

PEARLAND PROSPERITY

February 2020

Community Assessment





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Prepared by Market Street Services, Inc.

PROJECT OVERVIEW

Phase 1: Stakeholder and Community Engagement (July)

Qualitative feedback is a vital component that will be used to identify strategic priorities for the city of Pearland with the understanding that much has been accomplished during the implementation of Pearland 20/20. Engagement will involve as many community stakeholders as possible through an online survey, individual interviews, and multiple focus groups in order to assess how the city has changed in recent years and identify its emerging strengths, weaknesses, challenges, and opportunities.

Phase 2: Community Assessment (July)

The Community Assessment will provide a detailed examination of the trends that have shaped Pearland's growth in recent years as well as its competitiveness as a place to live, work, and do business. The Assessment will weave qualitative feedback from phase one with deep quantitative data findings into a set of "stories" that provide a concise narrative of the city's opportunities and challenges. When relevant, trends in the Greater Houston region, particularly pertaining to economic diversification, will be utilized to identify potential areas of economic opportunity.

Phase 3: Implementation Assessment (August)

The Implementation Assessment will provide an evaluation of Pearland 20/20's implementation activities in order to gain a firm understanding of those areas where progress has been made and goals have been met, those areas where clear progress remains to be achieved, and any barriers that have historically impeded effective implementation. The assessment will also update Pearland 2020 performance metrics to give perspective on the degree to which Pearland 20/20 implementation has made progress towards performance goals.

Phase 4: Economic Development Strategic Plan (September – October)

The Strategic Plan represents the culmination of all the quantitative and qualitative research findings and strategic implications. The Strategic Plan will guide the community's collective actions and will be geared towards addressing challenges and capitalizing on opportunities. The plan will be holistic, actionable, and measurable. Examples of best practice programs, policies, and initiatives from communities around the country will be included when appropriate.

Phase 5: Implementation Guidelines (December)

The Implementation Guidelines will provide an important complement to the Strategic Plan. If the Strategic Plan represents what the city of Pearland and its partners will pursue to enhance its economic development, the Implementation Guidelines will define how the community and its partners can achieve objectives. These guidelines will ensure that the community's current approach to implementation is leveraged and built upon where appropriate, and revised and adjusted where necessary.

STEERING COMMITTEE

This process will be guided by a Steering Committee comprised of representatives from the public, private, and non-profit sectors. The following individuals have generously volunteered their time to serve the community and this process by providing strategic guidance, input, and oversight throughout the process.

<u>INDIVIDUAL</u>	<u>REPRESENTING ORGANIZATION, TITLE</u>
Brandon Dansby (Chair)	Chair, PEDC Board of Directors
Stacy Adams	Commissioner, Brazoria County
Dr. Christal Albrecht	President, Alvin Community College
Carol Artz-Bucek	President, Pearland Chamber of Commerce
Charisse Barry	Barry Insurance
Dr. Ira Blake	President, University of Houston Clear Lake
Matt Buchanan	President, PEDC
Mona Chavarria	PEDC Board of Directors
Dr. Daniel Combs	Assistant Superintendent, Alvin Independent School District
Donna Coneley	Chair, Pearland Chamber of Commerce
John Hare	Vice-President, FloWorks International
Dr. John Kelly	Superintendent, Pearland Independent School District
Ernest Lewis	President & CEO, Adult Education Center
J. David Little	Councilmember, City of Pearland
John Loessin	Ace Hardware
John Lyle	PEDC Board of Directors
John McDonald	Director of Community Development, City of Pearland
Alan Mueller	Vice President, Gromax Development
Luke Orlando	Councilmember, City of Pearland
Clay Pearson	City Manager, City of Pearland
Trent Perez	Councilmember, City of Pearland
Mark Smith	Incoming Chair, Pearland Chamber of Commerce
David Wagner	HCA Houston Healthcare Pearland

EXECUTIVE SUMMARY

The Community Assessment evaluates Pearland's competitiveness as a place to live, work, and do business. The Assessment is derived from a quantitative analysis of demographic, economic, socioeconomic, and quality of life data as well as qualitative input from people who live and/or work in Pearland. Key findings from research and input are woven together into seven key "stories" that explain the city's current realities, key successes, and remaining challenges. Collectively, they take stock of conditions in Pearland as they presently exist and identify initial areas that may warrant strategic attention. The seven key stories are:

1. Introduction: Embracing a New Phase of Progress
2. A Continued Destination of Choice in Greater Houston
3. Pearland's People: Educated, Young, and Diverse
4. Implications of a Local-Serving Economic Composition
5. Economic Diversification: Opportunities and Challenges
6. Traffic, Transportation, and the Jobs-Skills Mismatch
7. Enhancing a "Sense of Place" in Pearland

This Executive Summary provides an overview of key findings and strategic implications from the Community Assessment. As will be discussed in this summary and in the full report, a key theme from stakeholder input is that many Pearland residents feel the community is at an inflection point. Pearland has in many ways "caught up" to the rapid population growth it has experienced in recent decades and stakeholders are now beginning to ask what comes next. The Community Assessment serves as a starting point for leaders in Pearland as they consider this question and begin developing their next Economic Development Strategic Plan.

Before proceeding to the key findings, however, it is useful to briefly reflect on what such a strategic plan can accomplish. At its core, economic development is about raising levels of prosperity and improving quality of life for residents. Best-practice communities take a *holistic* approach to this work and consider the many factors that influence community competitiveness and resident well-being. Doing so can convey a variety of benefits to a community's residents and create a "virtuous cycle." As one example, a diversified, expanding economy can translate into more local job opportunities, greater economic mobility, and a more sustainable, balanced tax digest. A broader and deeper tax base can in turn fund additional investments and services such as parks and trail infrastructure or public safety. Enhanced amenities and services can in turn help a community remain attractive to existing and prospective new residents, which can serve to make the community even more attractive to businesses. By continuing to embrace a proactive and holistic approach to economic development, leaders in Pearland can make their community a more prosperous, successful, desirable, and sustainable place.

KEY FINDINGS AND STRATEGIC IMPLICATIONS

- ∠ **Stakeholders believe Pearland's growth surge is slowing.** According to input participants, while there is still developable land in Pearland, the "low hanging fruit" that drove the community's rapid population growth in recent decades is largely gone. Stakeholders also said that changes to state annexation laws mean that the city's borders are unlikely to significantly expand in the near future. Accordingly, stakeholders believe that the community's most rapid population growth is in the past, a view that is supported to an extent by data. Between 2000 and 2010, Pearland's population increased from fewer than 40,000 people to more than 91,000, a remarkable 142 percent growth rate. From 2010 to 2018, Pearland grew at about 30 percent. To achieve the last decade's growth rate, the city of Pearland would need to add another 105,000 people in the next two years.
- ∠ **A significant focus in recent years has been "catching up" to rapid growth.** According to stakeholders, the community has expanded road infrastructure and connectivity, upgraded water and sewer infrastructure, modernized local government service delivery and systems, built a fire department from the ground up, and enhanced amenities such as parks and trails.
- ∠ **"What's next?" is now a key question on the minds of many stakeholders.** With Pearland having made significant progress toward adding needed infrastructure and services, stakeholders contacted through the input process said that Pearland's residents are beginning to have discussions about the community's future. These discussions can be synthesized and distilled into a key question: How will Pearland ensure its sustainability and maintain or even improve its status as a highly desirable destination as its era of rapid growth draws to a close and the community begins to mature?
- ∠ **Pearland remains a suburb of choice in Greater Houston.** Excellent schools, relatively affordable housing, proximity to employment hubs (especially the Texas Medical Center), and the community's diversity remain attractive lures for new residents.
- ∠ **Pearland has an especially strong value proposition for families with children.** Around 88.0 percent of online survey respondents either agreed or strongly agreed with the statement "Pearland is an attractive and desirable place to live for families with children." Similar statements relating to young professionals (65.7 percent agree or strongly agree), prospective young professionals (61.8 percent), and retirees (52.8 percent) garnered less positive responses.
- ∠ **Pearland's population dynamics are tied to the success of Greater Houston, and intra-regional competition is intense.** Brazoria County draws the vast majority of its new residents from Greater Houston's core – Harris County. From 2011 to 2016, Brazoria County gained around 10,000 net new migrants from Harris County. No other county contributed more than 342 net migrants during this time period. That said, Brazoria County also experienced a net loss of residents to other counties in the Greater Houston area. Stakeholders said they want to see Pearland continue to seek a competitive edge as a destination of choice within the region.

- ∠ **Stakeholders said maintaining the community's attractiveness to new residents is critical to fiscal sustainability.** Residential and retail sales taxes represent a sizable share of city revenues. With the community's most rapid growth likely in the past, stakeholders said they feared these revenues could dip if the community does not take proactive steps to shore up its competitive position. As one stakeholder put it, "in two decades, some other place will be the shiny new suburb." As Pearland matures, many input participants noted that Pearland must continue to find ways to be attractive to talented individuals with choices about where to live.
- ∠ **New migrants moving into the city of Pearland have helped elevate educational attainment levels.** Between 2008 and 2012, just 45.6 percent of adults aged 25 and over who moved to Pearland had obtained at least a bachelor's degree. But in the period between 2013 and 2017, this figure rose to 60.1 percent. The result is that Pearland is becoming a more highly educated place. Rising levels of educational attainment send a positive signal to prospective employers. Even though businesses in Pearland draw from a larger labor shed, rising attainment levels often speak to a community's capacity to sustain their long-term operations.
- ∠ **Pearland's population is becoming more diverse.** One key finding of the Pearland 20/20 process was that the city's population had become "majority minority" between 2000 and 2010. Since that time, the community has become even more diverse. Of more than 300 cities nationally with at least 100,000 people as of 2017, Pearland is one of just 17 where Asian, black, Hispanic, and white non-Hispanic residents make up at least 10 percent of the total population. Pearland's highly educated, highly diverse population could be seen as a significant strength by businesses that seek out diverse communities for their viewpoints and perspectives. In some respects, Pearland today resembles what the nation might look like in 30 years. As such, it allows prospective businesses to anticipate these trends and adapt locally before broadening programs and strategies nationally.
- ∠ **Despite its talent advantage, Pearland's economy still resembles that of a "bedroom community."** Pearland's employment base expanded in recent years, but much of this growth was concentrated in sectors that serve the local population. In contrast to some peer suburbs, Pearland has not developed as dynamic job center. As of 2018, roughly half (47.8 percent) of Pearland's employment were in either the retail trade, government, accommodation and food services, or health care and social assistance sectors. Combined they represent roughly 20,000 jobs.
- ∠ **Stakeholders expressed differing views on whether Pearland should aspire to be a "job center."** Some input participants said they wanted to see Pearland remain a bedroom community. Others said that not diversifying the local economy could come with a long-term fiscal risk. Declining Millennial net worth, falling birth rates, and an uncertain future for bricks-and-mortar retail could have implications for communities whose tax digest is tailored toward housing and retail and food sales.
- ∠ **Attracting primary employers (such as a manufacturer or corporate headquarters) expands opportunities available to residents while also helping to sustain retailers and restaurants within the community.** For instance, it is not uncommon that a single manufacturing job supports two to three other jobs locally through supplier relationships and employee spending on local goods and services.

- ∠ **Economic diversification will require an intentional approach.** Economic development is an ongoing process, and stakeholders identified several areas in which Pearland must continue to improve it is to be competitive. For instance, input participants said the community has land that could be well-suited to commercial and industrial uses, but many of these sites are hampered by having multiple owners and/or other issues that require mitigation. Stakeholders said making these sites truly “shovel ready” will require a proactive approach from the Pearland Economic Development Corporation (PEDC) and its partners. Stakeholders also said Pearland must continuously improve its local business climate, expand infrastructure capacity, and enhance its small business and entrepreneurship ecosystems if it is to meaningfully “move the needle.”
- ∠ **Traffic and long commute times are front-of-mind for many stakeholders.** When asked to provide an open-ended response to the question “What do you believe to be the biggest challenge facing Pearland as it seeks to grow quality jobs that elevate standards of living for its residents?” 22.9 percent of all responses included the word “traffic.” For comparison, 10.9 percent of all responses included the word “Pearland.” Stakeholder concerns are supported by data – a greater share of Pearland residents are experiencing longer commutes. Approximately 60.7 percent of Pearland’s residents experienced a commute to work of at least 30 minutes – the next highest percentage among a peer city was Sugar land (53.1 percent).
- ∠ **Pearland 20/20 has made extensive progress in advancing Pearland’s community aesthetics.** Pearland 20/20 has made extensive progress in advancing community aesthetics. Although many of Pearland 20/20’s more transformative components will soon be implemented, the Pearland Economic Development Corporation, the City of Pearland, Keep Pearland Beautiful, and the Convention and Visitors Bureau along with other partners have laid the groundwork that will further beautify the city’s commercial corridors. For instance, intersections along 288 will soon experience change including landscaping, water features, and landmark sculptures that enhance and reinforce the community’s brand.
- ∠ **Quality of life and quality of place amenities will be critical to maintaining Pearland’s status as a destination of choice.** Stakeholders contacted through the public input process said they wished to see more amenities and gathering locations that promote social capital and social cohesion. Input participants said they wanted more entertainment options and “every day” places to meet with friends.

COMMUNITY ASSESSMENT

This Assessment examines how the city of Pearland has changed within the last five years and the competitive issues it now faces through the lens of what Market Street believes to be three critical aspects of a community: its people, their prosperity, and the quality of the place. Findings related to these key attributes are incorporated into seven key stories that explain the city's current realities, key successes, and remaining challenges. These stories emerged from public input provided by city of Pearland stakeholders as well as in-depth analysis of data covering demographic, socioeconomic, economic, and quality of life trends in the community. Collectively, they take stock of conditions in Pearland as they presently exist and identify initial areas that may warrant strategic attention.

