



PEARLAND
PROSPERITY



Research
Executive Summary
February 2024



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To view the entire plan and updates, visit PearlandProsperity.com.

PROJECT OVERVIEW

The Pearland Prosperity Update will be carried out through a three-phase process that began in July 2023 and will conclude in January 2024. It is led by the Pearland Prosperity Committee, a dynamic group of community leaders tasked with sharing their perspectives and insights, reviewing research and input findings, and making key decisions about the priorities and strategies that will define the updated strategy. The Pearland City Council, Pearland Economic Development Corporation (PEDC) Board of Directors, and Pearland Chamber Board of Directors are providing input and oversight throughout the process.

Phase 1: Research and Input

Successful economic development strategies are built upon a solid understanding of a community's competitive opportunities and challenges. This phase blended existing research, stakeholder input, and new quantitative analysis to develop the Research Executive Summary document that highlights the most important competitive realities in Pearland and their implications for strategy development.

Phase 2: Strategy Development

This phase will result in the development of a next-level strategy for Pearland that blends ongoing initiatives that warrant continuation with new priority programs and investment. The strategy will establish priorities for partners in Pearland to pursue in the next five years. The strategy is expected to be finalized in December.

Phase 3: Implementation Guidelines

While the updated Pearland Prosperity strategy will determine “what” partners in Pearland will do strategically for the next five years, the Implementation Guidelines will prescribe “how” that will be accomplished. This phase will consider the costs, capacity, and workflows impacting implementation partners. The Implementation Guidelines will be developed in consultation with leaders from the PEDC, City of Pearland, Chamber and other partners that will play a direct role in activating the plan. This phase is expected to conclude in January 2024.

INTRODUCTION

The City of Pearland has become a “community of choice” in Greater Houston by offering residents excellent schools, good access to job centers, and a high quality of life in one of the nation’s most racially and ethnically diverse communities. Leaders in Pearland understand, however, that they cannot afford to rest on these laurels as the community matures and regional, national, and global competitive realities are rapidly evolving.

Accordingly, partners have come together around a strategic planning process to update Pearland Prosperity, the community’s holistic economic development strategy which was adopted in early 2020. This signature program. – spearheaded by the Pearland Economic Development Corporation (PEDC) in partnership with the City of Pearland, Pearland Chamber of Commerce, and others – has been an important catalyst for the forward-thinking change. A three-phase, seven-month process will result in the creation of a refreshed Pearland Prosperity plan that will guide the community’s strategic actions for the next five years.

This Research Executive Summary represents the culmination of Phase 1. Its findings are derived from a review of numerous existing plans and studies, new quantitative research, and extensive input from key community leaders. It is divided into two sections. The Competitive Realities section provides a concise summary of competitive opportunities and challenges. The Implementation Evaluation focuses on high-level themes from the activation of the current Pearland Prosperity strategy

ABOUT BROAD RIPPLE STRATEGIES

Broad Ripple Strategies (BRS) has been selected as Pearland’s partner for the strategic planning process. BRS represents nearly 30 years of experience crafting community, workforce, and economic development strategies that build consensus, drive investment, and get results. Our team has helped more than 65 clients develop nearly 100 strategies for community and economic development, talent and workforce sustainability, and quality of place. BRS’ principals have worked everywhere from small towns and rural areas to major regions such as Des Moines, IA and Nashville, TN. BRS principals Alex Pearlstein and Matt DeVeau worked with stakeholders in Pearland to develop the Pearland Prosperity and Pearland 20/20 strategies. Elsewhere in Texas, our team has previously worked in Arlington, Austin, San Marcos, Waco, and Wichita Falls.

COMPETITIVE REALITIES

Successful economic development strategies begin with a strong understanding of a community's opportunities and challenges. Accordingly, Phase 1 of the strategic planning process was devoted to gaining an understanding of the latest competitive realities in Pearland. Phase 1 activities included:

- A review of dozens of documents such as strategic plans and research reports that are relevant to the Pearland Prosperity initiative
- Stakeholder input that consisted of more than 20 individual interviews with top public and private leaders in Pearland, a focus group with Pearland Young Professionals, and an invitation-only online survey; input from these leaders was further supplemented with findings from the 2021 National Citizen Survey (NCS), which provided insights into resident perceptions about the community's quality of life and quality of place
- Analysis of dozens of the latest data indicators that provide insights into Pearland's competitive position. To provide necessary context to the trends and issues discussed, Pearland's performance was analyzed relative to the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (Greater Houston) and the United States, as well as three high-performing benchmark communities: Cary, NC, McKinney, TX, and Sugar Land, TX.

