

Case Study Two

Directions: Read this case study carefully. On Page 81, you will be asked to evaluate the unmet needs, assets and opportunities of the community presented in the case study. Next, you will have the opportunity to work through three scenarios to finance a community development project.

Keep in mind, there is no one right way to approach community development finance.

HomeMade in Adamson: Sustainable Economic Development

Background

During the past 20 years, the state of Adamson has seen explosive growth. Adamson recently led the nation in industrial expansion and relocation. But, at the same time, southeastern Adamson has lost its relative economic standing in the state.

Although the state of Adamson as a whole has benefited from aggressive industrial recruitment campaigns, such a strategy would be counterproductive in the highly rural areas of southeastern Adamson, where the challenge is to develop economic strategies sensitive to the natural environment, preserving its unusual agrarian, small-town culture.

Southeastern Adamson is constrained by a lack of land suitable for economic investment. A large federal presence, extensive holdings by corporations and utilities, watershed restrictions and steep, hilly slopes keep more than half of the available acres out of use. In addition to the land owned by the federal government and corporations, the region has many absentee owners who are disinterested in the area.

The region is blessed, however, with major highways, which create an intersection between north and south, east and west.

To regain its economic standing in the state, southeastern Adamson needs a creative approach, one that offers opportunity for skilled jobs and the diversification of the economic base of the area.

Now, imagine a manufacturer that is environmentally friendly, producing practically no air, soil or water pollution. It employs 739 full-time and 3,349 part-time workers, and its contribution to the economic base of the area exceeds \$122 million annually. It does not take advantage of any special subsidies or treatment from local, county or state government—no tax breaks, site improvements or special infrastructure, such as improved roads, sewage or drainage. Sound too good to be true? Most economic development experts would say so. However, this industry already exists in southeastern Adamson, and it has been here for hundreds of years. It is the individual craft and cultural heritage tourism industry.

The rolling hills and river valleys of this region have long been identified with beautiful and functional handmade items. The region is home to the nation's finest craft schools and its oldest continuing craft organization. Most native southeastern Adamson industries—pottery, paper, textiles and furniture—grew from handmade traditions.

Realizing the future may frequently be devised from the past, the challenge became apparent: How could the region and its rural communities build an identity and an economy around the multimillion-dollar “handmade industry”? Until now, it has been composed of many small businesses that have not acted together as a single industry or in a coordinated fashion.

“HomeMade in Adamson” was envisioned as an initiative that would focus on maintaining and enhancing the region's quality of life while broadening its economic opportunity.

People

HomeMade in Adamson was organized as a nonprofit organization dedicated to sustainable community and economic development in southeastern Adamson, focusing on the handmade items industry. The goals of the organization are to:

- Develop community strategies that will collectively enhance Adamson's role nationally and internationally within the homemade craft field.
- Establish an academic base to promote crafts at all levels of school.
- Develop a communication plan that establishes Adamson's role as the center for handmade objects in America.
- Implement environmentally sustainable economic strategies for Adamson that emphasize the handmade industry and cultural and heritage tourism.

- Implement strategies that will enhance opportunities for makers of hand-made objects within Adamson.
- Actively encourage the public, private and nonprofit sectors to develop independent and interdependent vehicles that build the handmade industry.

HomeMade was organized to be inclusive. Everyone in southeastern Adamson was invited to participate. Meetings were held across the region in a variety of settings to communicate the inclusiveness of the process. The people who attended these meetings listened, talked and debated how to best achieve their goal, which is to make southeastern Adamson the center of handmade objects in the nation.

More than 360 people participated in a regional planning process. Currently, more than 600 citizens are participating in 11 regional and local HomeMade projects. The quarterly newsletter, *Partners: Explorations in Community*, is mailed to 2,500 people who have expressed an interest in HomeMade in Adamson.

The organizational structure of the HomeMade initiative is highly developed and includes the parent company and three subsidiaries: a community development corporation, a foundation and an entrepreneurial financial services corporation. Each corporation is under the leadership of a skilled professional who directs a small staff.

The HomeMade parent corporation is governed by a board of advisors made up of 22 members representing the region geographically and drawing from diverse sectors of the community.

Process

An economic impact study conducted in 1995 revealed that craft-related activities generated more than \$122 million annually in Adamson. The state is home to 4,000 full- or part-time artisans. The production of handmade items represents an invisible factory already existing in the region. Annual craft sales include: \$25.6 million for full-time professional producers, \$22.7 million for second income or part-time producers and \$70.8 million for retail shops and galleries. Consumer sales at four craft fairs held in summer recently totaled \$1.5 million and are indicative of the potential value of the more than 85 craft fairs held annually throughout the region.

