup>2</sup>

### Small Business Support

The counties included in the Hurricane Helene disaster declaration are home to “115,237 separate employer business establishments, 46% of which have five or fewer employees.” Additionally, there are “384,000 ‘mom and pop’ businesses with no employees and \$18.7 billion in receipts.” This underscores the importance of small business within the Western North Carolina economy.<sup>3</sup>

S.L. 2024-53 (The Disaster Recovery Act of 2024 – Part II) directed the Economic Development Partnership of NC (EDPNC) to conduct an assessment calculating business losses in the counties receiving a federal disaster declaration due to Hurricane Helene. The study estimates that a direct economic loss of between \$4.5-\$5.0 billion to private sector businesses occurred. These losses were measured based on the impacts to three categories of physical (real and personal property, inclusive of building structures, machinery, equipment, land, privately maintained/owned infrastructure, supply chain inputs, and inventory of inputs or finished goods.), financial (lost revenue or projected lost revenue), and human capital (temporary, intermittent, or permanent loss of a reliable workforce necessary to operate the business, as well as effect of lost employment and wages). The following table shows the financial impacts for each type of capital within the specified period of time.

### **Hurricane Helene Direct Economic Losses, Physical, Financial, and Human Capital**

Type of Capital	Amount	Time Period Measured
Physical	\$2.5-\$3.0 billion	Immediate & Complete
Financial	\$1.8 billion	October 2024-January 2025
Human	\$251 million	October 2024-March 2025
<b>Total</b>	<b>\$4.55 billion-\$5.05 billion</b>	<b>Various</b>

*Source: Business Loss Assessment. Economic Development Partnership of NC (EDPNC).*

While the economic losses of physical capital due to the storm are not expected to increase, there is concern about the on-going duration of economic impact in the financial and human capital categories due to the storm’s aftereffects.

<sup>2</sup> Pg. 34. State of North Carolina Action Plan. U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant-Disaster Recovery (CDBG-DR) Funding in Response to Hurricane Helene.

<sup>3</sup> Pg. 45. State of North Carolina Action Plan. U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant-Disaster Recovery (CDBG-DR) Funding in Response to Hurricane Helene.

A survey by “The RiverBird”, “‘financial support’ was the number one answer to the survey question of the businesses’ most urgent need, followed closely by ‘increased customer demand.’ Both answers were cited by over half of the survey respondents.”

The EDPNC study concluded that because of the impact of the hurricane on the hospitality and leisure industry, and the large impact of these sectors on Western NC’s economy, strategies which seek to strengthen visitation to the region should be undertaken.<sup>4</sup>

A separate, independent survey was conducted by Mountain BizWorks, a CDFI and business support organization serving Western NC. This survey collected responses from more than 700 small businesses representing 23 Western NC counties. The report contains significant data points related to the business impacts of the storm including:

- Hurricane Helene impacted 96% of small businesses that responded, with damages including physical damage, loss of utility services, road closures, loss of inventory and more.
- 83% of businesses had to close temporarily due to the storm’s effects.
- While 93% of businesses that responded to this survey have re-opened, 86% of businesses have not fully returned to pre-Helene revenue levels
- “Businesses reported \$188 million in combined physical and economic damages, yielding a median economic loss per business of \$95,000 and an average loss of \$322,000.”

Key takeaways from the survey that can help guide future services and resources to support businesses’ continued economic recovery include:

- “Flexible and forgivable capital remains essential for rebuilding and resilience”, particularly since many businesses still have outstanding pre-Helene debt. “Grants, forgivable loans, and more patient terms for existing recovery loans were all prioritized” as needed by survey respondents
- Affordable commercial real estate
- Business support assistance with issues such as “insurance claims, long-term financial planning, collaborative rebuilding strategies, and access to resources”
- A focus on supporting tourism, including marketing and promotion that continues to stress that Western North Carolina is open for visitors
- Local infrastructure restoration and revitalization<sup>5</sup>



*Photo: Small business sign in Marshall, NC*

<sup>4</sup> Business Loss Assessment. Economic Development Partnership of NC (EDPNC).

<sup>5</sup> 2025 Local Business Impact Survey. Mountain BizWorks.