The key findings from this research are synthesized in this document. **The Competitive Realities section is not intended as a comprehensive examination of every aspect of Pearland as a place to live, work, and do business; instead, this section seeks to highlight the most important themes from research and input and their implications for strategy development into a concise summary.**

At the heart of the current Pearland Prosperity strategy are two Community Goals that broadly identify the desired outcomes of Pearland's holistic economic development effort. These goals are: "Economic growth and diversification" and "A community of choice in Greater Houston." Accordingly, it is useful to evaluate the community's performance and stakeholder perceptions related to these goals. Key findings are organized into bullets under descriptive subheadings that correspond to major themes. Many of the findings herein will be familiar to leaders in Pearland, particularly those who have been engaged in Pearland Prosperity and other planning efforts. This section seeks to build upon these previous efforts and provide an updated look at what data and stakeholder input reveal to be the top strengths, weaknesses, opportunities, and challenges for the community.

1. ECONOMIC GROWTH AND DIVERSIFICATION

Significant growth and diversification were achieved through business relocations and expansions

- A key pillar of the Pearland Prosperity initiative is growing jobs in “traded” business sectors that “export” goods and services to other markets, thereby bringing new wealth into a community and diversifying its tax base. To that end, PEDC and its partners have achieved numerous economic development “wins” in recent years in the form of business relocations and expansions.
- Headlining the list is Lonza, a Swiss firm that operates the world’s largest dedicated gene and cell therapy manufacturing facility in the Lower Kirby District. While this facility opened in 2018 prior to the adoption of the current Pearland Prosperity Plan, the company has undertaken numerous expansions in recent years and now employs more than 1,000 people in Pearland.
- Stakeholders expressed pride that Pearland now has a traded-sector firm with a “four-digit headcount” and desire to see the community build on this momentum to attract more research and development and manufacturing operations in the biotechnology and medical device fields. Additional progress in this area includes Healgen Scientific and Millar, Inc. selecting Pearland in 2022.
- Other significant project wins include but are not limited to Syzygy Plasmonics, a touted Houston-based hydrogen startup, and Endress+Hauser, a Swiss-based manufacturer of laboratory instruments.

Recent economic growth and diversification may not be fully evident in the available data

- According to data provider JobsEQ, just 17 percent of jobs in Pearland are in “traded” industry sectors, the lowest among comparison geographies. Additionally, JobsEQ estimates that Pearland added just 845 traded-sector jobs between the first quarters of 2018 and 2023, a 13.2 percent growth rate that lagged all comparison cities and was only slightly ahead of Greater Houston and national averages.
- There is reason to suspect, however, that this data may not capture the full extent of recent traded-sector growth in Pearland. Economic data from JobsEQ and similar platforms are built largely on county-level data from the Bureau of Labor Statistics. Estimates for sub-county areas such as cities are imputed from other data sources, which are less timely, precise, and comprehensive.
- Notably, Pearland is home to corporate headquarter operations such as Buc-ee’s and Kelsey-Seybold, which employ hundreds of workers. But JobsEQ and government data sources show virtually no employment in the business sector in which headquarter operations are typically classified. Similarly, it is known that Lonza has added more than 1,000 jobs in Pearland in recent years, but this growth is not evident in sectors related to pharmaceutical and medicine manufacturing, scientific research, or any similar activity. (BRS is not aware of any major layoffs in these sectors that could offset such rapid

growth.)

- A deep dive into why Pearland's known economic growth is not evident in the data is beyond the scope of this analysis, but it is quite possible that the "on the ground" reality is more positive than industry and occupational data would suggest.

Overall, however, the economic dynamics of a "bedroom community" persist

- A key theme from previous economic development planning processes is that Pearland's economy is that of a "bedroom community," with most jobs concentrated in business sectors that cater to a local population. This dynamic is still largely in place today.
- The four largest business sectors by total employment in Pearland are (in order): health care, retail, accommodation and food services, and education. These sectors combine for roughly 25,000 jobs – 58 percent of total employment in Pearland. Nationally, these sectors account for just 41 percent of total jobs.
- Additionally, these sectors accounted for more than three out of every four new jobs in Pearland between the first quarters of 2018 and 2023, indicating that they became even more concentrated in the past five years. Nationally, the sectors combined for just 12 percent growth.
- According to data from the U.S. Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) program, most Pearland residents who have a job commute outside the city to work. Meanwhile, most jobs in Pearland are filled by workers who live somewhere else. LEHD data also reveals that Pearland residents who commute elsewhere for work typically hold higher-paying jobs than individuals who commute into the city for work. These trends are consistent with stakeholder input that many local residents work in nearby job hubs such as the Texas Medical Center (TMC) and NASA, while many workers in service industry jobs live elsewhere.
- According to data from JobsEQ (which utilizes LEHD data but is not directly comparable) there are roughly 63,000 individuals who live in Pearland and are employed compared to approximately 43,000 jobs based within the Pearland city limits. This works out to a ratio of roughly 68 jobs based in Pearland for every 100 workers. This is comparable to the dynamic seen in McKinney (63 per 100), but is quite different from Cary, NC (117) and Sugar Land (161), which are themselves major job centers.