FOCUS GROUPS AND INTERVIEWS: A thorough assessment of a community's strengths, weaknesses, opportunities, and challenges must be informed by input from the people that live and work in the city. Accordingly, a series of focus groups and interviews with individuals from the community's public, private, and non-profit sectors was conducted in July 2019.

Public input – including that which was received via focus groups, interviews, and an online survey – is differentiated throughout the report and presented in blue text.

ONLINE SURVEY: In addition to in-person input solicited via focus groups and interviews, an online community survey was open to the public for roughly three weeks in June and July 2019. A total of 2,390 residents, workers, and business leaders responded to the survey. This valuable input will serve as a foundation for the process and ensure that the Assessment and forthcoming Strategic Plan are informed of the needs, wants, and opinions of residents, workers, and businesses in the city of Pearland.

DATA SOURCES: A variety of public and private data sources are used throughout this Assessment. A great deal of information is drawn from the Census Bureau and other public sources including the Bureau of Labor Statistics (BLS), the Bureau of Economic Analysis (BEA), the National Center for Education Statistics (NCES), and the Internal Revenue Service (IRS) among others. Proprietary data covering employment, wages, exports, and other economic data is provided by Economic Modeling Specialists, Inc. (EMSI). **In all cases, Market Street utilized five-year American Community Survey (ACS) estimates in order to minimize sampling error and ensure precision in the analysis.** The Census Bureau develops five-year estimates by aggregating survey results from a community over the course of a five-year period. This assessment utilizes 2012 data, collected beginning in 2008 and ending in 2012, and 2017 data, collected beginning in 2013 and ending in 2017.

COMPARISON GEOGRAPHIES: Throughout this Assessment, the city of Pearland is utilized as the primary geographic unit of analysis, and is typically referred to as "the city of Pearland" or "Pearland" in the body of the report as well as in tables, charts, and other figures. **Where data was unavailable at the city-level, Market Street utilized three zip codes (77584, 77581, and 77588) to approximate the city of Pearland. All data from Economic Modeling Specialists, Inc. (EMSI) uses this zip code approximation.**¹ In addition to state and national averages, the city's performance is benchmarked against the following cities: Cary, NC; McKinney, TX; and Sugar Land, TX. Like Pearland, these are highly educated, diverse, and growing suburbs

¹ Zip code 77588 is a P.O. Box-only address in the city of Pearland.

within some of the nation's most dynamic regional economies. Additionally, McKinney and Sugar Land were utilized as benchmarks during the Pearland 20/20 process.

1. INTRODUCTION: EMBRACING A NEW PHASE OF PROGRESS

Among the many complex and interconnected forces that shape our communities, none is more impactful than intentional effort – cultivated first in the mind, transformed into will, and translating into action. Best-practice communities understand that they must commit time, resources, and resolve in order to meaningfully improve their attractiveness as a place to live, work, and do business. Because these investments can be immense, it is common to focus first on immediate needs. Periods of rapid change can further shorten, if not eliminate altogether, time for reflection and anticipation. **But there are occasions in the lifecycle of a community that afford citizens and stakeholders the opportunity to reflect on past accomplishments and look ahead to what their community can become. It is a time when “what’s next?” is at the top of the mind. According to its stakeholders, Pearland has reached such a point.**

Throughout much of its recent history, Pearland has been defined by rapid population growth and developing the infrastructure, services, and systems to accommodate it. Unlike communities that have grown steadily over generations, Pearland has experienced transformative growth packed into a few decades. The work that the community has done to accommodate this growth in a short amount of time is commendable. It has expanded road infrastructure and connectivity, upgraded water and sewer infrastructure, modernized local government service delivery and systems, built a fire department from the ground up, and enhanced amenities such as parks and trails. One outcome of these responses is a community with high resident satisfaction. Every other year, Pearland participates in the National Citizen Survey, a nationwide assessment of local government services, policies and management. According to 2017 data from the NCS, 9 out of 10 Pearland residents describe the city as a good or excellent place to live.

Pearland has also been purposeful and forward-thinking in its approach to community and economic development. In recent years, it has advanced Pearland 20/20, a holistic community and economic development strategic plan convened by the Pearland Economic Development Corporation (PEDC) in partnership with the City of Pearland, its elected officials and departments, and numerous other public, private, and non-profit organizations and volunteers. This effort continues to positively shape the community's future by ensuring that it maintains and advances its attractiveness to business and the talent they need to compete. Although the next phase of this process, the Implementation Assessment, will provide a more comprehensive overview of the implementation of Pearland 20/20, it is appropriate to highlight some of the high-level accomplishments here. Among other things, the Pearland 20/20 initiative has accomplished the following:

- ∟ Aggressively expanded economic development marketing capacity to position Pearland as a destination for business particularly those operating in the health care and life sciences sectors
- ∟ Successfully attracted and retained multiple employers in the city of Pearland
- ∟ Began the transformation of the Lower Kirby District into a destination for headquarters, life sciences, and other professional and technical service operations

- ∠ Continued to support planning, designing, and construction of priority road and highway projects activated Municipal Management Districts to improve the SH 288 corridor and developed a strategy to encourage development and revitalization along SH 35
- ∠ Implemented beautification strategies including the SH 288 Master Plan, gateway features, and SH 35 entryway and corridor enhancements with partners including the City of Pearland, Keep Pearland Beautiful, and the Convention and Visitors Bureau among other organizations

Pearland 20/20 is not the only example of intentional effort shaping the city – the Clear Creek Master Plan, the 2040 Regional Transportation Plan, the five-year, \$676 million Capital Improvement Plan, and the recently approved Multi-Modal Plan that will include a Trails Master Plan and Sidewalk Gap Analysis for the City of Pearland will meaningfully transform the city and make it a more dynamic place to live. These initiatives are at various planning and implementation stages, and some results will be realized over a period of time measured in decades rather than years. But taken together, they are further evidence of a community focused on continued improvement.

Input participants said that there have clearly been “growing pains” associated with Pearland’s population and development boom. But while some challenges remain, stakeholders lauded the community’s progress in responding to its growth. Said one input participant, “It feels like the last five years have almost been fine-tuning the initial surge of people that were here.” However, many input participants also said they believed that the community’s biggest growth surges may be in the past. When discussing the community’s supply of developable land, stakeholders said most of the “low-hanging fruit” that drove Pearland’s development boom has been utilized. Remaining sites tend to be smaller and/or have barriers to development. Additionally, some areas – particularly those on the east end of the community that were developed earlier – could benefit from redevelopment.

In short, a key theme from the public input process is that there is an emerging consensus that Pearland is on the cusp of a new era. The community’s recent history has been typified by rapid growth. Stakeholders said they feel that the community is “catching up” to this growth in many ways and have much to be proud of in recent years. However, stakeholders contacted through the input process also said that Pearland’s residents are beginning to have discussions about what comes next for the community. These discussions can be synthesized and distilled into a single key question: **How will Pearland ensure its sustainability and maintain or even improve its status as a highly desirable destination as its era of rapid growth draws to a close and the community begins to mature?**

Now is an opportune time to ask this question. Suburban communities around the United States are facing a new paradigm that will bring both challenges and opportunities. Sun Belt suburbs such as Pearland remain among the fastest growing communities in the country. However, trends such as e-commerce and peer-to-peer technologies could alter sectors such as retail, food service, and accommodation that are critical to the tax base of many localities. Additionally, shifts in generational preferences and financial hurdles faced by younger generations could have a variety of implications. Communities that address these issues will unquestionably chart a more sustainable course for their community and economic development.

Many of the themes discussed in this Community Assessment will be familiar to engaged stakeholders in Pearland. Some are similar to findings in the Pearland 20/20 Assessment and some have even been defining

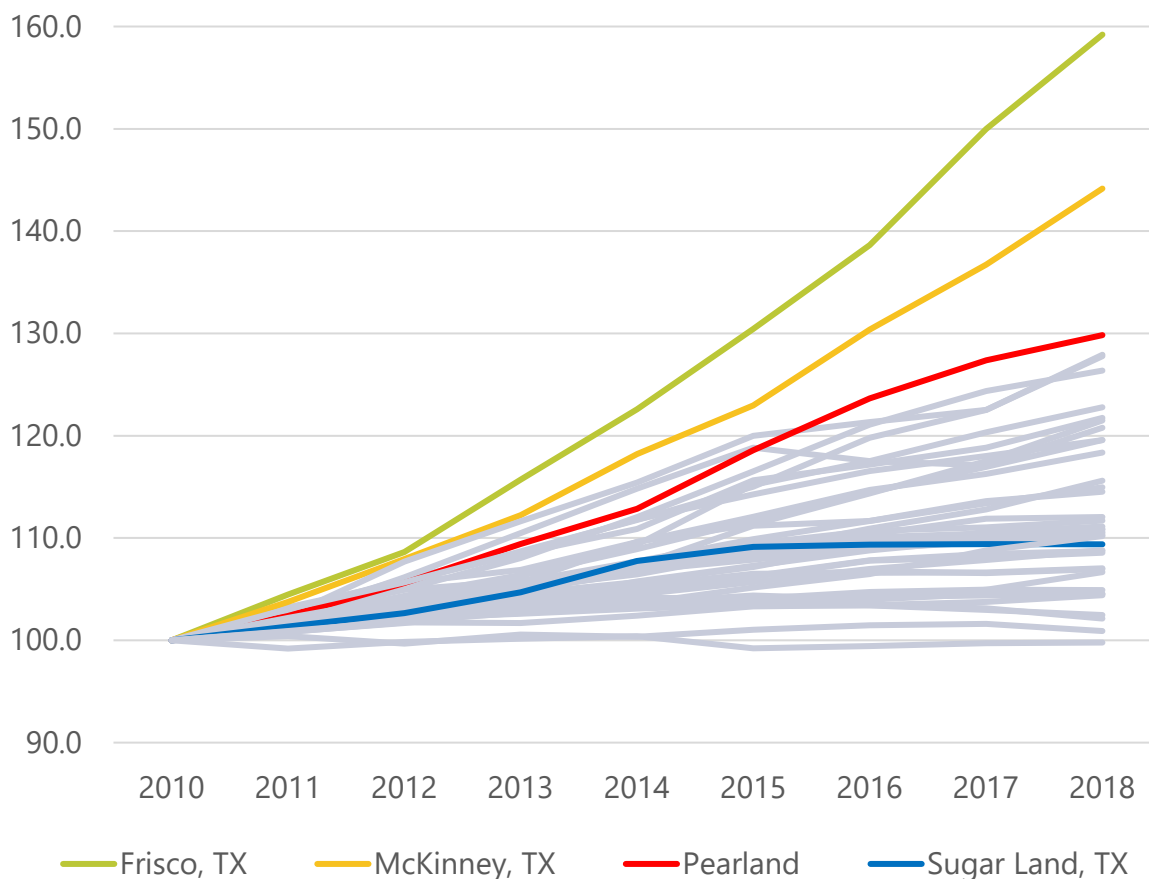
issues in the community for decades. But it is important to begin this latest strategic planning process with an updated look at the community's overall competitive position. Additionally, the Assessment discusses what has changed in Pearland in the past five years while comparing themes to national trends with an eye toward their strategic implications for the future. These discussions will be complemented by broader generational and industry trends that may provide guidance on how Pearland can enter a new phase of development sustainably while, at the same time, continuing to improve its quality of life, boost social capital, and ensure access to economic opportunity for all residents.

2. A CONTINUED DESTINATION OF CHOICE IN GREATER HOUSTON

In the “Competitive Assessment” conducted as part of the Pearland 20/20 process in 2012, Pearland was described as a “suburb-of-choice” in metropolitan Houston which benefitted from “Texas-centric” migration into Brazoria County. These observations largely remain relevant today, though with a few key differences or updates. As previously referenced in this Assessment, Pearland has experienced a sustained period of rapid population growth and new development. This is by now a familiar story to the community’s residents. **Not surprisingly, growth and how it has shaped and transformed the community was one of the most common themes discussed by stakeholders during the public input process.** But it is nevertheless useful to put the scale of Pearland’s growth into context. Between 2000 and 2010, Pearland’s population increased from fewer than 40,000 people to more than 91,000, a remarkable 142 percent growth rate. Growth since that time has continued to be strong. As shown in Figure 1, among all cities in Texas with a population of at least 100,000 as of 2018, Pearland had the third-highest population growth rate between 2010 and 2018. Only Frisco and McKinney grew faster.

Figure 1: Population Index for Texas Cities with 100,000 Population or Greater, 2010-2018

Source: United States Census Bureau, Population Estimates (Released May 23, 2019)



Note: The gray lines in the above graphic show population growth for all other Texas cities with at least 100,000 residents between 2010 and 2018, with population for 2010 indexed to 100.

During the public input process conducted for the Pearland 20/20 process in 2012, many stakeholders suggested that the community's growth trajectory was not sustainable. While this will likely prove to be the case in the future, the community still grew rapidly during the most recent five-year period for which data is available. As shown in Figure 2, between 2013 and 2018, Pearland's population grew by more than 19,000 residents, good for a growth rate of 18.6 percent. In comparison, Texas' population increased by just 8.4 percent during this time period. Only McKinney (28.4 percent) grew faster in both proportional (28.4 percent) and absolute (42,438 new residents) terms among comparison communities.