## **Economic Opportunities**

### Workforce Development

Western North Carolina needs intentional investments in workforce development which can serve as both a recovery strategy and a long-term economic opportunity. The region has the potential to strengthen its labor force, create upward mobility, and drive growth by building on existing assets and aligning education with emerging industry demands.

A key opportunity is to support Career and Technical Education (CTE) across the region's high schools. By supporting access to CTE and pre-apprenticeship programs, particularly in more rural and economically distressed countries, students can gain early exposure to career pathways in high-demand fields. Aligning these programs with local employer needs and regional sector strategies will help ensure that youth are not only trained but positioned for success within the regional economy.

Community colleges serve as powerful workforce hubs for the region, offering innovative models that respond directly to local labor market needs. Expanding programs like short-term credentials, apprenticeships, and customized industry training will help upskill both new and incumbent workers. Strengthening partnerships between colleges, local development districts (LDDs), employers, and economic developers can make training efforts more coordinated, targeted, and impactful.

There is significant potential to create career pathways in critical, fast-growing sectors such as health care and skilled trades—fields that deliver vital services while offering stable, well-paying jobs. In addition, Western North Carolina is uniquely positioned to grow its workforce in emerging rural anchors, such as outdoor recreation, tourism, and local food systems—sectors that connect economic development with the region's natural and cultural assets.

To ensure access to these opportunities, the region must expand support for dislocated and underserved workers. Individuals in recovery, returning citizens, and the long-term unemployed often face barriers that go beyond training itself. Providing wraparound services—such as affordable childcare, reliable transportation, and transitional housing—will be essential to helping these individuals re-enter the workforce and sustain employment.

### Infrastructure

Western North Carolina's future economic resilience and competitiveness is reliant on strategic investments in infrastructure. As the region recovers from Hurricane Helene and grapples with the long-term impacts of aging systems, there is a unique opportunity to rebuild smarter—to construct infrastructure that not only restores what was damaged but strengthens communities against future disruptions while creating new economic potential.

One opportunity is to invest in resilient infrastructure projects that can withstand increasingly frequent extreme weather events. Upgrading water and sewer systems, bridges, and roads—especially in rural and mountainous areas—will protect public health, support business continuity, and improve quality of life. Integrating resilient design features such as permeable surfaces and reinforced stormwater systems ensures that infrastructure investments are forward-looking and cost-effective over time.

Expanding access to broadband infrastructure is essential for economic development. Many communities in Western North Carolina remain unserved or underserved by high-speed internet, limiting access to education, telehealth, remote work, and small business growth. By investing in broadband infrastructure, the region can attract new businesses while also providing this essential infrastructure to residents.



Photo: Earl Scruggs Center in Shelby, NC

Downtown revitalization is another promising economic opportunity. Small-town downtowns—many of which suffered storm-related damage—can be rebuilt with infrastructure that enhances both resilience and economic vitality. Investments in streetscapes, pedestrian infrastructure, utility upgrades, and flood mitigation can also support broader goals related to tourism, placemaking, and small business development. Infrastructure that supports vibrant public spaces helps retain residents and attract visitors alike.

#### Tourism and Outdoor Recreation

Tourism and outdoor recreation are keys to Western North Carolina's economy, drawing millions of visitors annually to its trails, rivers, scenic byways, and charming mountain towns. In the wake of Hurricane Helene, the

region now has a timely opportunity not only to rebuild what was damaged—but to reimagine a more resilient and economically vibrant outdoor economy.

At the heart of this effort is the need to rebuild and strengthen outdoor infrastructure. Restoring trails, campgrounds, and scenic overlooks with resilient materials and sustainable designs will protect key assets and reduce vulnerability to future storms. Strategic upgrades—such as improved drainage systems, reinforced bridges, and erosion controls—will help prevent repeat damage, reduce long-term maintenance costs, and ensure year-round access for both residents and tourists.

Also important is the opportunity to support targeted tourism recovery campaigns that highlight the region's outdoor assets. Investments in regional marketing, digital storytelling, and public relations can help highlight reopening milestones, share community resilience stories, and reintroduce iconic destinations to visitors. Emphasizing destination branding that balances environmental stewardship with economic revitalization will attract a new traveler while reinforcing the region's identity as a premier outdoor destination.