The impact of remote and hybrid work in Pearland is difficult to assess

- Commuting patterns in the United States were significantly impacted by the COVID-19 pandemic, as many jobs in professional services and traditional "white collar" fields transitioned to increased remote and "hybrid" work. This has a variety of significant implications for economic development, from the amount of office space firms require to the types of "weekday amenities" that talented individuals look

for in a community.

- Unfortunately, information on work-from-home trends is not available for Pearland or any of the comparison cities through the U.S. Census Bureau's American Community Survey (ACS) 2022 1-year estimates due to insufficient survey data.
- That said, JobsEQ classifies occupations by whether they are rarely, occasionally, or frequently remote. Among workers who live in Pearland, 63.3 percent work in an occupation that is "rarely remote" such as nursing or a manufacturing job, lower than the averages for Greater Houston (71.6) and the United States (71.4).
- Approximately 14.3 percent of workers who live in Pearland hold a job in a "frequently remote" occupation such as software development. This is higher than the averages for Greater Houston (11.0 percent) and the United States (11.6), though slightly below Sugar Land (16.5) and far below category-leader Cary, NC (23.6).
- While it is not possible to develop precise estimates for the proportion of Pearland residents who are engaged in remote and hybrid work, the fact that more than one-third of its workers are in jobs that are likely to allow for at least occasional remote work suggests that this is a significant competitive issue for Pearland (as it is for most communities around the country).

Pearland's educated and skilled workforce remains its top asset to support economic growth

- Diversifying an economy is a long-term undertaking, but Pearland is fortunate to possess the single most important factor for economic success: a highly educated and skilled workforce.
- According to ACS 5-year estimates covering 2017 to 2021, 58.2 percent of Pearland residents aged 25 and over held an associate's degree or higher, nearly 16 percentage points above the national average. This is a significant competitive advantage, though one that many other highly educated suburbs can boast. Pearland had the lowest associate's and bachelor's degree attainment rates among the comparison cities, and these gaps increased slightly between the five-year periods ending in 2016 and 2021.
- As previously referenced, JobsEQ provides insights into the types that workers who live in Pearland hold (regardless of where that job is based). Among Pearland's residents, the largest occupation by total employment is "general and operations managers," with occupations such as accountants and auditors, software developers, and project management specialists also in the top 20.
- A location quotient (LQ) is a calculation that compares the share of local employment to the share of national employment for a particular sector or occupation. An LQ above 1.0 may indicate some competitive advantage in a given sector or occupational competency.

- The occupation with the highest LQ among Pearland's resident workforce is "chemical equipment operators and tenders," which is consistent with the strength of the energy and chemical sectors in Greater Houston. With an LQ of 4.04, this occupation is more than four times as concentrated among Pearland's resident workforce than it is nationwide.
- Other occupations with strong LQs include computer network specialists, logisticians, computer network architects, network and computer systems administrators, and various types of engineers. These occupations suggest that Pearland's residents possess a variety of skills and credentials that can support a broad range of economic activity.
- Stakeholders noted that Pearland is served by a strong set of workforce development assets, including but not limited to: Alvin Community College, San Jacinto Community College, the University of Houston-Clear Lake at Pearland, as well as excellent PK-12 school systems and their career-oriented high schools Turner College and Career Center and the JB Hensler College & Career Academy.
- Stakeholders also praised significant progress on workforce development issues that have occurred in the community in recent years, partially as a direct result of Pearland Prosperity; these issues are discussed in the Implementation Evaluation section.

Continued investment in sites, infrastructure, and related improvements is needed to support growth

- Stakeholders noted that the success of the Lower Kirby District has been instrumental in the community's economic diversification. According to PEDC data, there are now more than 2,000 jobs based in the area across nine large employers, with the total increasing on a regular basis.
- Stakeholders said that the master planning and community branding work that has gone into Lower Kirby has been a major factor in attracting firms to the area, as it offers a differentiated presentation and "feel" relative to competition in nearby unincorporated areas. Said one individual, "Seeing the investment of time and dollars (in the Lower Kirby District) come back and pay off has been good."
- Input participants said the supply of readily developable land in the Lower Kirby District is limited, and many other potential sites throughout the community have one or more issues (complex ownership, environmental concerns, etc.) that could make them difficult to make ready for development at the speed with which many competitive site location processes are conducted.
- While there is not full consensus on the issue among Pearland stakeholders, if the community is to "remain in the game" for many future economic development projects, it will need to proactively pursue the development of additional industrial and commercial sites along with the necessary supportive infrastructure, "curb appeal" upgrades, and so on.

Perceptions of Pearland's business climate are mixed

- Pearland business owners and representatives who participated in the 2021 National Business Survey (NBS) had generally positive views of Pearland's business climate. Approximately 85 percent of respondents rated Pearland as a "good" or "excellent" place to do business, higher than the national average on similar surveys carried out by the National Research Center and Polco. A similar percentage of respondents said they were likely or very likely to recommend operating a business in Pearland to someone who asks.
- But some input participants contacted as part of this process expressed significant frustrations when it comes to navigating permitting and zoning processes in the community.
- The city has sought to make its development process easier to navigate with the adoption of the OpenCounter online tool that assists developers, businesses, and others with navigating the initial steps of the permitting and zoning processes. Some stakeholders said they would like to see the community take further steps toward creating a true "one-stop" development process by integrating fields such as engineering into the Community Development team.