Figure 2: Total Population, 2000-2018

Source: United States Census Bureau, Population Estimates (Released May 23, 2019)

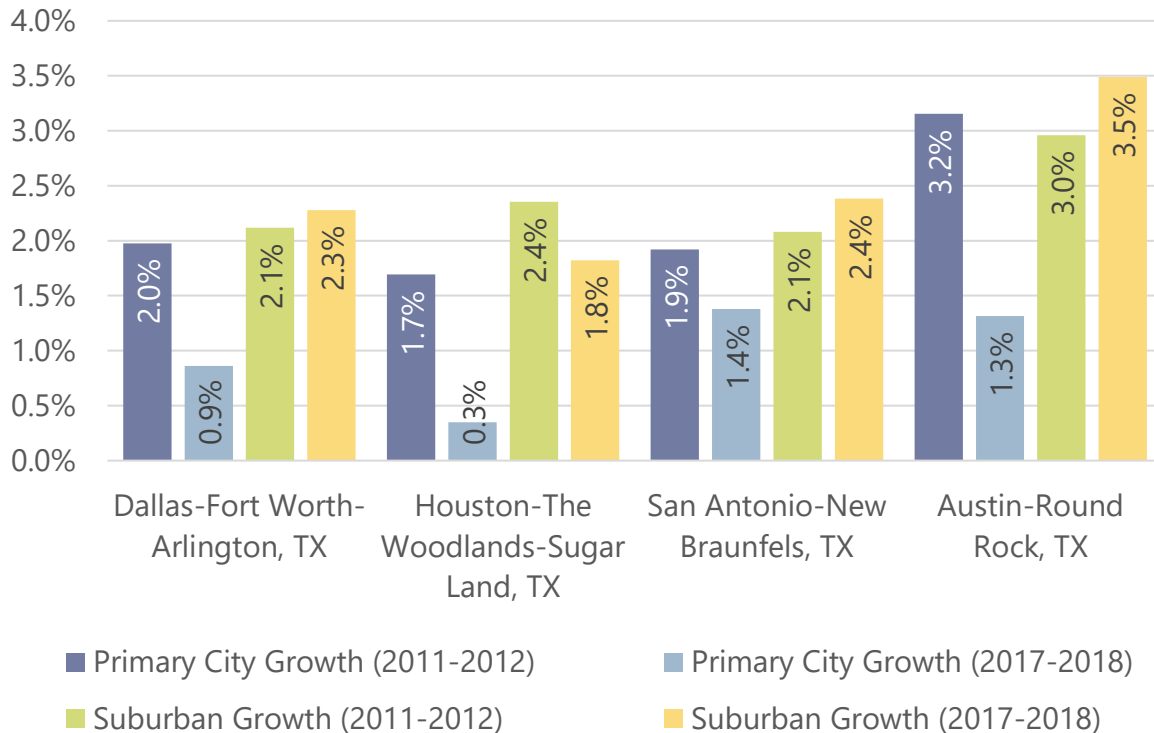
	2000	2010	2013	2018	5 Yr. Change	
					#	%
Pearland	46,727	94,083	102,955	122,149	19,194	18.6%
Cary, NC	97,012	137,021	151,257	168,160	16,903	11.2%
McKinney, TX	56,219	132,943	149,207	191,645	42,438	28.4%
Sugar Land, TX	65,434	108,417	113,501	118,600	5,099	4.5%
Texas	20,944,499	25,242,679	26,489,464	28,701,845	2,212,381	8.4%
United States	282,162,411	309,326,085	316,057,727	327,167,434	11,109,707	3.5%

At the time of the Pearland 20/20 process, there was uncertainty about whether the kind of robust suburban growth seen in the preceding figure would continue. A *Wall Street Journal* article from June 2012 noted that growth in central cities outpaced suburban growth on a year-over-year basis, something that had not happened since the 1920s.² But subsequent years have revealed that the rise in central city growth did not continue, particularly in the Texas Triangle. **According to a recent analysis of U.S. Census Bureau data by Brookings' demographer William H. Frey, suburban growth remains an important component of each metropolitan area in the Triangle – particularly in Greater Houston.** As shown in Figure 3, the gap in year-over-year growth between central cities and suburbs was relatively narrow in the 2011 to 2012 timeframe. But between 2017 and 2018, suburban growth far outpaced central city growth.

² Conor Dougherty and Robbie Whelan. "Cities Outpace Suburbs in Growth." *Wall Street Journal*. Updated June 28, 2012.

Figure 3: Central City vs. Suburban Population Growth Rates, 2011-2012 vs. 2017-2018

Source: Brookings, U.S. Population Estimates released May 23, 2019



That said, a key factor in Pearland's population growth has been the overall attractiveness of the Greater Houston region and migration from Harris County to the suburbs. As the fifth largest metropolitan area in the United States, the Greater Houston region has proven to be one of the nation's most dynamic talent magnets as shown by recent migration data provided by the Internal Revenue Service. The IRS' Statistics of Income program offers detailed insight into the origins and destinations of domestic migrants. This data is compiled from anonymized tax return data. If a given return moves from one county to another between tax years, the program categorizes that return – and all its associated exemptions – as having migrated between counties. Examining the number of exemptions that move from county to county in a given year can provide a rough estimate of the net flow of actual people from place to place. It is important to emphasize that the IRS data captures only those households that file tax returns in consecutive years.³

IRS data reveals that Greater Houston (officially the Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area) saw strong net in-migration from many of the other top regions in the United States. Between 2011 and 2016, Greater Houston received a net inflow of more than 6,700 individuals each year from the nation's three largest regions – New York, Los Angeles, and Chicago. That is, 6,700 more individuals moved

³ This data program has some limitations. While it provides information on the number of exemptions claimed on every return, this metric does not have an exact one-to-one relationship with actual people in a household. Second, the program tracks only those tax filers who submit a return in two consecutive years. As such, the program is known to undercount the elderly, college students, immigrants, and others who may not file a tax return in consecutive years.

to Greater Houston from these regions than moved in the other direction. Greater Houston also received net in-migration (albeit in smaller numbers) from other “talent magnet” regions such as Atlanta, Dallas, and Washington, D.C. During this time period, the only region to which Greater Houston lost a significant number of net migrants was Austin, which attracted a net annual flow of roughly 1,100 residents per year.

Unfortunately, the IRS does not provide data below the county level, meaning we cannot isolate migration trends to the City of Pearland. Additionally, the City of Pearland lies within multiple counties (including a small portion of mostly commercial land in Harris County itself). However, a large majority of Pearland’s residents live in Brazoria County and between 2011 and 2016, Pearland accounted for the majority of Brazoria County’s growth (57.8 percent). Accordingly, IRS data for Brazoria County can shed some light on the communities from which Pearland is attracting new residents. **The data shows that Brazoria County receives a majority of its in-migration from the Houston region, Harris County in particular. As shown in Figure 4, there was a net flow of more than 9,200 residents from Harris County to Brazoria County between 2011 and 2016.** The next-largest source of in-migrants to Brazoria County during this time period was Jefferson County, TX (Beaumont and Port Arthur) with 342. Based on this data it is appropriate to amend the conclusion from the Pearland 20/20 Assessment that Pearland is benefiting from “Texas-centric” migration. In recent years, it is more accurate to say that the community’s growth has been driven in large part by “Houston-centric” migration, as Brazoria County is drawing only a small number of new migrants from all other counties.

Figure 4: Top Sources and Destinations (Brazoria County), 2011-2016

Source: Internal Revenue Service, Retrieved January 2019

Top Sources			Top Destinations		
Origin County	Net Returns	Net Exemptions	Origin County	Net Returns	Net Exemptions
Harris County, TX	3,617	9,272	Galveston County, TX	(393)	(1,193)
Jefferson County, TX	166	342	Fort Bend County, TX	(159)	(521)
Hidalgo County, TX	105	300	Montgomery County, TX	(137)	(507)
Los Angeles County, CA	86	221	Comal County, TX	(89)	(177)
Matagorda County, TX	81	192	Hays County, TX	(70)	(133)
Hillsborough County, FL	95	191	Victoria County, TX	(42)	(107)
Cameron County, TX	66	186	Williamson County, TX	(51)	(103)
East Baton Rouge Parish, LA	94	172	Polk County, TX	(46)	(93)
Cook County, IL	74	169	Travis County, TX	(71)	(75)
Miami-Dade County, FL	79	154	Collin County, TX	(13)	(59)

Because the Greater Houston region is one of the nation’s most dynamic job markets with strong potential to attract new talent and investments, Pearland is well positioned for future success. **Its primary competition will come from other communities in Greater Houston; differentiating from these places will be among the most important considerations for Pearland in the years to come.** Fortunately, Pearland’s growth

dynamics in recent years demonstrate that it has continued to be a suburb of choice within Greater Houston. The reasons why Pearland remains such an attractive destination should be familiar to stakeholders. **Among the most common answers given during the public input process were excellent schools, relatively affordable housing, close proximity to employment hubs (especially the Texas Medical Center), and the community's diversity.** Taken together, these factors constitute an incredibly solid foundation for an attractive community for new residents.

Respondents to the online survey, for instance, gave schools in the Pearland area high marks. Survey respondents were asked whether they or their children had attended a PK-12 school within the past five years; respondents who answered yes to this question were then asked with which Independent School District (ISD) they were most familiar. Among respondents who said they were familiar with Alvin ISD or Pearland ISD (the two districts that serve the majority of Pearland households), 86.5 percent agreed or strongly agreed with the statement "children in this district receive a high-quality education." (It is important to note that stakeholders also said that some groups – especially young professionals without children – may find Pearland to be a relatively less attractive destination. The factors that influence this dynamic are discussed in the seventh chapter of this Assessment.)

While caution must be exercised in drawing broad conclusions from a single data point, Pearland's year-over-year population growth rate was just 1.9 percent between 2017 and 2018, down from an annual average of 3.5 percent between 2010 and 2017. Whether this is a temporary "blip" or the start of a larger trend is unclear at this time. **But during the public input process, many stakeholders in Pearland said they expected the community's growth trajectory will slow in the coming years. The primary reason is spatial – while not quite at "buildout," input participants with knowledge of the community's land use and real estate markets said that the type of growth that propelled the community's expansion in recent years will not be replicable in the decades to come.** Stakeholders noted that "greenfield" sites suitable for residential development within the city limits of Pearland are dwindling, and those sites that remain tend to be smaller and/or have conditions that make development more difficult. Developing the community with more dense uses (e.g. mid-rise multifamily buildings on smaller footprints) was a topic on which there was significant disagreement during public input, with some participants strongly in favor and others strongly opposed. Stakeholders also said that recent changes to annexation laws in Texas will make it more difficult for the City of Pearland to grow its footprint in the foreseeable future.

Some input participants said they would welcome growth slowing significantly in Pearland (some stakeholders offered a similar sentiment during the Pearland 20/20 process). Other stakeholders expressed apprehension as to how the community would be perceived if growth significantly slowed; as one stakeholder put it, "in two decades, some other place will be the shiny new suburb." As Pearland matures, many input participants noted that Pearland must continue to find ways to be attractive to **talented individuals with choices about where to live.** Later chapters of this assessment will discuss factors such as job growth and diversification and quality of place that will influence this relative attractiveness. The next chapter, however, focuses additional attention on Pearland's demographic makeup following the community's recent boom.

3. PEARLAND'S PEOPLE: EDUCATED, YOUNG, AND DIVERSE

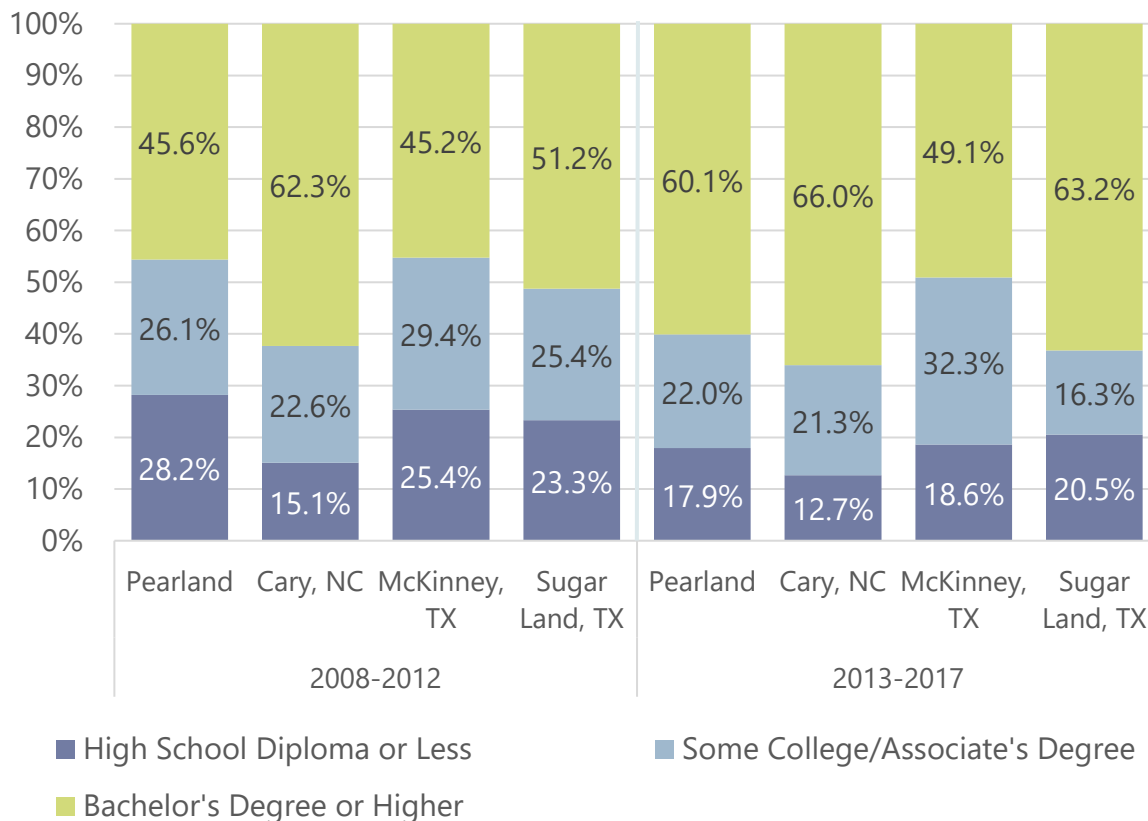
The previous chapter focused on Pearland's growth largely from a numeric perspective. It is also important to examine how the community's growth has impacted other demographic factors, including educational attainment levels, age dynamics, and diversity.

Data suggests that Pearland is a beacon in the Greater Houston region for highly educated individuals.

