

Star, North Carolina



	Star
Population (2000)	800
Municipal budget (2006)	\$450,000 ⁹⁸
Per capita income (2000)	\$20,300
Median household income (2000)	\$26,850
Poverty rate (2000)	18%
Minority population (2000)	9%
Proximity to urban center	70 miles to Charlotte, N.C.
Proximity to interstate highway	72 miles
Strategic approach	Entrepreneurship Downtown revitalization
Time frame	2004-2007

In Star, small business entrepreneurs are driving job creation. Until the mid-1990s, Star was a one-industry rural community. Hosiery mills provided solid and steady job opportunities. As the mills closed and unemployment shot up, Star joined the Yadkin Pee Dee Lakes Project (a regional nonprofit organization) to work toward economic diversification in the small, rural communities of Montgomery County. The centerpiece of the strategy is the STARworks Center for Creative Enterprises in downtown Star. It is a business incubator, located in a former mill building, which provides space and training to local artisans and businesses and then facilitates their transition into Star and other surrounding communities. “There are no more big buffaloes to run our town so we are relying on small, creative entrepreneurs to fill our downtown and bring in new dollars,” the mayor said.

The community and its history

Star is located in the Yadkin Pee Dee River basin, approximately halfway between Charlotte and Raleigh, the two largest cities in North Carolina. Star grew as a railroad stop on the Norfolk Southern Railroad, which passed from Charlotte through Raleigh on its way to Norfolk. Railroads, cheap non-unionized labor and low tax rates brought hosiery mills into the region, and mill jobs formed the basis of Star’s economy for almost 50 years.

By the 1980s, Star was home to two large hosiery mills, each employing more than 1,000 workers. The mills were the lifeblood and economic

In the wake of shuttered textile mills and climbing unemployment, Star joined with a regional nonprofit partner to develop a business incubator, located in a former mill building, which provides space and training to local artisans and small business entrepreneurs.

⁹⁸Interview with Kathy Harris, mayor of Star, April 23, 2007.

engine for the community until both mills closed in the 1990s. To combat the job losses, communities from the seven-county basin came together to create a strategic plan for economic revitalization and balanced growth. "Our biggest question was figuring out how to find a new economic engine for these rural communities," said Nancy Gottovi, executive director of the Pee-Dee Lakes Project. The project, a regional nonprofit organization, was created in 1994 to carry out the plan that emerged.

The strategy

Star's strategy is to work with the Pee Dee Lakes Project to develop the STARworks Center for Creative Enterprises. Local leaders believe that small business entrepreneurs who nurture their young businesses in the STARworks Center will move out into Star and surrounding communities and become new engines for the region's economic growth. Importantly, Star's strategy is twofold: to create an incubator for new small businesses and to create a pathway and support network for businesses that graduate from the incubator and move out into the local market.

Development of the STARworks Center started in 2004 when a prominent local businessman donated the Renfro Mill building in downtown Star to the Pee Dee Lakes Project. The imminent availability of a significant building space got the town thinking. "At the time, counties in this region were still trying to recruit big manufacturing operations," Gottovi said. "We thought why not recruit smaller entrepreneurs who could grow their business and then spin them off into the surrounding small towns." The strategy became known as Small Town Area Revitalization or STAR.

The Pee Dee Lakes Project and the Town of Star teamed up to test the idea. The project received a grant from the Golden LEAF Foundation and U.S. Department of Agriculture to fund renovation of the Renfro Mill. By 2005, renovation was complete and the STARworks Center for Creative Enterprises opened with its first tenant, a high-end ceramics artisan. Currently, STARworks is home to a variety of businesses, including a geothermal company, a ceramics supply firm and a glass and metal studio.

While rehabilitating the Renfro Mill, the town also set about a process to improve the downtown business district so that small businesses had a place to go after "incubating" in the STARworks Center. With help from the Pee Dee Lakes Project, the town created a group to initiate downtown revitalization. Star Central is the citizen-led organization in charge of preparing the community to receive businesses from the incubator. Star Central was divided into six different teams, ranging from economic restructuring to promotion and marketing, that are currently working to revitalize Star's downtown.

After only two years of operation, the STARworks Center is beginning to show results. Star Kilns, a ceramics business, is transitioning from incubator space to downtown Star. Mayor

Harris estimates that Star Kilns will create seven jobs for local residents. Additionally, Star Kilns is in discussion with one of its suppliers to open a facility in Star. Nearby Ellerbe and Baden are working to replicate the Star Central citizen group model under the direction of the Pee Dee Lakes Project, recently renamed Central Park NC. Through the STARworks Center, Star and neighboring communities are showing how rural mill villages can find new economic engines in the 21st century.

What are the lessons from this story?

Find creative re-uses for vacant buildings. Textile mills offer unique features not commonly found in business incubators: abundant space. The Southeast is littered with large, historic mill buildings that are both assets and liabilities to small communities. In some cases, environmental factors are a roadblock to building reuse. In others, moderate revitalization investments can jump-start a facility's productivity. The STARworks Center illustrates how one small town used its mill to create new jobs. The Renfro Mill is 187,000 square feet, giving the project freedom to offer businesses and artisans substantial loft-type space. The availability of low-cost space ended up being a big draw for many of the businesses now located in the STARworks Center.

Surviving the economic transition requires a shift in local expectations regarding job creation. Most of Star's economic legacy has been shaped by one industry – first the railroad, then the hosiery industry. The transition from a one-buffalo town to a community supported by a number of small businesses requires more than reshaping an economic development strategy; it requires shifting mindsets and community expectations. "A lot of the work we're doing is getting small towns psychologically ready for these new small businesses," Gottovi said. "These used to be towns with one large employer that held everyone together. Now it's different." Through citizen groups such as Star Central, the mindset is shifting. Residents are beginning to understand that these smaller businesses, which individually create far fewer jobs than a large branch plant, will form the economic backbone of their community. Realistic expectations among local residents help to make a business's transition from the incubator to town more fluid. Perhaps even more important is that this shift in community mindset is creating the kind of community buy-in necessary for projects such as STARworks to succeed.

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