Stakeholders desire continued support for entrepreneurs and small businesses

- In addition to growing Pearland's economy through business attraction and retention, Pearland Prosperity also seeks to support the formation and growth of new businesses in the community. Stakeholders contacted during this process said enhancing assistance for entrepreneurs and smaller incumbent businesses remains an important priority.
- As part of the implementation of Pearland Prosperity, stakeholders in Pearland partnered with an external organization to create the Pearland Innovation Hub to support entrepreneurship in the community. As discussed in the Implementation Evaluation section, progress has been slower than desired, but stakeholders were generally pleased with the fact that the issue is being addressed in a strategic fashion.
- While it is not feasible to contact every business in a community through a formal business retention and expansion (BRE) program, stakeholders said they would like to see the community make more resources available for incumbent small businesses in Pearland, perhaps in the form of increased access to financial resources and technical assistance. Said one individual, "We want existing businesses to feel that we are there for them and attentive to their needs."

2. A COMMUNITY OF CHOICE IN GREATER HOUSTON

Pearland's "core value proposition" remains strong

- Stakeholders contacted during the Phase 1 engagement process were asked to identify Pearland's greatest strengths as a community. Excellent public schools, (relatively) affordable housing stock, public safety, and proximity to job centers such as TMC were cited as top community strengths in nearly every conversation.
- Stakeholders said that these factors have been Pearland's "core value proposition" for decades, and previous strategic planning processes have confirmed these strengths.
- Another major differentiator for Pearland as place to live, work, and do business is its racial and ethnic diversity. According to an analysis in the City of Pearland's Benchmark Cities Study from 2022, Pearland had the highest "diversity index" among a set of 11 cities as of the 2020 Census; a diversity index is "the calculated probability than any two randomly chosen people in a city will be of a different ethnicity."
- Pearland has significant populations in the nation's four largest racial and ethnic groups: Hispanic or Latino, White, Black, and Asian. In fact, of the 632 Census places (cities, towns, etc.) with at least 65,000 residents as of the 2020 Census, Pearland was one of just 33 communities with at least 10 percent of its population in each of these groups. The other Texas cities on this list are Garland, Irving, Lewisville, McKinney, and Richardson.

As population and housing growth continue to slow, Pearland is firmly in a new era

- Stakeholders in Pearland have for many years understood that housing development boom that fueled rapid population growth in recent decades is coming to an end. There are very few large tracts of undeveloped land left in the city, and as one input participant put it, "most of what's left has issues which is why it's still on the table."
- Various data indicators confirm that Pearland has indeed entered a new phase of its life as a city. Between the 2010 and 2020 Census, Pearland's population grew by nearly 38 percent, more than five times the national average and significantly higher than the overall growth rate in Greater Houston of approximately 20 percent. During this time period, the community added nearly 3,500 residents per year. But between 2020 and 2022, the Census Bureau estimates that Pearland has added just 480 residents per year, and the community is now adding population at a slower pace than Greater Houston as a whole.
- Data from the U.S. Department of Housing and Urban Development (HUD) shows that between 2000 and 2019, Pearland permitted nearly 25,000 single-family housing units, an average of 1,247 per year.

Single-family building permits have declined in all but one year between 2015 and 2022, however, and in 2022 just 338 single-family building permits were issued in the city.

- Stakeholders noted that Pearland ISD is also showing signs of smaller enrollments, with this year's kindergarten class being smaller than the graduating class. Per input participants, this decline is being driven by both a local slowdown in growth and broader demographic trends as well as less "churn" in the housing market as lending conditions have tightened and many individuals are opting to "age in place" instead of selling to young families.

Stakeholders perceive threats to Pearland's status as a "community of choice"

- Growth by itself is not a reliable indicator of a community's desirability. Many highly successful communities and regions have flat or even declining populations, while some fast-growing communities face major competitive challenges.
- As Pearland continues to mature and growth slows, however, some stakeholders expressed concerns that Pearland is facing new competitive challenges for attracting talent. As one leader stated, "We could soon be in a position where we're not a community of choice."
- As previously discussed, strengths such as good schools and proximity to jobs creates a "sticky" value proposition. But these factors are -- by themselves -- not sufficient to set Pearland apart as a true destination for jobs and talent, as many other communities in Greater Houston and around the country can boast similar strengths.
- Additionally, stakeholders identified several internal and external threats to Pearland's desire to be a "community of choice." Perhaps the biggest among these is growth in other parts of the region. Said one individual, "The rest of Brazoria County is continuing to grow, and they've had an opportunity to learn from Pearland and get ahead of their growth so they don't have to play catchup mode."
- According to HUD data, there has indeed been an uptick in development activity in communities such as Alvin and Manvel in recent years as building in Pearland has slowed. Between 2013 and 2017, Pearland issued an annual average of building permits 1,390 total housing units compared to 497 per year in Alvin and Manvel combined. Between 2018 and 2022, however, Pearland's figure declined to 611 while Alvin and Manvel combined for an annual average of 948. Manvel alone has permitted more housing units than Pearland in 2020, 2021, and 2022, the first three years that this has happened since 1980, as far back as records are available online.
- Stakeholders expressed a concern that younger families will bypass Pearland for these communities, and as retail developments come online in these areas, Pearland's sales tax revenues could slip. Said one individual, "Our biggest problem right now is that Manvel is exploding and commercial developers