According to data covering the five-year period ending in 2017, individuals who moved into Pearland tended to have higher levels of educational attainment than both Pearland's existing resident population and the national averages for all "migrants." Of the new residents who moved to Pearland from somewhere else in the United States between 2013 and 2017, the U.S. Census Bureau estimates that 60.1 percent held a bachelor's degree or higher. The national average for domestic migrants was 36.9 percent during this time period. Moreover, domestic migrants to Pearland during this time period were also significantly more educated than those individuals who arrived between 2008 and 2012. During this span, just 45.6 percent of domestic migrants into Pearland held a bachelor's degree, far behind the rates seen in Cary, NC (62.3 percent) and Sugar Land (51.2). Figure 5, however, shows that this gap has closed significantly. Between 2013 and 2017, domestic in-migrants into Pearland held bachelor's degrees at a rate that trails Cary and Sugar Land by just 5.9 and 2.1 percentage points, respectively.

Figure 5: Educational Attainment of Domestic Migrants (Aged 25 or Older), 2012-2017

Source: United States Census Bureau, American Community Survey 5 Yr., Released Data Dec 17, 2013; Dec. 6, 2018



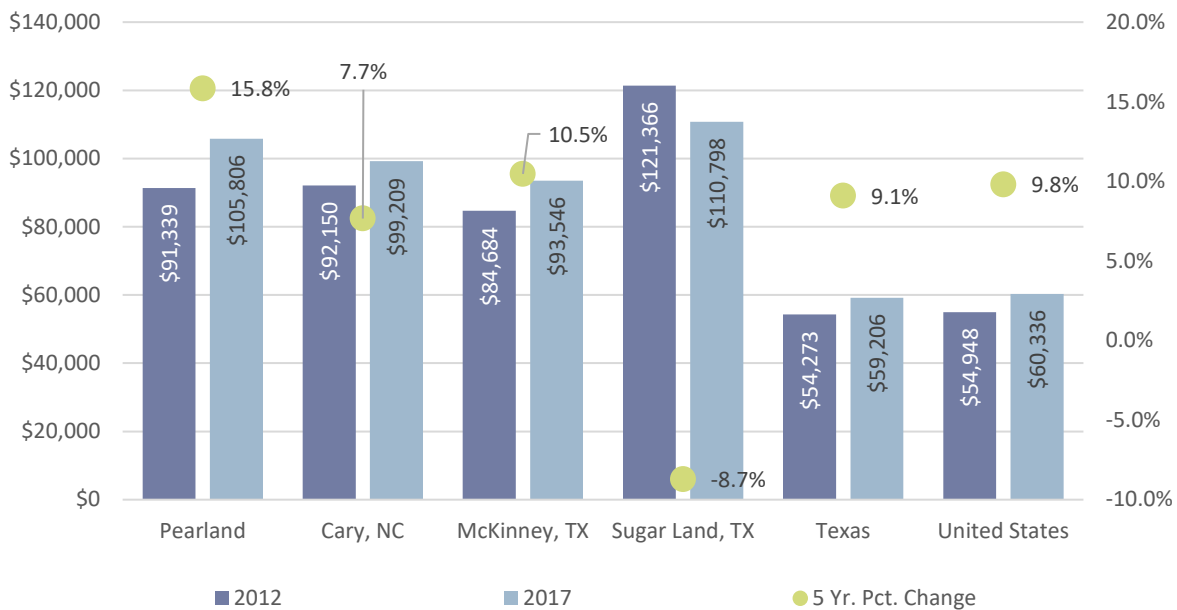
This influx of highly educated individuals has helped make Pearland a more educated place in 2017 than it was five years prior. According to data collected between 2013 and 2017, approximately 47.3 percent of Pearland residents aged 25 or older possessed a bachelor's degree education or higher – a 2.0 percentage point rise over the five-year period ending in 2012. Four-year or advanced degrees are not the only attainment category to increase in the city. Pearland's share of residents whose highest level of attainment was an associate's degree (9.1 percent) increased by 1.4 percentage points over the same period – the highest growth rate among its peers. Only McKinney (9.6 percent) possesses a higher share of residents with associate's degrees or higher. Two year-degrees, certificates, and other forms of postsecondary training are an increasingly important component of a community's talent base.

Overall, while Pearland is a highly educated place relative to both the state and national averages, educational attainment rates in some other "destination suburbs" are higher, even after accounting for associate's degrees. Both Cary, NC (72.5 percent) and Sugar Land (65.0 percent) have higher associate's degree attainment rates. In terms of growth, however, Pearland's 3.4 percentage point gain in the proportion of its population with an associate's degree or higher between the five-year periods ending in 2012 and 2017 outpaced all comparison geographies with the exception of Sugar Land (5.9 percent).

Pearland's high educational attainment rates are a major strength. In an increasingly knowledge-based economy, businesses across a variety of economic sectors are increasingly weighting access to skilled talent as the most important factor influencing their site location decisions. The ability to locate in close proximity to a highly educated local population offers a significant competitive advantage relative to many other areas within a large, dynamic regional economy.

Figure 6: Median Household Income

Source: United States Census Bureau, American Community Survey 1 Yr., Released Dec. 6, 2018



Educational attainment is also strongly associated with an individual's earning potential. As Pearland's adult population becomes more educated, it is therefore not surprising to see strong gains in household income.

But the growth in Pearland's median household income figure has been particularly remarkable. As shown in Figure 6, between 2012 and 2017, the median household income in Pearland increased by 15.8 percent compared to state and national gains of 9.1 and 9.8 percent, respectively. Among comparison communities, only McKinney posted a double digit gain.

Figure 7: Percentage Point Change by Age Group

Source: United States Census Bureau, American Community Survey 5 Yr., Released Dec. 6, 2018

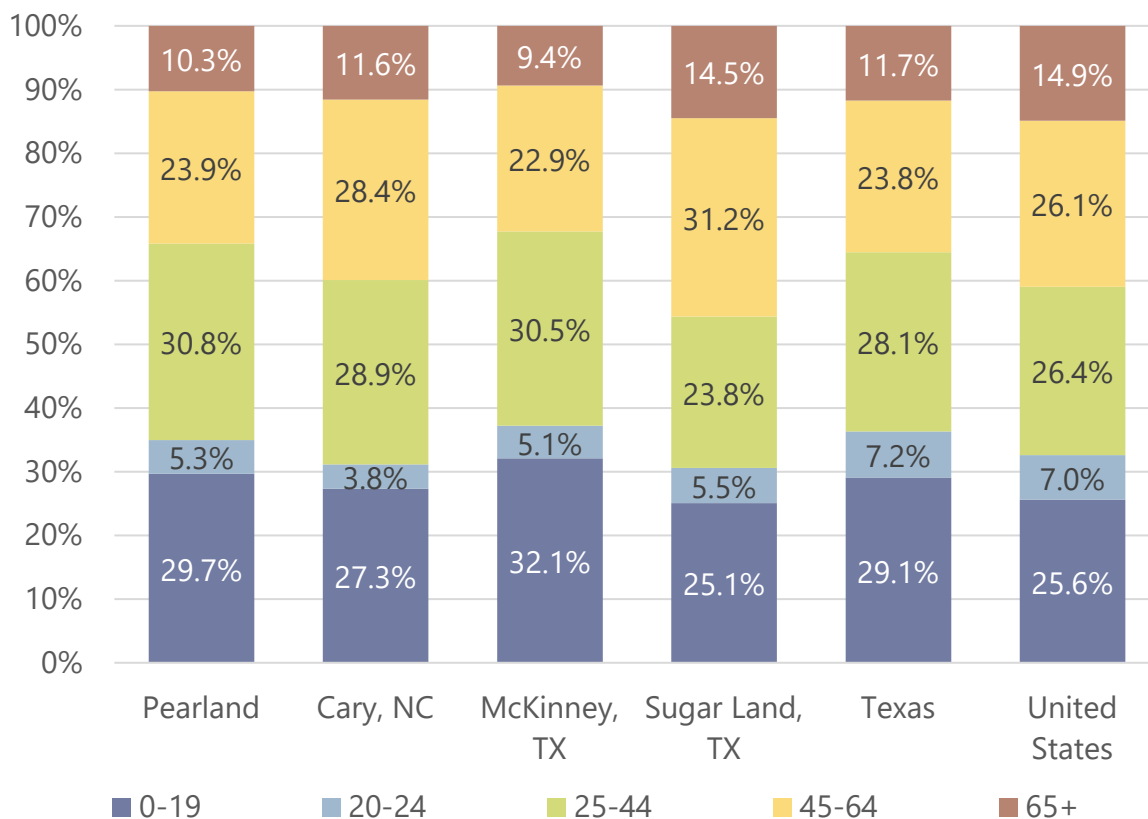
	0-19	20-24	25-44	45-64	65+
Pearland	-2.5%	-0.1%	-1.1%	1.2%	2.5%
Cary, NC	-1.8%	-1.0%	-1.9%	1.8%	3.0%
McKinney, TX	-2.0%	-0.1%	-2.4%	2.3%	2.3%
Sugar Land, TX	-2.4%	-0.3%	0.8%	-2.5%	4.3%
Texas	-1.1%	-0.1%	-0.1%	-0.1%	1.3%
United States	-1.2%	0.0%	-0.3%	-0.2%	1.7%

Another factor that firms are increasingly considering when making location decisions is age dynamics. Companies making long-term investments want to be assured that current workforce strengths are sustainable many years into the future. Accordingly, a community with a relatively younger talent base could enjoy a competitive advantage. [During the public input process, some stakeholders said that as Pearland has "matured" as a more established suburb, its age dynamics have also begun to skew older.](#) But while data does indeed show that Pearland's demographics have skewed slightly older in recent years, the community remains a relatively young place. As shown in Figure 7, between 2012 and 2017, the 45-to-64 and 65-and-over age brackets grew proportionally in Pearland while all other age bands declined as a share of total population. It is important to note that in numeric terms, the city added population in each of the aforementioned age categories. For instance, there were more residents aged 19 or under in Pearland in 2017 than there were in 2012. But this age bracket made up a comparatively smaller of the community's 2017 population than it did in 2012.

Compared to peer communities, however, Pearland's gains among those aged 45 to 64 and 65 and over are less pronounced than in other communities as shown in the preceding figure. **Additionally, despite the relative growth of older age groups, the city of Pearland remains relatively young compared to its peers.** Just 10.3 percent of Pearland residents are aged 65 and over compared to the national average of 14.9 percent. Among comparison geographies, only McKinney (9.4 percent) had a smaller percentage of 65 and over residents. Additionally, Pearland's 45 to 64 age group – those residents who will reach retirement age within the next two decades – also represents a smaller share of the city's total population relative to the national average as shown in Figure 8.

Figure 8: Age Composition, 2017

Source: United States Census Bureau, American Community Survey 5 Yr., Released Dec. 6, 2018



Another key finding from the Pearland 20/20 Assessment was the fact that Pearland had become a “majority-minority” community. Between 2000 and 2010, the share of the community’s population made up of non-Hispanic white persons decreased by 24.6 percentage points, and as of the 2010 Census, the community’s non-Hispanic white population stood at 48.9 percent. In recent years, Pearland has become even more racially and ethnically diverse. As shown in Figure 9, between the five-year periods ending in 2012 and 2017, the proportion of white non-Hispanic residents in Pearland decreased by 4.7 percentage points. Meanwhile, Pearland’s Asian, black, and Hispanic populations all increased as a proportion of the community total – none of the other three suburban comparisons saw all three of these groups grow in relative terms. Pearland’s demographic shift during this time period was similar to state and national trends but even more pronounced. Its white non-Hispanic population decreased more sharply and its Asian, black, and Hispanic populations grew relatively faster than those of both Texas and the United States.

Figure 9: Percentage Point Change in Racial and Ethnic Composition, 2012-2017

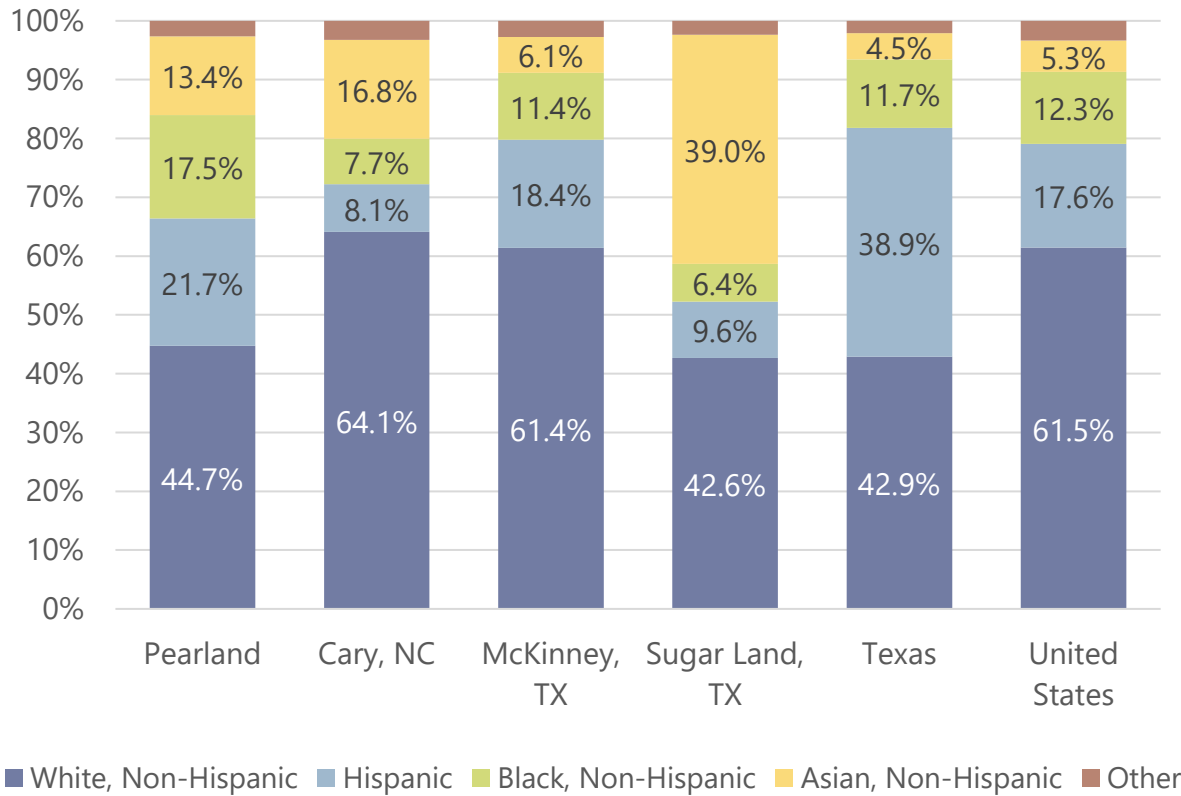
Source: United States Census Bureau, American Community Survey 5 Yr., Released Dec. 6, 2018