Economic recovery must also extend to the many small businesses that form the backbone of local tourism economies. Outfitters, guides, restaurants, and lodging – especially in rural communities—need assistance and technical support to rebound. Recovery grants, gap financing, and business coaching can help these enterprises rehire staff, replace lost inventory, and restore services disrupted by the storm.



*Photo: Whitewater rafting on the Nantahala River near Bryson City, NC*

### Local Government Capacity

Local governments in Western North Carolina are the foundation of regional resilience and economic development. Yet many small towns and rural counties continue to operate with limited staff, tight budgets, and few resources to manage the growing complexity of disaster recovery, infrastructure investment, and long-term planning. Strengthening local government capacity is not only critical to recovery from Hurricane Helene—it represents a major economic opportunity to build more self-reliant, forward-looking communities across the region.

An opportunity is to support capacity-building for local governments through the network of Local Development Districts (LDDs). Providing LDDs with resources to help support grant writers, planning consultants, and disaster recovery coordinators can dramatically increase the ability of small municipalities to access state and federal funds, manage complex projects, and engage residents in meaningful ways. Technical assistance in areas such as FEMA compliance, community engagement, and capital project development can equip local governments to lead with confidence and secure resources they have historically struggled to reach.

Another key opportunity is advancing affordable and workforce housing solutions. The storm damaged or destroyed many older housing units—particularly those affordable to lower-income residents. Local governments often lack the resources to rebuild housing stock or incentivize new construction near job centers. By supporting regional housing initiatives and partnerships with nonprofits, housing authorities, and developers, communities can access funding for pre-development studies, site preparation, and critical infrastructure extensions that make new housing possible. Addressing housing needs also directly supports workforce retention and attraction—key to long-term economic growth.

In the wake of Helene, many local governments also need help reengaging their local economies and supporting small businesses. Supporting local economic diversification strategies will help communities move beyond traditional sectors and build more resilient economies. Support could include grants for small business recovery programs, façade improvements on main

streets, establishment of coworking or remote work hubs, and targeted entrepreneurship initiatives. Local governments—when equipped with the right tools—can become active stewards of tourism, small business growth, and innovation in their communities.

At the regional scale, Western North Carolina has an opportunity to lead the way in resilience planning and intergovernmental collaboration. Multi-county initiatives focused on disaster mitigation and emergency preparedness can help small jurisdictions pool resources and take a proactive approach to managing future risks. By fostering partnerships between counties, regional councils, and universities, communities can create resilience blueprints that guide infrastructure investments, land use decisions, and economic development priorities.

## **ARC Strategic Investment Goals, Objectives and North Carolina Strategies**

### **Goal 1 – Building Appalachian Businesses**

Strengthen the Region’s economy through expanding economic development strategies and investments in entrepreneurship and business development.

#### Objective 1.1

Provide financing, technical assistance, and other support for entrepreneurship and small business development in the Region.

##### **NC Strategies**

**1.1.1:** Invest in programs that equip entrepreneurs with the training, skills, and resources they need to start, grow, and sustain successful businesses.

**1.1.2:** Strengthen small business ecosystems through targeted investments in support services, technical assistance, and access to capital.

**1.1.3:** Foster a vibrant entrepreneurial culture by supporting collaborative initiatives that encourage innovation, community engagement, and regional connectivity.

#### Objective 1.2

Pursue economic and enterprise development strategies that grow existing industries, support economic diversification, and advance economic prosperity at the regional level.

##### **NC Strategies**

**1.2.1:** Help regions identify their unique economic strengths and support the growth of related industries, supply chains, and development strategies.

**1.2.2:** Invest in facilities and programs that directly address the needs of local and regional businesses.

**1.2.3:** Support programs that help grow existing businesses and launch new ones, especially those that fill critical gaps in the local economy.

### **Goal 2 – Building Appalachia’s Workforce Ecosystem**

Expand and strengthen community systems (education, healthcare, housing, childcare, and others) that help Appalachians obtain a job, stay on the job, and advance along a financially sustaining career pathway.