and big retail groups are looking there instead of here. We need to focus on what's going to make people stop here even if the house costs a bit more."

- Input participants also expressed a concern that many commercial and residential areas of Pearland have begun showing their age and could be perceived as less desirable. Many areas, particularly on the east side of town, were developed prior to the adoption of development standards and lack high-quality infrastructure, aesthetic appeal, or both. Stakeholders said that Pearland could be at risk of falling behind from a "curb appeal" perspective without significant reinvestment both by the private owners and investors and the public sector to ensure infrastructure, streetscaping, sidewalks, etc., are modern and well-maintained.
- Stakeholders also noted that the preferences of consumers – particularly the type of skilled and educated individuals and families who have historically been drawn to Pearland – are shifting in an era of remote and hybrid work.

A clear desire to enhance quality of place but a lack of consensus on what and who

- Given the aforementioned threats to Pearland's status as a community of choice, stakeholders were in broad agreement that Pearland must do something to enhance its quality of place in order to continue to be an attractive destination for jobs and talent. There was a lack of consensus, however, on what exactly should be done and who should take the lead.
- Pearland stakeholders said the community needs to develop more "entertainment options" and "amenities" that appeal to current and future residents. Said one individual referring to the trend of creating "live, work, play" communities, "We've done the 'live' and 'work' parts, but the 'play' part needs a lot of attention."
- But when stakeholders were asked to get specific about what types of new amenities they desire, answers varied widely. Some input participants said they would like to see an "entertainment district" with live music, a variety of dining options, and social gathering spaces. Others said they would not support such a concept and were strongly opposed to Pearland being a "nightlife destination."
- Stakeholders also noted that Pearland faces intense competition from dining, shopping, and entertainment options in nearby communities. Said one individual, "Our struggle is we are surrounded by that stuff and we need something unique and different."
- Funding is also a major consideration, with some stakeholders expressing skepticism over whether the public sector should play a role in catalyzing quality of place improvements. One input participant said, "My skepticism from the beginning with (any plan) is that you bring everyone in the room, identify what you want, but don't identify the funding sources or do the critical side of it."

- Other areas for improvement cited by stakeholders include:
 - Overall community aesthetics and the “look and feel” of Pearland inclusive of streetscapes, landscaping, etc., though some stakeholders said they do not support continued use of PEDC or public funds on projects such as gateway enhancements
 - Enhanced arts and cultural opportunities; stakeholders expressed support for the Cultural Arts Master Plan currently under development in conjunction with Visit Pearland
 - Continued expansion and improvement of parks, trails, and green spaces; previous research has revealed that Pearland has relatively limited public parkland compared to its neighbors, though private parks owned by homeowners associations and public parks in nearby communities help make up some of the difference

Potential locations for entertainment and amenities each have opportunities and challenges

- Stakeholders identified several potential locations that would be a good fit for enhanced quality of place amenities and entertainment options, including the Old Townsite, the northeast corner of the Lower Kirby District, Pearland Town Center, and the Pearland Parkway Corridor.
- Fortunately, the market potential of these four areas were studied as part of a 2022 Retail Analysis prepared for PEDC and the City of Pearland by MJB Consulting and Greensfelder Real Estate Strategy. This report provides an in-depth examination of the market potential for retail development (with some discussion of supportive amenities) in each sub-area and offers implementation recommendations for partners in Pearland to pursue in the coming years.
- Per the 2022 Retail Analysis, Lower Kirby sub-area would be well-suited for to “horizontal” mixed-use development, potentially in conjunction with some type of non-retail, non-residential “destination” amenity. It states: “the Lower Kirby area is much better suited for destination uses ... From a use perspective, incorporating significant destination, non-retail components would complement retail uses, and act as a non-retail anchor for the retail component.” Stakeholders noted, however, that a recent attempt to create a mixed-use development at the site was unsuccessful in part because of the amount of public subsidy that would have been required.
- The Old Townsite was frequently discussed during the stakeholder engagement process. Simply put, there is a strong desire on the part of many Pearland residents to see this area revitalized, but nearly all stakeholders recognize that doing so will be complicated. The Retail Analysis stated that because the area does not have the larger lot sizes needed to support large-scale commodity retail and is better suited for “specialty retail” such as locally owned restaurants, galleries, independent home furnishing stores, and so on. Stakeholders were divided as to the feasibility of a large-scale redevelopment, but

there was consensus that aesthetic upgrades and beautification of the public realm and incremental commercial redevelopment playing off of the new Sullivan Brothers residential development currently underway represent promising near-term opportunities.