	Non-Hispanic, White	Non-Hispanic, Black	Non-Hispanic, Asian	Hispanic	Other
Pearland	-4.7%	2.5%	0.8%	1.4%	0.0%
Cary, NC	-5.3%	1.0%	4.2%	-0.5%	0.6%
McKinney, TX	-2.4%	1.0%	1.1%	-0.3%	0.6%
Sugar Land, TX	-1.8%	-1.1%	3.4%	-0.5%	0.0%
Texas	-2.4%	0.2%	0.6%	1.3%	0.3%
United States	-2.2%	0.1%	0.5%	1.3%	0.4%

As shown in Figure 10, Pearland remains a highly diverse community even relative to other majority-minority geographies. For instance, while white non-Hispanic residents make up a slightly smaller percentage of the population in Sugar Land and Texas, both of these geographies also have a second racial or ethnic group that makes up nearly 40 percent of the population. In Sugar Land, Asians account for 39.0 percent of the population, while 38.9 percent of Texas residents are Hispanic. **In contrast, Pearland's minority groups are relatively more balanced, with Hispanic (21.7 percent), black (17.5), and Asian (13.4) residents all accounting for at least 10 percent of the population.** This level of racial and ethnic diversity is rare among larger cities in the United States. Of more than 300 cities nationally with at least 100,000 people as of 2017, Pearland is one of just 17 where Asian, black, Hispanic, and white non-Hispanic residents make up at least 10 percent of the total population.

Figure 10: Racial and Ethnic Composition, 2017

Source: United States Census Bureau, American Community Survey 5 Yr., Released Dec. 6, 2018



Businesses are increasingly seeking an educated, diverse set of viewpoints to drive competitiveness. Pearland's resident population in this regard is an immense asset that can effectively enhance the community's attractiveness to outside companies or those seeking to expand locally. Additionally, research suggests "openness" is a critical factor in a community's ability to attract and retain talent.⁴ An additional discussion of Pearland's openness and diversity will be included in the seventh chapter of this Assessment.

⁴ "Knight Soul of the Community 2010." John S. and James L. Knight Foundation and Gallup. 2010.

4. IMPLICATIONS OF A LOCAL-SERVING ECONOMIC COMPOSITION

While rapid population growth has brought transformational change to Pearland in recent decades, the community's economic structure still largely resembles that of a "bedroom community." That is, a relatively large portion of the jobs based in Pearland are in sectors that primarily serve local residents such as retail. Meanwhile, sectors that "export" goods and services to other markets (both domestic and international) are relatively less concentrated in the local economy. Figure 11 shows Pearland's economic composition; the sectors are sorted in descending order by number of jobs as of 2018.

Figure 11: Employment by Sector in Pearland, 2013-2018

Source: Economic Modeling Specialists International, Datarun 2019.2

Sector	Location Quotient (2018)	Jobs (2018)	Job Growth ('13-'18)			Average Annual Wage (2018)	
			#	%	U.S. %		
Retail Trade	●	1.7	7,375	1,238	20.2%	4.7%	\$27,469
Government	▲	1.0	6,605	311	4.9%	1.9%	\$44,754
Accommodation & Food Services	●	1.7	6,030	1,269	26.7%	13.0%	\$17,956
Health Care & Social Assistance	▲	0.9	4,917	1,320	36.7%	10.7%	\$41,836
Construction	▲	1.3	3,042	517	20.5%	18.0%	\$72,329
Other Services	▲	1.4	2,769	438	18.8%	6.5%	\$25,117
Prof./Sci./ & Technical Svcs.	◆	0.7	2,034	172	9.2%	12.4%	\$61,400
Manufacturing	◆	0.6	1,946	638	-24.7%	5.0%	\$68,098
Admin./Waste Mgmt./Remed. Svcs.	◆	0.6	1,648	112	-6.3%	10.7%	\$40,476
Wholesale Trade	◆	0.6	901	69	-7.1%	1.9%	\$65,413
Finance & Insurance	◆	0.5	867	46	5.7%	7.1%	\$56,509
Arts, Entertainment, & Recreation	▲	1.2	854	155	22.1%	15.0%	\$19,565
Transportation & Warehousing	◆	0.5	820	116	16.4%	20.8%	\$56,632
Educational Services	◆	0.7	739	152	25.9%	8.9%	\$18,447
Real Estate & Rental & Leasing	▲	1.0	702	123	21.2%	11.1%	\$52,264
All Other Sectors	◆	0.3	787	310	65.0%	3.4%	\$79,860
Total			42,036	5,059	13.7%	8.2%	\$40,442

Note: Data shown is for ZIP Codes 77584, 77581, and 77588. All Other Sectors includes Agriculture, Forestry, Fishing and Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities, Management of Companies and Enterprises; Information; and Unclassified Industry.

As shown above, retail trade, government, and accommodation and food services were the three largest sectors by employment.⁵ Combined they accounted for slightly more than 20,000 jobs, almost half (47.8 percent) of Pearland's total employment. Nationwide, these sectors contained roughly 34 percent of jobs.

Retail trade and accommodation and food services were also the most concentrated sectors within the local economy as measured by a "location quotient. A location quotient or "LQ" is a statistic that measures how concentrated a given sector is in a local economy relative to the national economy. A location quotient of 1.0 indicates that a sector is exactly as concentrated in the local economy as it is nationally, whereas a value above 1.0 indicates that a sector is more concentrated locally compared to the average community nationwide.

Both retail trade and accommodation and food service have location quotients of 1.7, meaning these sectors are 170 percent more concentrated in Pearland than they are in the national economy. In some cases, highly concentrated local employment within a sector signals a local competitive advantage. But retail and food service are generally said to be sectors that "follow rooftops." That is, retailers and restaurants generally want to locate where people live. Given Pearland's long population boom that has continued into recent years, it is not surprising to see strong growth in these sectors. The reason that these sectors are so concentrated in the local economy is that Pearland has relatively low concentrations of jobs in other sectors, particularly "traded sectors" that export goods and services to other markets. This echoes a finding from the Pearland 20/20 Assessment, which noted that Pearland lacked a "significant base of high-value employers."

This is not to say there has not been progress. Proactive efforts from PEDC, the City of Pearland, and their partners have had a significant positive impact on the community's large employer base in the past decade. Between 2009 and 2018, major locations or expansions in Pearland have included Kelsey Seybold, Kemlon, Lonza, Dover Energy, Third Coast Terminals, and Mitsubishi Heavy Industries.⁶ These firms have added nearly 1,900 direct jobs to Pearland in addition to numerous indirect economic and fiscal benefits. [Business leaders contacted during the public input process said strategic efforts such as infrastructure improvements in the Lower Kirby district, road connectivity and capacity upgrades, and aesthetic enhancements along commercial corridors have helped attract and retain businesses in recent years.](#) **Another bright spot has been the growth of health care service delivery in Pearland.** The community now has two hospitals (Memorial Hermann and HCA Houston Healthcare Pearland) where previously it had none. Between 2013 and 2018, the health care and social assistance sector added more than 1,300 jobs in Pearland. The sector's growth rate of 36.7 percent was more than three times the national rate.

But on the whole, employment growth in Pearland has not kept pace with peer communities. Between 2013 and 2018, total employment within the city increased by 13.7 percent. This exceeded both state and national averages but lagged McKinney (25.9 percent), and Sugar Land (19.3), and Cary (17.9). Additionally, Pearland's job growth in traded sectors was lower relative to peers. Traded sectors of the economy, typically

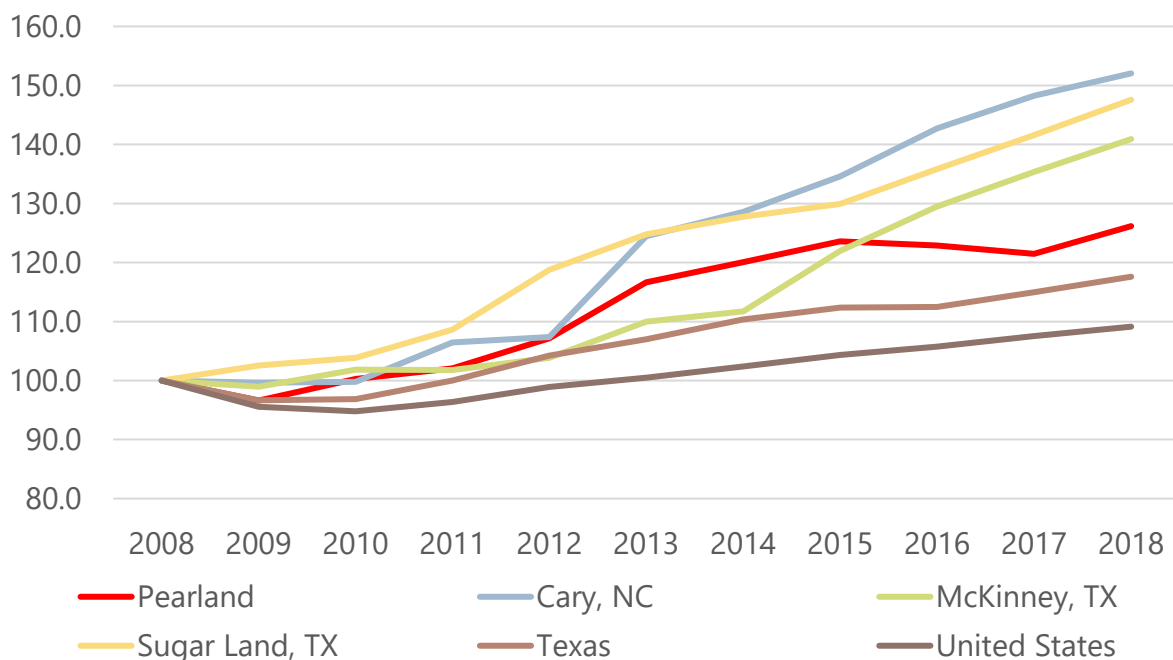
⁵ The government sector includes all levels of government (e.g. federal, state, and local) and includes public school employees.

⁶ Pearland Economic Development Corporation.

referred to as a city's economic base, are those that export goods or services to consumers outside of the city's borders.⁷ In so doing, exports bring in new revenues from outside the jurisdiction which are then recirculated through business-to-business purchasing or consumer spending. This recirculation effect is often referred to as the "multiplier" effect whereby a single job in a traded sector supports multiple other jobs throughout the economy. **Traded sector employment in Pearland grew by 8.2 percent between 2013 and 2018. Employment in all other sectors grew by 15.9 percent. While Figure 12 shows that Pearland's traded sector growth outpaced state and national gains, it lagged behind the three comparison communities.** Meanwhile, McKinney (28.1 percent), Cary (22.2), and Sugar Land (18.3) all experienced double-digit traded sector job growth.

Figure 12: Traded Sector Employment Index (2013 = 100), 2013-2018

Source: Economic Modeling Specialists International, Datarun 2019.2



In summary, Pearland's economy is typical of a "bedroom community" with employment in sectors that serve a local population that commutes elsewhere for work. This type of economic composition comes with multiple implications. For one, it means that Pearland residents have relatively fewer high-paid employment opportunities relative to other suburban submarkets, which in turn means that many local residents have long commutes to job centers located further away. This dynamic is discussed in a subsequent chapter.

Another key implication relates to the community's long-term fiscal health. As noted in the Pearland 20/20 Assessment, "Many fast-growing suburban communities have found that an over-reliance on residential

⁷ Nine economic sectors represent traded sector employment: Agriculture (NAICS 11); Mining and Oil and Gas Extraction (NAICS 21); Manufacturing (NAICS 31); Wholesale Trade (NAICS 42); Transportation and Warehousing (NAICS 48); Information (NAICS 51); Finance and Insurance (NAICS 52); Professional, Scientific, and Technical Services (NAICS 54); and Management of Companies and Enterprises (NAICS 55). For the purpose of the analysis, Health Care and Social Assistance (NAICS 62) employment is also classified as a traded sector.

development has led to unbalanced tax digests. Pearland's lack of a significant base of high-value employers will eventually limit the city's flexibility to dedicate new resources to key projects and services, especially if residential growth and/or sales tax receipts slow to the extent that city coffers start to become depleted." **Accordingly, to many stakeholders contacted through the public input process, concerns about fiscal sustainability remain relevant today.** Said one input participant, "My biggest fear for someone moving to Pearland is we have a lot of established older communities that need re-investment. At the same time we have growth that is demanding new investment. And I honestly don't think we have the tax base to support that in the next 15-20 years."

Although it is beyond the scope of this Community Assessment to analyze the City of Pearland's budget and fiscal outlook, it is important to understand that the City generates a significant volume of its annual revenue from property and sales taxes. In the fiscal year of 2018, both forms of taxes accounted for a majority share of city revenues (64.2 percent).⁸ In terms of property taxes, assessed value among residential (\$8.2 billion) and commercial (\$3.2 billion) generate the bulk of property tax revenues collected by the city.⁹ In terms of sales tax, revenue streams are generated primarily by retail trade (61.1 percent) and accommodation and food services (20.2 percent).