### Objective 2.1

Develop and support educational programs and institutions from early childhood through post-secondary that provide the building blocks for skills development and long-term employment success.

#### **NC Strategies**

**2.1.1:** Support workforce programs that prepare people with the skills needed for local job opportunities, helping employers grow and retain talent.

**2.1.2:** Expand access to high-quality training at all education levels by using modern technology and up-to-date teaching methods.

**2.1.3:** Promote programs in schools and communities that teach problem-solving, entrepreneurship, and financial skills to prepare students for future success.

### Objective 2.2

Invest in workforce development programs and strategies informed by industry talent needs and designed to allow workers to simultaneously earn, learn, and advance along a career pathway.

#### **NC Strategies**

**2.2.1:** Support workforce programs that develop the skills needed for in-demand industries, helping businesses grow and retain workers.

**2.2.2:** Expand access to certification programs, industry-recognized credentials, apprenticeships, and other hands-on learning opportunities.

### Objective 2.3

Develop a network of employment supports to help Appalachians enter and remain in the workforce.

#### **NC Strategies**

**2.3.1:** Support programs and partnerships that remove barriers to employment, such as lack of childcare, transportation, or access to training.

**2.3.2:** Strengthen the recovery ecosystem by connecting employers, workforce agencies, and recovery organizations to help individuals successfully re-enter the workforce.

### Objective 2.4

Expand access to high quality healthcare as well as programs and services that support overall mental and physical health, for workers and their families.

#### **NC Strategies**

**2.4.1:** Partner with the Office of Rural Health to recruit healthcare professionals to Western North Carolina, especially in primary care shortage areas, using tools like the J-1 Visa program and other support resources.

**2.4.2:** Expand access to quality healthcare—including primary care, dental, mental health, substance use treatment, and OB services—through in-person and telehealth options, particularly in underserved communities, to support the well-being of workers and their families.

### **Goal 3 – Building Appalachia’s Infrastructure**

Ensure that the residents and businesses of Appalachia have access to reliable, affordable and resilient utilities and infrastructure in order to successfully live and work in the Region.

#### **Objective 3.1**

Ensure the availability of quality, affordable basic infrastructure to meet the needs of the residents and businesses of Appalachia.

##### **NC Strategies**

**3.1.1:** Help Appalachian communities develop the infrastructure needed to attract, grow, or retain jobs and businesses.

**3.1.2:** Support water and sewer system upgrades that address health and environmental risks—especially in areas under moratoria or consent orders—that may be limiting economic development.

#### **Objective 3.2**

Ensure that all Appalachians have access to quality and affordable telecommunications and broadband services.

##### **NC Strategies**

**3.2.1:** Invest in expanding access to reliable, high-quality telecommunications technology to support business growth, education, and connectivity.

#### **Objective 3.3**

Support proactive efforts to adopt advanced energy strategies and bolster energy infrastructure.

##### **NC Strategies**

**3.3.1:** Support energy programs and strategies that lead to business growth and job creation, particularly those in emerging markets.

#### **Objective 3.4**

Complete the Appalachian Development Highway System and invest in innovative intermodal transportation systems to connect businesses and residents within the Region with global opportunities.

##### **NC Strategies**

**3.4.1:** Support local road, intermodal, and transportation projects that create or retain jobs and help drive economic growth.

**3.4.2:** Promote regional planning and collaboration to build a safe, reliable, and cost-effective transportation system in Western North Carolina.

#### **Objective 3.5**

Support construction of business development sites and public facilities and the adaptive reuse of obsolete and/or unsafe properties to stimulate economic and community development.

#### **NC Strategies**

**3.5.1:** Support the development of business-ready sites, including the reuse of brownfields and other infill properties, to attract new investment and spur local growth.

### **Goal 4 – Building Regional Culture and Tourism**

Strengthen Appalachia’s community and economic development potential by preserving and investing in the Region’s local, cultural heritage, and natural assets.

#### **Objective 4.1**

Invest in the development of vibrant Appalachian downtowns and provide support for Appalachian placemaking.

#### **NC Strategies**

**4.1.1** Support activities that have the potential to spur economic development in downtowns.

#### **Objective 4.2**

Invest in economic and community development initiatives that preserve and promote Appalachian communities’ vibrant arts, cultural, and heritage traditions.