- Stakeholders expressed significant concerns that the nation's rapidly evolving retail climate could create further challenges for Class B and Class C shopping centers – Pearland Town Center included. This sentiment was largely echoed in the Retail analysis, and stakeholders expressed a desire to continue working with the Town Center's owners on how to position the area for long-term success.

Housing costs have increased consistent with regional and national trends

- Another major theme with respect to Pearland's status as a "community of choice" was housing. Specifically, many stakeholders expressed concerns that housing costs have increased dramatically in Pearland in recent years, pricing out many young families with children as well as many workers essential to the local economy.
- Data reveal that while home prices have indeed grown rapidly in Pearland in recent years, this is consistent with trends both within Greater Houston and nationally. Census data indicate that Pearland has the best "home affordability ratio" among the comparison geographies. An affordability ratio is calculated by dividing the median home price in a given community by its median household income. Pearland's home affordability ratio was 2.5 according to 2016-2021 ACS estimates, lower than that of Sugar Land (2.8) and Greater Houston (3.1).
- The real estate marketplace firm Zillow provides more comprehensive and current housing estimates using its own proprietary data. The Zillow Home Value Index (ZHVI) provides a seasonally adjusted "typical value" for all housing types (e.g., single-family, condo. etc.) in the 35th to 65th percentile range of property value for a given geography. Between August 2018 and August 2023, the ZHVI value for Pearland increased by nearly \$106,000 – a trend that almost certainly contributed to local perceptions of runaway prices. But this 39.4 percent increase was actually the second lowest among comparison geographies, slightly ahead of Sugar Land (38.6 percent) and lower than Greater Houston (44.1 percent).
- In other words, while real estate prices have indeed increased in Pearland, this is consistent with both national trends and dynamics within Greater Houston. That said, with Zillow estimating a "typical" Pearland home at \$374,496, concerns that homes may be out of reach for many buyers (e.g., younger families) are well-founded.
- Some stakeholders noted that housing issues can be difficult for local communities to address. But Pearland does have control over the types of residential development it allows. And one significant

theme from the input process is that there was general support among stakeholders for multifamily residential, townhomes, and other forms of denser residential development. In the experience of BRS' principals, this represents a significant shift in opinion from previous planning processes. Stakeholders said that the community is no longer considering "garden-style" apartment developments but is likely open to higher-quality multifamily developments that are able to generate a large amount of tax revenue per acre. Said one leader, "If they look good, are built right, and are in the right location we'll take a look at them due to the fiscal reality"

Future opportunities will come through "infill" development and redevelopment

- As Pearland begins a new era of slower growth and maturation, "infill" development and redevelopment will be issues that come to the forefront.
- Stakeholders said that while large tracts of developable land are now largely nonexistent on the market, there are numerous smaller parcels of land that would be difficult or impossible to assemble but that can accommodate smaller residential uses such as a townhome development with perhaps a dozen units. Some stakeholders said they would like to see the community welcome such uses and attempt to minimize friction in the development process in order to expand the community's housing supply.
- Redevelopment was also a major theme in input. Said one stakeholder, "Now that things are starting to slow down a little bit, we need to reinvest in older areas of the community." Another said, "Growth is going to look different than before – if we have the right redevelopment strategies in place we stand to capture a lot of that"
- Input participants cautioned, however, that redevelopment comes with significant challenges. One individual said, "Redevelopment is an easy word to say but it's a very tough thing to do." Stakeholders noted that redeveloping residential and commercial areas comes with additional and often unpredictable costs. Redeveloping older commercial properties such as strip centers also may not be economically feasible if a given property is still generating significant rental income for its owners.
- But despite these challenges, stakeholders said they would like to see the community take a proactive approach to promoting redevelopment, potentially through a formal, professionally staffed initiative.

Maintaining and upgrading infrastructure will be vital for Pearland as it matures

- The importance of redevelopment is strongly connected with a need to maintain and/or upgrade infrastructure. Said one stakeholder, "The biggest thing is constantly addressing infrastructure and the bones of the community – if those aren't solid the community becomes weak."
- New road connections drew significant praise from stakeholders, with these enhanced transportation

connections frequently cited as one of the most positive developments in the community in recent years. Stakeholders expressed a desire to complement progress on east-west connectivity with enhanced north-south routes.

- Leaders demonstrated a commitment to upgrading and maintaining infrastructure in August of 2023 when PEDC, with the support of City Council, agreed to allocate 20 percent of annual sales tax revenues to fund upgrades to utilities, drainage, and other infrastructure in the Old Townsite and other areas near SH 35.
- While input participants expressed strong support for ensuring that older areas of the community are adequately maintained, several individuals said they do not want infrastructure to be framed as another “east Pearland versus west Pearland” discussion and instead focus on maintaining and upgrading infrastructure throughout the community.