Economic development efforts by the Pearland Economic Development Corporation and its partners are meaningfully diversifying the city's property tax digest. Relocations and expansions spurred by the Pearland Economic Development Corporation's efforts in 2018 alone include Lonza, a cell and gene therapy manufacturer, Endress+Hauser, an instrumentation and process automation company, Tool-Flo Manufacturing, and Rex Supply. Past economic development wins are also proving impactful – Mitsubishi Heavy Industries arrived in 2015 and now represents the fifth-highest assessed taxable property valuation (\$42 million) in the city. The manufacturing facility contributed nearly \$800,000 to Pearland ISD and Houston ISD in FY 2018. Numerous national trends suggest an uncertain future for communities that rely on residential property taxes and sales taxes tied to consumer spending. From a demographic standpoint, a significant portion of community and economic development dialogue in the post-Great Recession period has focused on uncertainties. Will Millennials act like the generation before them and settle down, start families, and look for more space in the suburbs? How will the consumer preferences and spending habits of younger generations differ from those of older Americans? While the answers to these questions are still subject to debate and interpretation, it is apparent that wealth disparities, affordability, and costs will play an important role in the life decisions of younger generations.

A recent Federal Reserve paper examining differences between net worth (assets minus liabilities) among different generations found that "the average real net worth of Millennial households was about \$92,000, around 20 percent less than baby boomer households in 1989 and nearly 40 percent less than Generation X households in 2001."¹⁰ Lower earnings, student loan debt, and smaller asset pools such as ownership of real

⁸ Property taxes in Cary (59.7 percent), McKinney (52 percent), and Sugar Land (21 percent) represented a smaller share of their respective FY18 revenues. Note that Sugar Land's figures are likely skewed as it generates a significant share of its revenue from water, wastewater, airport, and charges for other services.

⁹ Because apartments are classified under "commercial" property tax, Pearland's tax base is likely more skewed toward the residential component than the figures initially suggest.

¹⁰ Christopher Kurz, Geng Li, and Daniel J. Vine. "Are Millennials Different?" Board of Governors of the Federal Reserve System. Washington D.C. 2018.

estate and financial stocks were viewed as contributing factors to the decline in millennial net worth controlling for age. **Financial strain along with other factors appears to also be influencing consumer spending among Millennials.** A recent poll by Gallop found that young adults' (aged 18 to 29) self-reported daily spending only averaged \$74 in 2016 – down from \$93 in 2008. All other age groups reported similar levels of spending between the two surveys.¹¹ According to another survey by Deloitte, only 18 percent of Millennials in developed countries expect the economic situations in their countries to improve in the coming year – down from 37 percent a year prior.¹² **Population growth also appears have been impacted by changing preferences in the United States,** birth rates among women aged 20-24 (- 4 percent), 25-29 (- 3 percent), 30-34 (- 1 percent) fell from 2017 to 2018.¹³ According to the latest figures, birth rates for the nation as a whole (1,765.5 births per 1,000 women) is currently below the replacement rate (2,100 births per 1,000 women) established by the Center for Disease Control and Prevention whereby births would maintain the U.S. population at its current level overtime.¹⁴

Falling generational net worth, tightened consumer spending, declining birth rates across age groups, and an uncertain climate for international in-migration all signal that the mechanisms that drove growth and change for much of the United States' post-World War II period could shift in ways that are difficult to fully anticipate. **Accordingly, communities with diverse economies and tax bases will be best-positioned to navigate an uncertain future.** *Not all stakeholders contacted through the public input process wanted to see Pearland seek to become a job center, however. Some input participants said they moved to Pearland primarily because it is a bedroom community and wish to see that characteristic maintained. Other stakeholders, while in favor of economic diversification, noted that because Pearland's built environment is largely established, transitioning to a more diverse economy will be a long-term project. Said one input participant, "One of our defining questions is: we're a bedroom community. Are you happy about that? Can you do much with that? And to what degree can you move that around?"* The next chapter of this Assessment focuses on factors that will influence Pearland's competitiveness for a broader range of economic activity.

¹¹ Sean Kashanchi and Jeffrey M. Jones. "In U.S., Young Adults Report Spending Less Than in the Past." Gallop, 2017.

¹² Deloitte. "The Deloitte Global Millennial Survey 2019." Deloitte. 2019

¹³ Brandy E. Hamilton, Joyce A. Martin, Michelle J.K. Osterman, and Lauren M. Rossen. "Births: Provisional Data for 2018. Center for Disease Control and Prevention: National Center for Health Statistics. May 2019.

¹⁴ T.J. Mathews, Brandy E. Hamilton. "Total Fertility Rates by State and Race and Hispanic Origin: United States, 2017. Center for Disease Control and Prevention: National Center for Health Statistics. January 2019.

5. ECONOMIC DIVERSIFICATION: OPPORTUNITIES AND CHALLENGES

Communities diversify their economic base through many different mechanisms which sum to a greater whole. **While business attraction, entrepreneurship, and business retention and expansion have been the cornerstone of successful economic development programs throughout the country, economic development organizations are evolving to meet shifting business needs.** While local business climate and tax issues are a continued concern for many business leaders, they also recognize that they will be unable to sustain their operations without a combination of infrastructure and talent. This is to say the ability to successfully influence business location decisions is progressively more reliant on the quality of place and product of a community. This chapter focuses on various factors that influence job growth in Pearland, including infrastructure, sites and buildings, the community's overall business entrepreneurial climate, the local "talent pipeline," and Greater Houston's economy. A subsequent chapter will examine issues of quality of life and quality of place that are also critical factors in business competitiveness.

Pearland's Business Climate

The City of Pearland's position in the Greater Houston region and the state of Texas more broadly enhances its attractiveness to relocating or expanding businesses. As one of the most business-friendly states in the nation, the state of Texas is often at the top or near the top of national "best places to do business" and other tax climate rankings. The state legislature also continues to aggressively promote business friendly policies. Electricity rates, once higher than the national average as far back as the late 2000s, have since dropped below it as deregulation policies came into effect. The absence of state income tax as well as a dedicated sales tax for economic development (commonly referred to as 4A and 4B) frequently influence corporate location decisions.

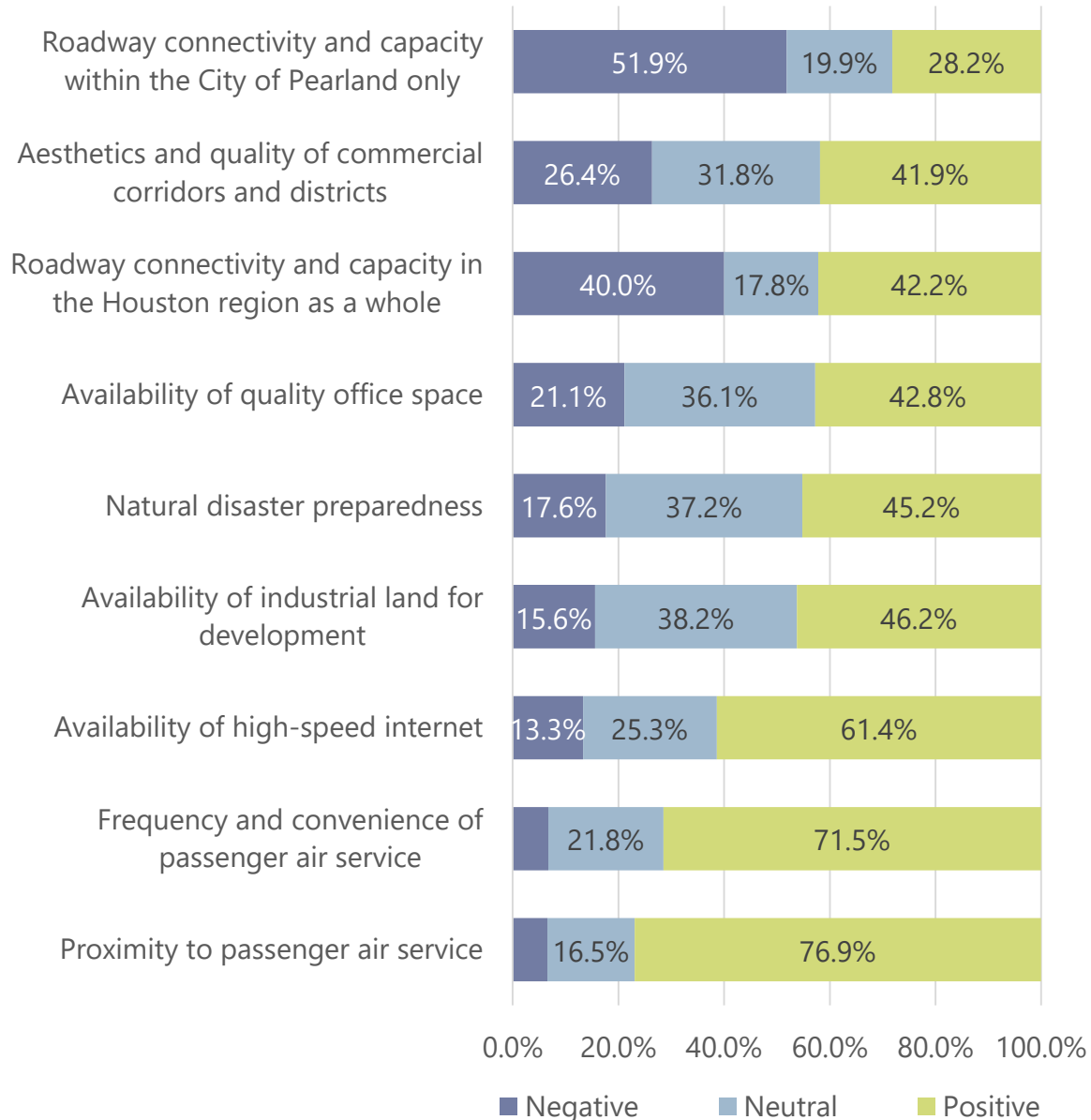
On the online survey conducted as part of this process, individuals who identified as a business owner, entrepreneur, executive, vice president, or manager were asked to rate Pearland on a variety of factors that influence the community's competitiveness as a place to do business. Their responses – along with qualitative input gathered through focus groups, interviews, and open-ended survey responses from business leaders – revealed a mixed picture about Pearland's competitiveness. A plurality of survey respondents gave "neutral" ratings to a number of factors related to the community's overall business climate. These include cost of labor (57.4 percent neutral), cost of utilities (52.8), cost of health care (52.4), local tax climate (45.3), and provision of economic development incentives (45.1).

Views about the community's infrastructure and built environment were more pronounced. As shown in Figure 13, some factors received high marks from survey respondents, including proximity to passenger air service, frequency and convenience of passenger air service, availability of high-speed internet. **Roadway connectivity – both within Pearland and in the Houston region as a whole – received more negative reactions**, with a narrow majority of respondents viewing local roadway connectivity as a disadvantage or major disadvantage. "Aesthetics and quality of commercial corridors and districts" also received a more tepid response. **In qualitative comments, however, business leaders said they believed that Pearland's roadway capacity, connectivity, and aesthetics are improving.** These input participants cited ongoing projects such as the expansion of the SH 288, the extension of McHard Road, and aesthetic improvements to key gateways and corridors as positive developments in recent years. In addition to seeing these projects through to

fruition, stakeholders said they would like to see a continued focus on roadway upgrades including but not limited to enhanced east-west connections in the community, overpasses over railroad tracks, and safety and aesthetic upgrades on the full length of SH 35.

Figure 13: "Please rate the following elements of Pearland's infrastructure according to the degree to which each is an advantage or disadvantage to existing and prospective new businesses."

Source: Market Street Services, Pearland Community Survey, Gathered June 6, 2019 to June 21, 2019



As discussed earlier in this Assessment, stakeholders noted that Pearland is running short on "easy" sites for development. Many input participants discussed this reality in the context of new single-family residential development, and as shown in the preceding figure displaying online survey results, business leaders who