#### **NC Strategies**

**4.2.1:** Promote regional tourism by showcasing the natural, cultural, and historic landmarks of Appalachia.

**4.2.2:** Use the region’s natural, cultural, and historic assets to create new economic opportunities and support community development.

#### **Objective 4.3**

Preserve and expand Appalachia’s natural resources to increase outdoor recreation opportunities for residents and visitors and support sustainable economic growth.

#### **NC Strategies**

**4.3.1:** Support the growth of the outdoor recreation economy by investing in regional tourism, local entrepreneurship, and related industries.

### **Goal 5 – Building Community Leaders and Capacity**

Invest in the capacity of local leaders, organizations, and communities to address local challenges by providing technical assistance and support to access resources, engage partners, identify strategies and tactics, and conduct effective planning and project execution.

#### **Objective 5.1**

Develop, support, and empower community leaders that are representative of local communities and focused on long-term, innovative strategies and solutions.

#### **NC Strategies**

**5.1.1:** Help communities with strategic planning and project development that encourages innovative solutions to local and regional challenges.

**5.1.2:** Invest in leadership development across community groups, including youth and emerging leaders, to build strong local leadership.

### Objective 5.2

Build capacity of community organizations and local development districts to effectively access and manage funding, administer programs, and execute projects through implementation.

#### **NC Strategies**

**5.2.1:** Provide communities with tools and resources to help them identify, fund, and achieve their economic development goals.

**5.2.2:** Support organizations that assist local communities with planning and carrying out economic development projects.

**5.2.3:** Encourage regional partnerships and collaboration to improve the effectiveness and efficiency of project development and implementation.

### Objective 5.3

Invest in developing the capacity of communities to build ecosystems where government, non-profits, businesses, and philanthropic partners coalesce around a shared vision for economic and community prosperity and collaborate to implement that vision.

#### **NC Strategies**

**5.3.1:** Support long-term programs and tools that help communities build strong local ecosystems for economic and community prosperity.

**5.3.2:** Promote collaboration among a broad range of stakeholders to address community challenges and drive effective, lasting economic impact.

**5.3.3:** Invest in programs that increase community engagement, broaden participation, and expand leadership opportunities to support inclusive economic growth.

## **ARC Focus for North Carolina**

Governor Stein will utilize ARC resources to strengthen the region's ability to meet the demands of the 21st century economy and to ensure communities are prepared to seize emerging opportunities. A key focus will be supporting communities still recovering from the devastating impacts of Hurricane Helene by investing in resilient infrastructure, rebuilding local capacity, and restoring economic vitality. His priorities include long-term infrastructure projects that promote job creation and commerce, helping local governments build systems that can better withstand future disruptions, and expanding workforce development through stronger partnerships between K-12 schools, community colleges, and local industry. Additionally, he is committed to improving health outcomes in rural communities by supporting projects that grow the health care sector and address persistent challenges such as substance use disorder. These investments reflect the Governor's belief that economic development requires leadership, planning, and action—and that ARC resources are essential to helping communities across North Carolina, especially those hardest hit by natural disasters, build a more resilient future.

## **NC ARC Investment Opportunities (Project Types) Overview**

The following are examples of types of projects Governor Stein would like to support with ARC resources. (Examples are listed by ARC Strategic Investment Goals.)

### **Goal 1 – Building Appalachian Businesses**

Strengthen and diversify the Region’s economy through expanding economic development strategies and investments in entrepreneurship and business development.

Examples of potential projects include shared-use kitchens, co-packaging plants, small business incubators, regional agriculture markets, community loan funds, industry cluster development, small business plan competitions, and small business mentorship programs.

### **Goal 2 – Building Appalachia’s Workforce Ecosystem**

Expand and strengthen community systems (education, healthcare, housing, childcare, and others) that help Appalachians obtain a job, stay on the job, and advance along a financially sustaining career pathway.

Examples of potential projects include career pathway program development, health care training programs, rural health care clinics, college access programs, employment supports, and workforce development programs.

### **Goal 3 – Building Appalachia’s Infrastructure**

Ensure that the residents and businesses of Appalachia have access to reliable, affordable and resilient utilities and infrastructure in order to successfully live and work in the Region.