IMPLEMENTATION EVALUATION

The Implementation Evaluation in this section provides a high-level overview of the implementation of the current Pearland Prosperity from its launch in January 2020 to the present. This section is not a tactic-by-tactic analysis of progress or a recitation of accomplishments that may be found in annual reports and meticulous tracking documents maintained by PEDC. Instead, it focuses on high-level themes for the Pearland Prosperity Committee and partners to consider as they determine the structure, content, and activation of the updated Pearland Prosperity plan. Similar to the preceding section, the findings in the Implementation Evaluation are organized into bullets under descriptive subheadings. These themes reflect the perspectives provided by staff and volunteers through individual interviews and the online survey as well as BRS' analysis of materials provided by PEDC.

An overall success under difficult circumstances

- Generally speaking, stakeholders had high praise for the Pearland Prosperity initiative as a whole. When asked to assess Pearland Prosperity's impact on the community, nearly 95 percent of respondents said the initiative had either a "positive" or "very positive" impact.
- Input participants noted that the plan was also launched on the eve of the COVID-19 pandemic, which made implementation of any strategic plan a major challenge for a significant portion of 2020 and beyond. Said one stakeholder, "It was very difficult to get a lot of things done during the pandemic. The results were phenomenal based on these conditions."

Partners made significant progress on each of the strategy's seven Focus Areas

- As detailed in the PEDC's annual reports and the organization's thorough tracking of implementation progress, partners made significant headway on each of Pearland Prosperity's seven Focus Areas. In fact, of the 25 strategic initiatives in the current plan, just one ("2.3 – Establish a revolving loan fund (RLF) to incentivize primary business formation and growth") was still listed as a "Future Initiative" on PEDC's most recent implementation tracking matrix.
- This is not to say that every other initiative is now or will be completed. As will be discussed under subsequent headings, some efforts may require a renewed push to achieve success, while other recommendations are no longer appropriate and will likely not be included in the updated strategy. But overall, PEDC and its partners made impressive progress on activating the Pearland Prosperity plan in the past three 3.5 years.

A need to “re-ignite” efforts around entrepreneurship

- One Focus Area where progress was slower than desired was “2. Business Formation and Early-Stage Growth.”
- The centerpiece of this effort is “2.2 – Establish a hub for entrepreneurship to concentrate local services and connect to the regional ecosystem.” PEDC and the City of Pearland commissioned a Market Opportunity Assessment to study the feasibility of an entrepreneurship hub. Completed in 2021, this report ultimately recommended moving forward with business model planning for a hub. After a bid process, the Houston-based firm The Cannon was selected to implement the Pearland Innovation Hub in November 2021. The initiative’s first employee, the “Hub Navigator” was hired in May 2022.
- Stakeholders said the core concept behind the current model is to stimulate business growth for firms across the industry and growth-stage spectrums with free programming including mentoring/coaching and regular events for entrepreneurs.
- While stakeholders generally agreed that providing support for entrepreneurs and small businesses is an essential need, they noted that the Innovation Hub is not yet meeting its goals with respect to key metrics of signing up coaches and entrepreneurs.
- Stakeholders noted that the initiative is itself still a “startup” finding its footing and expressed optimism that the Innovation Hub is a good concept in need of improved execution.
- The 2021 Market Opportunity Assessment recommended a “virtual” hub concept due to a lack of near-term demand for a physical entrepreneurship facility in Pearland. Some stakeholders said they felt the virtual approach was a hindrance, however. As one individual said, business owners in Pearland tend to be “hands-on people” to whom “digital communities are not appealing.” These stakeholders expressed optimism that the Innovation Hub moving into a privately operated co-working space near Pearland Town Center will provide a major boost. According to input participants, the Innovation Hub will occupy three offices and have up to 10 spaces for co-working or hot desks at the facility, which is also expected to include amenities such as a kitchen, podcast studio, and small event space.
- Other suggestions from stakeholders for how the Innovation Hub can be improved include being more intentional about marketing and branding the initiative in the community and clarifying what, if any, additional resources and/or technical support are needed to ensure success.

Quality of place priorities have evolved

- As previously discussed, there is not yet consensus among stakeholders in Pearland about the type of quality of place enhancements the community should pursue and how it should pursue them. That said, there was broad agreement that the “catalytic anchor projects” envisioned in Strategic Initiative

6.2 – namely an indoor amateur sports complex and a hotel conference center – are not currently priorities.