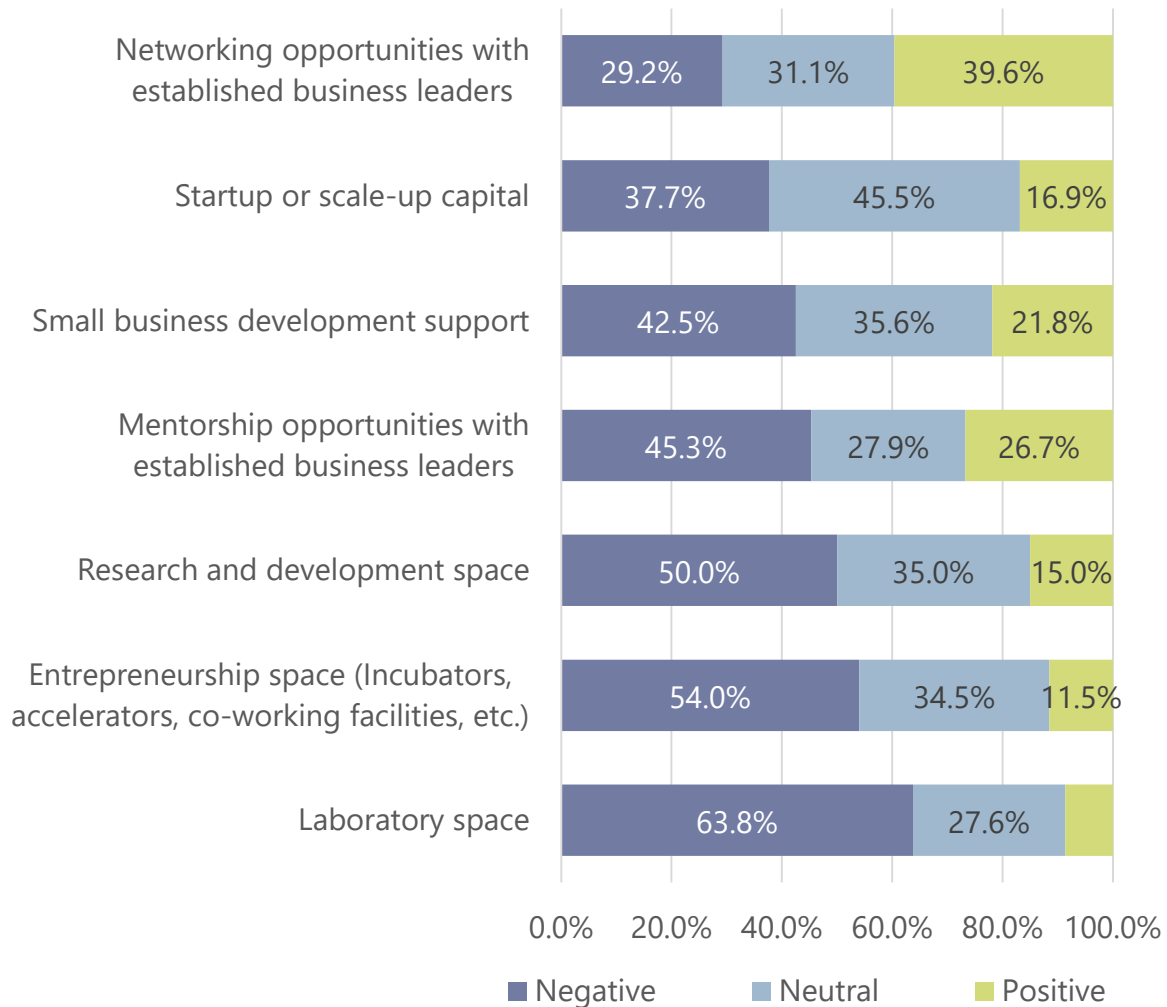
viewed the availability of industrial land for development as a positive factor outnumbered those who viewed it as a negative factor by nearly three to one. That said, stakeholders with knowledge of local real estate market conditions said that commercial site availability could also be a medium- to long-term challenge for the community. According to these individuals, multiple factors could serve as barriers to development. These include rising land prices, sites that are owned by multiple parties necessitating complicated assemblages, and challenging site conditions (e.g. land stability issues stemming from past resource extraction activities). Input participants noted that these barriers can be overcome but some said they would like to see the community take a more proactive approach to site assembly and preparation, particularly in the Lower Kirby and SH 35 Corridor areas. The development potential along 35, particularly for manufacturing or light industrial, was indicated as an opportunity area by a few community stakeholders.

Another frequent topic of conversation during the public input process with respect to Pearland's economic competitiveness was the community's natural disaster preparedness and long-term approach to resiliency. According to stakeholders, these topics have been at the front of mind in the wake of Hurricane Harvey, one of the most destructive storms in the history of the United States that had a major impact on the Greater Houston region in 2017. Input participants were nearly unanimous in their assertion that – relative to other parts of the region – Pearland fared relatively well during Harvey. Stakeholders said that sections of the community that were developed more recently were largely spared from significant damage, though older portions of the community were more susceptible to flooding. On the online survey, 45.2 percent of business leaders held a positive view of the community's natural disaster preparedness compared to just 17.6 percent who held a negative view. On aggregate, stakeholders praised a variety of efforts to improve drainage and stormwater management in the area and said they would like to see these efforts continue, particularly in the eastern portion of the community that faces relatively higher flood risks.

In terms of its small business and entrepreneurship climate, small business leaders and entrepreneurs viewed components of the city's entrepreneurial ecosystem either neutrally or negatively. Among the more negatively ranked components include laboratory space (63.8 percent very weak or weak), entrepreneurship space such as incubators and accelerators (54.0), and research and development space (50.0). More neutrally ranked components included small business development support (35.6 percent of respondents provided an average rating) and startup or scale-up capital (45.5 percent). Networking opportunities with established business leaders is the only component to receive an overall positive rating (39.6 percent of strong or very strong). The majority (51.3 percent) of small business leaders and entrepreneurs rated the city of Pearland's entrepreneurial climate as strong or very strong – a larger share of respondents appraised the entrepreneurial climate of Greater Houston (69.9 percent) as strong or very strong.

Figure 14: “Please rate the following components of the entrepreneurial climate in Pearland”

Source: Market Street Services, Pearland Community Survey, Gathered June 6, 2019 to June 21, 2019



The Local Talent Pipeline

The availability of a skilled and educated workforce is the most important factor influencing a community's competitiveness in the modern economy. There are two ways in which a community can become a more talented place. The first is by attracting skilled and educated workers from other places. The second is by producing and retaining “homegrown” talent. In both cases, Pearland's competitiveness is heavily tied to the Greater Houston region. Simply put, Pearland is part of a large, regional labor shed and benefits greatly from Greater Houston's overall ability to attract, retain, and develop talent. That said, Pearland and its immediate surroundings are home to education and training assets that have the potential to provide a competitive advantage for economic growth.

As previously discussed, the strength of the public PK-12 school districts that serve Pearland are one of the community's key advantages. In addition to their role in attracting talented new individuals and families to

the community, local PK-12 schools are also producing high school graduates at exceptionally high rates. Figure 15 shows graduation rates for Alvin ISD, Pearland ISD, and Texas broken down by various factors such as race/ethnicity, socioeconomic status, English language learning, and so on. In every category, graduation rates in the local ISDs exceed the state average, in many cases by wide margins.

Figure 15: Graduation Rates by Student Segment, Class of 2017

Source: Texas Education Agency, June 2018; Update September 2018

	Alvin ISD		Pearland ISD	
	%	% vs. Texas	Pearland ISD	% vs. Texas
All students	95.0%	5.3%	98.7%	9.0%
African American	97.2%	11.1%	99.3%	13.2%
Asian	97.7%	1.7%	98.1%	2.1%
Hispanic	94.2%	6.5%	98.9%	11.2%
White	94.0%	0.4%	98.5%	4.9%
Economically disadvantaged	93.8%	6.9%	97.8%	10.9%
Not economically disadvantaged	95.9%	3.3%	99.0%	6.4%
At risk	91.4%	7.6%	97.3%	13.5%
Career and technical education	98.7%	2.9%	99.6%	3.8%
Homeless in Grades 9-12	84.6%	12.5%	94.8%	22.7%
Immigrant	100.0%	26.3%	100.0%	26.3%
English language learner (ELL)	98.0%	25.1%	93.5%	20.6%

Of course, not all high school graduates remain in the community. [Input participants noted that many local graduates attend prestigious colleges in Texas and beyond and settle elsewhere upon graduation.](#) Not all graduates will leave the immediate area, however, and Pearland and its immediate surroundings are served by higher education institutions that can help these individuals advance their education and training. Both Alvin Community College and San Jacinto Community College contribute positively to Pearland's associate's degree pipeline. In 2017, the latest data available, Alvin Community College (868) and San Jacinto Community College (4,734) conferred a little more than 5,600 associate's degrees according to data from the National

Center for Education Statistics. Although both community colleges serve a wider geographic area than the city of Pearland, their presence, combined with growing career and technical education programs at Pearland ISD and Alvin ISD, are positively impacting educational attainment rates locally. Since 2010, the community has also been home to the University of Houston-Clear Lake at Pearland. The campus currently offers eight bachelor's degree and six master's degree programs. [According to stakeholders, the campus also has significant physical space in which to expand in the future.](#)

[The majority of business leaders responding to the community survey conducted for this process expressed positivity regarding both career and technical education programs and higher education capacity in the city of Pearland. Approximately 50.7 percent of business leaders either agreed or strongly agreed with the statement "quality certification and vocational training programs are readily available" while 63.0 percent of leaders voiced the same agreeableness to the statement "two-year and four-year degree programs that support the workforce needs of local employers are readily available."](#)

Leveraging Greater Houston's Economy

Greater Houston is in the midst of a long-term project to transform its economy. Energy, long its economic cornerstone, has undergone significant changes brought about by a mixture of fluctuating oil prices, dwindling exploration opportunities across the world, and technologies which remotely monitor multiple drilling sites and assets from a single, automated hub. Greater Houston's efforts to construct a sustained, technology ecosystem in Midtown Houston's innovation district is but one initiative aimed at diversifying the region's economic base. Prior to the district, economic development stakeholders in Greater Houston made a significant and successful push to establish Houston as a global healthcare hub. Today, M.D. Anderson is one of only a handful of institutions in the nation – joined by the Mayo Clinic and the Cleveland Clinic – which can claim that its operations have transformed their surrounding community into a global destination medical center.






















Recent data provided by Economic Modeling Specialists International suggests that Greater Houston's diversification efforts are bearing fruit. Although employment among the region's energy extraction (a loss of 30,800 jobs from 2013 to 2018) and manufacturing (a loss of roughly 25,800 jobs) sectors displayed substantial weakness in the last five years, total regional employment (a gain of 7.8 percent) expanded at a similar pace relative to the nation (8.2 percent). Increasingly Greater Houston is a destination for businesses operating in the following sectors: transportation and warehousing (approximately 16,200 jobs gained from 2013 to 2018); professional, scientific, and technical services (11,600 jobs); management of companies and enterprises (20,600 jobs); and health care and social assistance (43,000 jobs).

Along with diversifying its economic base, economic development organizations throughout the region have ensured that diversification activities resulted in quality jobs. Admittedly, replacing earnings potential afforded to employees in the energy extraction sector is a sizable task – the average annual wage for the sector stood at \$177,619 in 2019. Yet of sectors previously mentioned – only health care (\$50,021) paid employees below a \$70,000 per year threshold on average. **With the exception of the transportation and warehousing, a sector associated with large land consumption, the city of Pearland is competitively positioned to benefit from regional diversification efforts more broadly as demonstrated by recent headquarters and health care announcements made by the PEDC.** Moreover, each of the emerging sectors

in Greater Houston are human capital intensive – this is to say that they primarily rely on the capacity and quality of the surrounding workforce to drive their global competitiveness.

Figure 16: Employment by Sector (Houston-The Woodlands-Sugar Land MSA – 9 County Region), 2013-2018

Source: Economic Modeling Specialists International, Datarun 2019.2

Sector	Location Quotient (2018)	Jobs (2018)	Job Growth ('13-'18)			Average Annual Wage (2018)
			#	%	U.S. %	
Mining/Quarrying/Oil & Gas Extct.	 5.6	76,895	30,792	-28.6%	-18.7%	\$177,619
Utilities	 1.5	16,792	611	3.8%	1.8%	\$136,665
Construction	 1.4	264,794	29,995	12.8%	18.0%	\$66,387
Wholesale Trade	 1.3	161,365	7,146	4.6%	1.9%	\$84,398
Real Estate & Rental & Leasing	 1.3	71,236	8,771	14.0%	11.1%	\$61,960
Transportation & Warehousing	 1.2	141,968	16,171	12.9%	20.8%	\$73,931
Admin./Wst. Mgmt./Remed. Svcs.	 1.1	233,556	11,694	5.3%	10.7%	\$47,499
Prof./Sci./Technical Svcs.	 1.1	242,516	11,633	5.0%	12.4%	\$97,270
Other Services	 1.1	171,648	15,041	9.6%	6.5%	\$30,304
Accommodation & Food Services	 1.0	292,519	44,785	18.1%	13.0%	\$21,207
Retail Trade	 1.0	319,885	21,934	7.4%	4.7%	\$32,940
Mgmt. of Companies/Enterprises	 0.9	44,500	20,601	86.2%	11.6%	\$171,481
Manufacturing	 0.9	230,333	25,842	-10.1%	5.0%	\$88,003
Government	 0.9	424,500	35,847	9.2%	1.9%	\$54,064
Health Care & Social Assistance	 0.8	344,493	43,017	14.3%	10.7%	\$50,021
Finance & Insurance	 0.8	107,747	8,780	8.9%	7.1%	\$103,911
Unclassified Industry	 0.8	3,569	2,731	322%	32.6%	\$36,742
Educational Services	 0.8	67,248	10,846	19.2%	8.9%	\$48,911
Arts, Entertainment, & Recreation	 0.7	41,968	7,185	20.7%	15.0%	\$37,359
Information	 0.5	32,982	1,489	-4.3%	5.0%	\$74,811
Ag./Forestry/Fishing/Hunting	 0.1	5,735	191	3.4%	0.9%	\$36,405
Total		3,296,248	238,855	7.8%	8.2%	\$62,383

6. TRAFFIC, TRANSPORTATION, AND THE JOBS-SKILLS MISMATCH

Input from Pearland’s residents and stakeholders clearly revealed that traffic and mobility are major issues for the community. Among all components ranked in The National Citizen Survey – which collected a representative sample of views held among Pearland residents – those related to traffic and mobility received the least positive responses overall. According to the survey conducted in 2017, only 24 percent of city residents responded positively when asked to rate traffic flow within the city.¹⁵ Travel by car (38 percent positive), travel by bike (27 percent), and ease of walking (40 percent) were also among the least positively ranked aspects of Pearland according to city residents.¹⁶ Traffic was a major topic of conversation among stakeholders participating during public input sessions conducted for this process. When prompted with the question “What do you believe to be the biggest challenge facing Pearland as it seeks to grow quality jobs that elevate standards of living for its residents?” the word “traffic” appeared in 22.9 percent of all open-ended responses. In comparison, only 10.9 percent of responses contained the word “Pearland.” The most common words utilized in response to this question are shown in the word cloud in Figure 17.

Figure 17: “What do you believe to be the biggest challenge facing Pearland as it seeks to grow quality jobs that elevate standards of living for its residents?”