Examples of potential projects include downtown Wi-Fi, broadband fiber deployment, access roads, water and sewer projects that result in job creation and/or retention, industrial site development, and transportation planning.

### **Goal 4 – Building Regional Culture and Tourism**

Strengthen Appalachia’s community and economic development potential by preserving and investing in the Region’s local, cultural heritage, and natural assets.

Examples of potential projects include local food and farm programs, downtown revitalization, regional craft and art trails, tourism development, establishment of gateway programs, regional tourism development, and outdoor recreation economy planning and development.

### **Goal 5 – Building Community Leaders and Capacity**

Invest in the capacity of local leaders, organizations, and communities to address local challenges by providing technical assistance and support to access resources, engage partners, identify strategies and tactics, and conduct effective planning and project execution.

Examples of potential projects include regional planning, community economic development planning, local leadership development training, youth leadership development, and community engagement programs.

## State Program Operations

The Governor, as the state's member of the Commission, establishes the program's direction and priorities. North Carolina's ARC program aligns with the Governor's priorities and regional input to ensure investments are directed toward the areas of greatest impact. Governor Stein's Alternate, Jim McCleskey, Director of the Governor's Washington, D.C. Office, works closely with the Governor's senior staff and oversees daily operation of the program and coordinates the state's work on behalf of the program. The program administration is housed with the Rural Economic Development Division of the North Carolina Department of Commerce, however, it takes policy and program direction from the senior staff in the Governor's Office. Fiscal support for the Consolidated Technical Assistance Program and the state's assessment, as well as ARC program-related travel and physical operations are provided through the NC Department of Commerce.

The NC ARC Program partners with several organizations both at the state and federal level, along with a number of nonprofits. Staff work daily with colleagues across the Rural Economic Development Division, including the North Carolina Main Street & Rural Planning Center, the Community Development Block Grant Program, and the Rural Engagement and Investment Program. These programs provide assistance for building reuse and restoration, water and sewer infrastructure, and economic innovation in rural communities. Other NC Department of Commerce ties include all elements of business and industry development, and workforce development. Coordination also occurs with other state agencies including, but not limited to:

- The Department of Environmental Quality, which currently includes water and wastewater programs for the state, as well as other environmental programs;
- The Department of Health and Human Services, which provides rural health and child development services;
- The State Treasurer's Office, which oversees and regulates local fiscal affairs;
- The Department of Public Instruction, which governs elementary and secondary education;
- The North Carolina Community College System which oversees 58 public, two-year institutions;
- The University of North Carolina System, which oversees 16 institutions; and
- Economic Development Partnership of North Carolina (EDPNC)

The program continues to maintain strong relationships with these federal agencies:

- The United States Department of Agriculture state and district offices that serve ARC counties;
- The Economic Development Administration's state representative as well as the regional office in Atlanta; and
- The United States Department of Housing and Urban Development.

There is also occasional interaction with the Federal Emergency Management Agency, Environmental Protection Agency, the Small Business Administration, and staff with the National Park Service.

Program staff relies extensively on state and federal agencies for technical review and engineering support of proposed project activities and request their aid in determining project readiness, assessing if a potential project duplicates existing efforts, and for joint funding of projects and administration of ARC funds, when applicable. Close cooperative relationships also are maintained with non-profits including the Dogwood Health Trust, the North Carolina Rural Center and the Golden LEAF Foundation. Continuing contact and information sharing among the agencies and partners promotes a coordinated development effort for the state and aids in resolving problems and meeting the needs of its communities, especially in efforts to support or develop local capacity.

The six LDDs serving North Carolina's ARC region, as agents of their member governments, maintain constant contact with the state and provide feedback, suggest areas of concentrating efforts, and supply multicounty perspectives on issues. The LDDs also provide most of the direct technical assistance to applicants in the region. Technical assistance runs from the development of projects to the packaging of applications and in some cases, includes aid in bidding, administering, and closing out projects. The state relies heavily on input from the LDDs in developing new project directions and in soliciting input from other organizations in the region.