- While some stakeholders said they still support one or both of these ideas, there was broad agreement that there is presently no political appetite to pursue them. According to stakeholders, the primary concern with both concepts was their potential to create ongoing funding gaps that would need to be filled by the public sector.
- Said one stakeholder, “The sports complex would have been nice but it would have been a burden on the city. We didn’t want to be saddled with maintenance costs” Another stakeholder said of public-sector support, “If someone wants to build a hotel/conference center, give them an incentive. But let’s not become the bondholders and the debt financiers”
- These sentiments speak to a core issue that stakeholders in Pearland will need to address with the updated Pearland Prosperity plan. With broad agreement that Pearland needs to make quality of place enhancements in order to maintain its status as a “community of choice,” what role can and should the public sector play in catalyzing these improvements?
- Workforce development progress represents a strong foundation for next-level opportunities
- One area where partners in Pearland made strong progress was Focus Area 7 – “Workforce and Talent.” Said one stakeholder, “In the past 12-14 months, we’ve seen more workforce development progress than we’ve seen in the previous 10 years.”
- Stakeholders pointed to the Chamber and PEDC each adding staff capacity for workforce development as a major positive development and praised initial progress such as the “Work In Pearland” initiative and the partnership between PEDC, Alvin Community College, and Lonza to create a biotechnology certificate program.
- Input participants also noted that the 2022-2025 Workforce Strategy Action Plan provides an ideal blueprint for enhancing talent efforts in the coming years.
- Stakeholders contacted as part of this strategic planning process highlighted several potential “next steps” that they would like to see the community prioritize. One of these is creating a more formal, action-oriented “partnership framework” for workforce development supported by professional staff at the Chamber and PEDC. Said one stakeholder, “I would love to have a smaller meeting of people in the workforce (space) so we can come together. We are each doing our own little thing but I don’t feel like we’re working together.” Another stakeholder said, “Having someone who says ‘I need an hour of your time’ and put together a well programmed meeting would be very helpful.”
- Input participants also expressed support for the establishment of formal “Career Pathways” – a series

of connected education and training programs that enable students to “stack” skills and credentials over time in order to access better job opportunities in a given field. Stakeholders said manufacturing, biotechnology, and health care service delivery (e.g., nursing and related fields) represent the most promising career pathway opportunities for Pearland. Stakeholders further noted that the University of Houston-Clear Lake at Pearland being positioned as an “organizing hub for professional and continuing education programs” within the Clear Lake campus network presents significant opportunities in this area.

- Input participants also noted a need to continue working on initiatives to support diverse talent and emerging leaders. Said one stakeholder, “If there is a criticism, it’s that Pearland is a very diverse community ... but I don’t think we do enough to highlight or celebrate that diversity. We need to see more people of color and women in roles of high visibility.” Stakeholders praised the Chamber’s newly formed Diversity Business Council and its Young Professionals group and expressed a desire to continue to support the work of these groups.

Formal communications were strong; stakeholders desire more awareness at the “grassroots” level

- In BRS’ experience, many communities with holistic economic development strategies face challenges communicating their strategic priorities and implementation progress to a variety of internal and external audiences. Acknowledging this difficulty, however, Pearland stakeholders said – and BRS’ principals agree – that the PEDC and its partners have done an excellent overall job communicating the successes of Pearland Prosperity.
- PEDC staff have meticulously tracked implementation progress and communicated key “wins” to internal and external audiences through press releases, online media, earned media, and other avenues.
- Stakeholders said while this messaging has been instrumental in keeping Pearland’s most “plugged-in” leaders and citizens informed, the community would benefit from reaching a broader range of audiences. One stakeholder said that there are “micropockets” of information within Pearland; as an example, this individual noted that many residents get most of their information from sources such as HOA meetings. Stakeholders said there is an opportunity to communicate more directly with such groups to convey the overall value of the initiative. Said one stakeholder, “Lots of things with the strategy aren’t tangible (things) that people can see all of the time. We need to be our own biggest cheerleader.”

A need to convey that Pearland Prosperity is a “team effort” with “clear ownership roles”

- Stakeholders said that Pearland Prosperity is frequently perceived as “PEDC’s strategy.” As Pearland’s economic development organization, PEDC is indeed instrumental in advancing the community’s holistic economic development strategy. But input participants noted that Pearland Prosperity is not an organizational strategy but instead a program of work for the community. The City of Pearland, the Pearland Chamber of Commerce, education and training providers, and numerous other partners have a role to play in advancing strategic implementation.
- Stakeholders said they would like to see the updated Pearland Prosperity framework and implementation effort clearly communicate that the initiative is a community strategy. At the same time, input participants stressed the importance of ensuring that each strategic initiative has a clear organizational “owner” to ensure that it is implemented in a timely fashion.

Some desire to “streamline” the overall program of work

- Stakeholders in Pearland understand that there are numerous factors that influence a community’s competitiveness, ranging from sites and buildings to quality of place amenities that can be “differentiators” for attracting jobs, talent, and investment.
- The current Pearland Prosperity strategy was designed to address a wide range of topics in order to grow and diversify the local economy and ensure that Pearland remains an attractive destination for individuals and businesses. Stakeholders broadly supported this approach, but some input participants suggested that the community may benefit from a more “streamlined” strategy with a smaller set of high-impact initiatives. A key task for the Pearland Prosperity Committee will be determining whether a more focused program of work is desirable for the updated strategic plan.