Local governments' input comes in many forms. Contacts may be made:

- Through the LDDs;
- Directly with the Governor, the Governor' ARC Alternate, or members of the Governor's staff;
- Through local government associations (the NC League of Municipalities and the NC Association of County Commissioners);
- Through referrals from other agencies; or
- Through advisory groups used as a source of program development (such as the Rural Infrastructure Authority).

### **State Program Operating Policies**

In North Carolina, the level of ARC funds requested may not exceed 50% of the total project cost, except: 1) in designated at-risk and distressed counties where the state determines the project is not feasible without the injection of a higher percentage of Appalachian dollars; and 2) in multijurisdictional projects that meet requirements set out in the Appalachian Regional Development Reform Act of 1998, which generally involve the participation of distressed counties. The level of ARC funds requested for projects in designated competitive counties may not exceed 30% of the total project cost unless the applicant provides adequate justification to meet exceptions in the ARC Code. Projects involving designated attainment counties must be multi-county in scope and meet the stringent criteria defined in the 1998 law.

Proposals for the following activities are not eligible: **construction of schools, libraries, government offices, hospitals, community centers, museums, social services facilities, law enforcement facilities, or recreational facilities.** However, the ARC program will consider the jobs created by these and other facilities as part of the justification for water and wastewater projects. Generally, funding is not available to cultural facilities and activities; however, activities related to development initiatives may be considered where the jobs and wealth resulting from those activities can be documented and are equivalent to the performance measures generated by more traditional economic development and entrepreneurial activities.

The state will work with the LDDs, local governments, and basic agencies to continue efforts to obligate the state's ARC allocation in a timely manner and to achieve dual objectives of better serving applicants and more efficiently initiating ARC's investments in North Carolina.

### General Information

- All application materials will be published on-line at <https://www.commerce.nc.gov/about-us/divisions-programs/rural-economic-development-division/appalachian-regional-commission>.
- Higher priority is given to projects that are deemed ready to go. To meet this requirement, the applicant should have all other funding for the project committed.
- Both the worth of the individual project in achieving the State's objectives and the level of assistance needed are determined on a case-by-case basis.

Initial screening of proposals focuses on the following elements:

- Feasibility of the project approach;
- Eligibility under ARC Code and Appalachian Act;
- Consistency with State and Commission goals and strategies;
- Economic impact within the context of the region and the area to be served;
- ARC assistance is the source of last resort. As such, projects may only use ARC funds where there is no other source of funding and/or where Commission money will make a project feasible;
- Project applications must include measurable outputs and outcomes that are consistent with federal performance measurement requirements;
- Individuals and for-profit enterprises are not eligible for direct grant assistance; but may benefit from, and be served by, the investment of ARC funds.

Special provisions related to operating projects:

- ARC funding for operating projects normally will be limited to start-up costs and two years of operation (three years of assistance);
- No project will be guaranteed more than one year of support and applicants are advised that projects requesting multiple year funding generally will not be given a high priority;
- Any project requesting start-up funds should be prepared to identify the sources that will underwrite the costs after the first year of ARC support;

- Generally, continuation projects (those operating in multiple years with no appreciable changes in project design or scope) should reduce the level of ARC support by 10% of the amount of their previous grant or show other efforts to enhance the program attaining self-sufficiency;
- Operating projects also will be encouraged to propose an 18-month initial project period. Since most projects need this additional time to meet unexpected start up delays, the proposed longer performance period should help avoid the need to extend project periods to meet the first year's objectives;
- Any project seeking continuation funding (a second or third application for assistance) will need to initiate discussions with the State's ARC office at least a month in advance of the application submission deadline in order to determine if an application will be considered. Prior to seeking continuation consideration, the project sponsors should compile information documenting satisfactory performance in meeting the accepted output and outcome measures to support the request for continued assistance.

Decisions to consider projects for Appalachian funding are based on summary information that provides enough detail to enable the State ARC office to determine the proposal's eligibility. Construction projects should have preliminary commitment of jobs and a preliminary engineering report prior to requesting consideration. Construction projects also must obtain the review and approval of another federal grant-financing agency, and any ARC funding consideration is contingent upon obtaining the participation of another federal agency.

### **Funding and Match Guidance**

The state has set a general guideline that ARC assistance will not exceed \$700,000 for construction projects and \$300,000 for non-construction projects. Funding will constitute no more than 50% of the total project cost. However, special consideration will be given to infrastructure projects in distressed and at-risk counties. Selected projects may request up to \$1,000,000 in ARC funding. Special consideration may also be given to non-construction projects with an emphasis on workforce development and education with an allowable funding amount up to \$500,000. The level of ARC funds requested for projects in designated competitive counties may not exceed 30% of the project cost unless justification is provided to meet exceptions in the ARC Code. The Program reserves the right to reduce the requested funding amount in order to allocate available resources efficiently and effectively.

To comply with Congressional instructions, the matching requirements in multicounty projects will vary, depending on the designated economic status of the counties involved. Multicounty projects serving fewer than the 31 NC ARC counties will be computed based on the average of the eligible financing level for the counties involved.

Cost overruns and significant changes of project scope on previously approved ARC projects generally will not be considered for funding. Changes required by design modifications or changes that will generate additional jobs will constitute rationales for consideration of overrun requests.

ARC funds cannot supplant or diminish the level of other funds (federal, state, or local) going into the Appalachian region or the project area. ARC funds cannot replace other funds to continue a project, nor may ARC funds be used to allow the diversion of existing resources to other purposes or to reduce the amount of bonds to be sold to finance local improvements.

This application process will allow the Program to continue to be responsive to local needs while ensuring timely obligation of ARC funds.

Applicants are encouraged to work closely with other agencies involved in their project to meet the cut-off dates. Proposals involving construction should be especially aware of the time constraints and applicants should alert their engineers to strictly observe these time deadlines.

### **Application Process**

The NC ARC Program invites applications annually, typically in March, for the upcoming federal fiscal year. This timeline may be adjusted to accommodate congressional mandates or other funding considerations.

#### Pre-Application Phase

The process begins with the release of a Request for Pre-Applications, published on the NC Department of Commerce website. Pre-applications are due approximately six weeks after this announcement.

Once submitted, pre-applications undergo a thorough review by a team from the Department's Rural Economic Development Division (REDD). This team includes:

- NC ARC Program Staff
- Rural Economic Development Planners
- Main Street Program Developers
- Community Development Block Grant Administrators

This multidisciplinary team evaluates proposals based on their alignment with:

- ARC's Strategic Investment Goals
- Governor Stein's ARC priorities
- The potential to make a measurable economic impact in the NC ARC region

The REDD team brings deep knowledge of local challenges and opportunities and works closely with local governments and organizations throughout North Carolina's ARC region.

In parallel, the ARC Program Manager consults with Local Development District (LDD) Executive Directors to assess regional priorities and ensure alignment with broader development strategies.

Following this collaborative review, selected applicants are invited to submit full applications. Notifications are sent via email.

#### Application Phase

Full applications are by invitation only and are generally due by July 31st each year. Invited applicants are required to attend an ARC Application Workshop, typically held in mid-June. This workshop is conducted in person and features presentations from both NC ARC staff and representatives from ARC headquarters, offering guidance on crafting competitive and compliant applications.

Once full applications are submitted, they are reviewed by the internal review team, which includes both state staff and LDD representatives. Applications are evaluated for:

- Consistency with ARC and state requirements;
- Alignment with key priorities, including:
  - Enhancing long-term infrastructure to support commerce and job creation;
  - Strengthening local government infrastructure resiliency, particularly in response to Hurricane Helene; and
  - Building partnerships between local industries, K–12 schools, and community colleges to improve workforce development pipelines;

After completing the review process, recommended projects are submitted to the Governor for approval and transmittal to ARC headquarters. Final funding decisions are made by the ARC Federal Co-Chair.

### **Timing Considerations**

The ARC Program will publish application forms on the Program's website:

<https://www.commerce.nc.gov/about-us/divisions-programs/rural-economic-development-division/appalachian-regional-commission>

This application process will allow the Program to continue to be responsive to local needs while ensuring timely obligation of ARC funds.

Applicants are encouraged to work closely with other agencies involved in their project to meet the cut-off dates. Proposals involving construction should be especially aware of the time constraints and applicants should alert their engineers to strictly observe these time deadlines.