Source: Market Street Services, Pearland Community Survey, Gathered June 6, 2019 to June 21, 2019



A variety of data indicators provide insight into why these issues figure so prominently into residents’ feedback. The vast majority of Pearland residents who are employed commute to work via car, and for many of these individuals, commutes are long and getting longer. According to data from the U.S. Census Bureau’s American Community Survey collected between 2013 and 2017, nearly 90 percent of Pearland residents who are employed drove alone to work. Approximately 7.0 percent carpooled while just 2.2 percent

¹⁵ National Research Center Inc. (NCR), International City/County Management Association. “The National Citizen Survey: Pearland, TX Community Livability Report.” 2017.

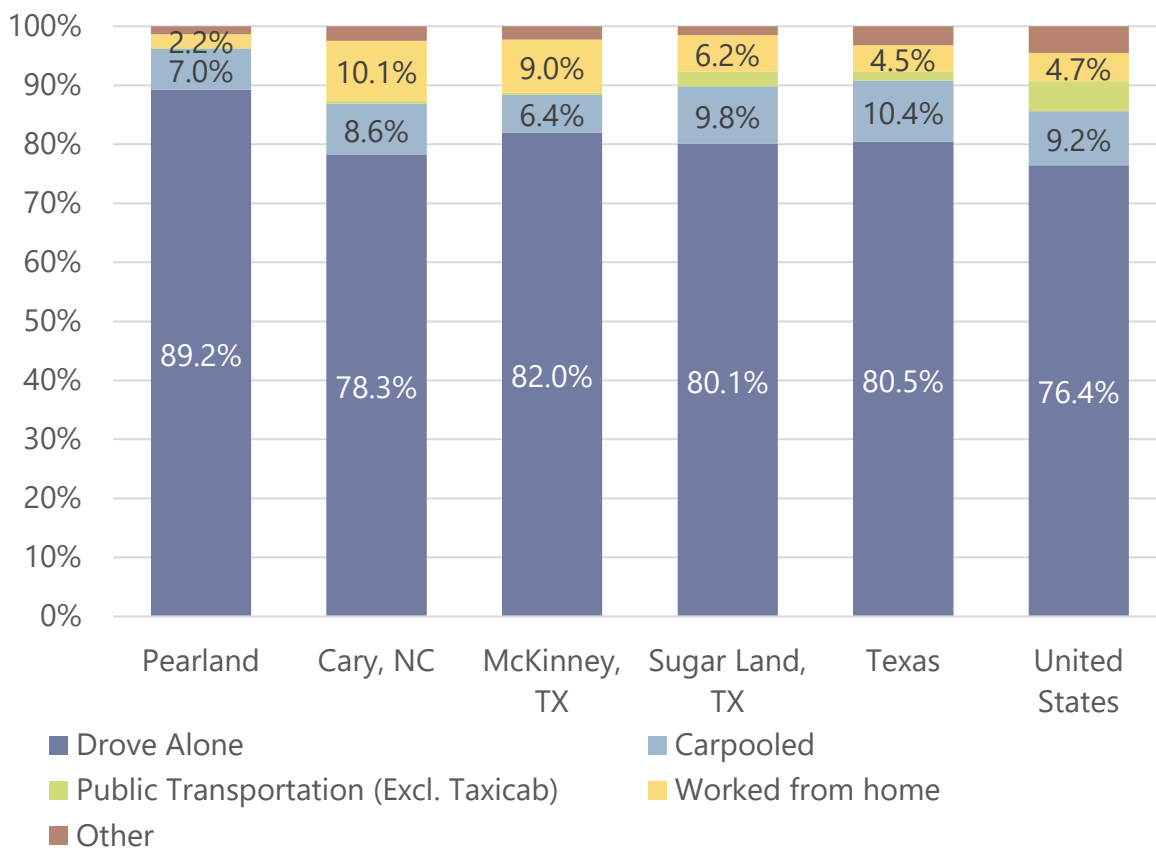
¹⁶ IBID

worked from home. As shown in Figure 18, the proportion of residents driving alone far exceeded that of any other comparison geography, even Texas suburban peers McKinney and Sugar Land.

Between 2013 and 2017, the average commute time for Pearland residents (regardless of the mode of transportation utilized) was 33.1 minutes compared to a national average of 26.4 minutes. During the public input process, some stakeholders noted that for many residents, long commutes and traffic congestion are “baked in” to everyday life in the Greater Houston region. However, the average commute time in the Greater Houston was 29.7 minutes for the five-year period ending in 2017, 3.4 minutes shorter than Pearland.

Figure 18: Commute Mode Distribution, 2017

Source: United States Census Bureau, American Community Survey 5 Yr., Released Dec. 6, 2018



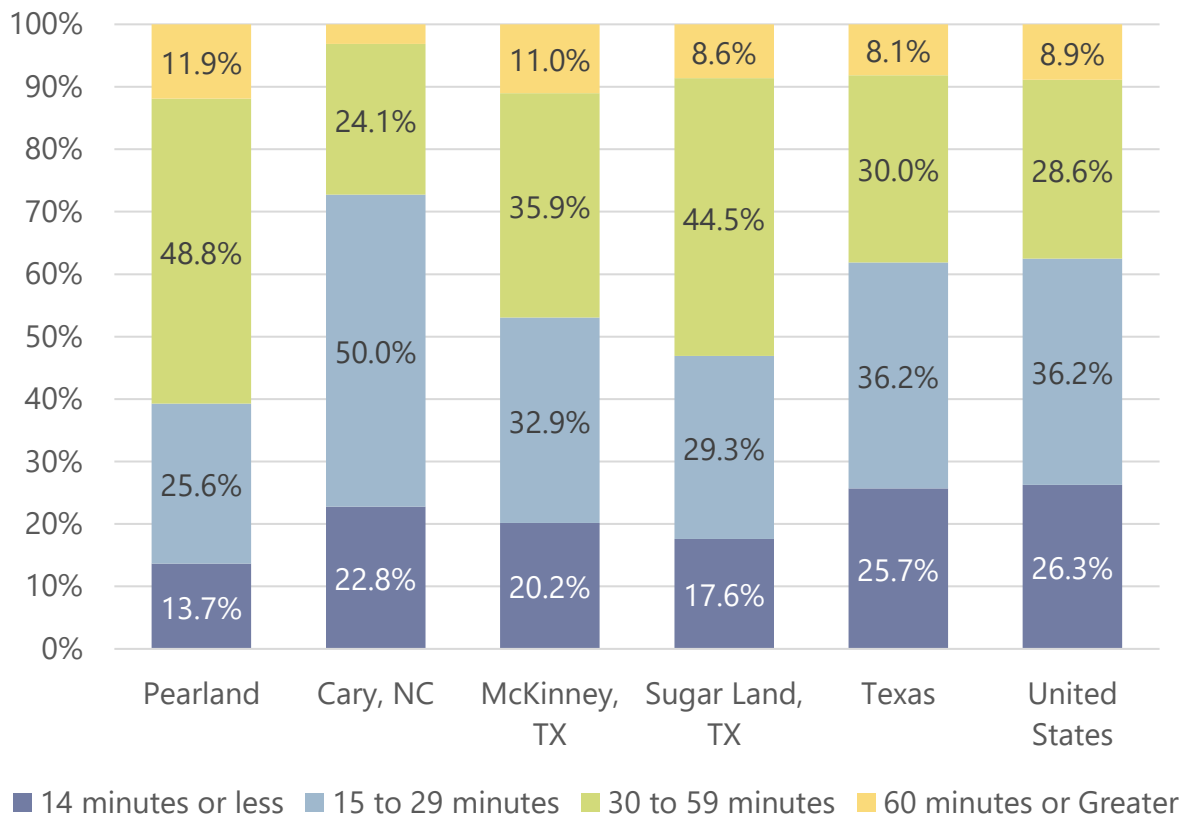
Another theme to emerge from the public input process was the relative lack of alternative transportation options for Pearland residents. As shown in the preceding figure, nearly nine out of 10 Pearland residents drive alone to work. One key distinction between Pearland and its peers is that they display a far larger share of individuals who primarily work from home. Only 2.2 percent of Pearland residents worked from home according to the same data – McKinney (9.0 percent) and Sugar Land (6.2 percent) displayed a far higher percentage. In fact, even the state average (4.5 percent) was more than double that of Pearland. When prompted to identify Pearland’s biggest challenge, numerous stakeholders discussed a lack of viable intra- and inter- city transportation options. As one stakeholder stated, “The biggest challenge for Pearland for

growing quality jobs would be the lack of public transportation...Public transportation would really help young professionals.” Commuter bus and rail were frequently identified as potential public transit options; however, stakeholders familiar with the assessment of alternative options found that park-and-ride or commuter bus is the only viable option given the city’s physical structure and density.

As shown in Figure 19, roughly 60.7 percent of Pearland residents spent at least 30 minutes commuting to work on average during the five-year period ending in 2017. Among comparison geographies, only Sugar Land (53.1 percent) crossed the 50 percent threshold. In Greater Houston, roughly 51.4 percent of commuters have a commute of at least 30 minutes. Moreover, comparing data collected over two five-year periods – 2008 to 2012 and 2013 to 2017 – reveals that the number of Pearland residents with long commutes has risen sharply at the expense of residents making very short commutes. **Between these two time periods, the proportion of Pearland residents spending at least an hour commuting to work increased by 4.8 percentage points.** Meanwhile, the proportion of residents spending less than 30 minutes commuting to work declined by 5.3 percentage points. (A similar trend was observed in the nearby Sugar Land, but to a smaller degree.)

Figure 19: Travel Time to Work, 2017

Source: United States Census Bureau, American Community Survey 5 Yr., Released Dec. 6, 2018



Traffic congestion and mobility also emerged as significant challenges in the Pearland 20/20 process and in recent years, the community has aggressively sought to expand highway capacity and roadway connectivity. As one example, the SH 288 Toll Project will include a five mile, 4-lane toll road down the median of the highway – a first for the Brazoria County Toll Road Authority. The project will ultimately connect to the Texas Department of Transportation’s SH 288 Toll Lanes Project extending into the Texas Medical Center, downtown Houston, and the Galleria area. [Stakeholders contacted through the public input process expressed optimism about the impact that managed toll lanes could have on commute times for individuals willing and able to pay for the added convenience.](#)

Overall, however, issues such as traffic congestion and long commute times can be difficult to address, particularly for a municipality that is part of a large metropolitan area. For one, decisions about transportation infrastructure are often made at the regional and state levels and funded primarily by state and federal sources. Additionally, when it comes to roadway capacity, the relationship between supply and demand is complex. Research suggests that in areas where road construction has not kept up with rapid growth, “latent demand” may exist for new road capacity. When such capacity is added, it is immediately filled up with trips that had previously occurred at off-peak hours or did not occur at all. And while the magnitude of the effect is a matter of some debate, most transportation researchers subscribed to the idea that new road capacity can “induce demand” by encouraging more people to drive. The new capacity, therefore, fails to ease congestion.¹⁷

This is not to say that investments in additional road capacity are not warranted. But there are other ways in which localities can act to help shorten commute times for residents. One such approach in Pearland could involve addressing the “spatial mismatch” between talent and jobs. As previously discussed in this Assessment, Pearland’s economy is heavily weighted toward “local-serving” sectors such as retail and food service. Meanwhile, its resident population is likely to work in high-skilled occupations that are found in greater concentration and abundance elsewhere in the Greater Houston region. This phenomenon is readily apparent when looking at daily commuting flows into and out of Pearland. **According to data from the U.S. Census Bureau’s Longitudinal Employer-Household Dynamics (LEHD) program, of the primary jobs based in Pearland as of 2015, the most recent year for which data is available, just 16.8 percent were held by individuals who also lived in Pearland.¹⁸ Meanwhile, 90.2 percent of Pearland residents who were employed as of 2015 held a primary job outside of the city limits.**

Figure 20 helps shed light on why this is the case. The “Jobs” column shows the number of jobs in a given occupation based in Pearland while the “Resident Workers” column shows the number of Pearland residents who are employed in a given occupation. The “Net Commuters” column subtracts the number of jobs from the number of resident workers. A positive number in this column indicates that there is a net outflow of commuters in a given occupational category.

¹⁷ Schneider, Benjamin. “CityLab University: Induced Demand.” CityLab. September 6, 2018. Retrieved from: <https://www.citylab.com/transportation/2018/09/citylab-university-induced-demand/569455/>

¹⁸ A “primary job” refers to the highest paying job for an individual worker for the year; the count of primary jobs is equivalent to the count of all workers in LEHD data.

As shown in Figure 20, across every major occupational category, Pearland has more resident workers than jobs. Particularly notable is the fact that the community has significant net outflows in a variety of occupations that are critical to traded sectors in the “knowledge economy” including office and administrative support, business and financial operations, management, architecture and engineering, and computer and mathematical operations. The community also has a significant number of net commuters in production and transportation and material moving occupations that are essential to manufacturing processes. This concentration of talent could provide Pearland with a competitive advantage in attracting, retaining, and growing companies that benefit from locating in close proximity to their desired workforce. **And by attracting firms that more closely match resident skillsets, Pearland could give at least some residents the option of a shorter commute.** While the volume of residents displayed below is unlikely to lure prospective companies on its own merits, approximately 1.8 million residents live within a 45-minute commute of Pearland according to a drive-time analysis conducted by EMSI.

Figure 20: Comparison of Jobs and Resident Workers, 2012-2017

Source: Economic Modeling Specialist International, 2019.2

	2017		
	Jobs	Resident Workers	Net Commuters
Office and Administrative Support	5,706	10,126	4,420
Healthcare Practitioners and Technical	1,895	4,266	2,371
Transportation and Material Moving	2,212	4,451	2,239
Education, Training, and Library	2,928	5,055	2,128
Production	1,730	3,632	1,902
Business and Financial Operations	1,465	3,314	1,849
Installation, Maintenance, and Repair	1,452	2,848	1,396
Construction and Extraction	2,261	3,645	1,384
Management	1,746	3,033	1,287
Architecture and Engineering	571	1,773	1,202
Computer and Mathematical	632	1,763	1,131
Food Preparation and Serving Related	5,925	4,865	1,061
Building/Grounds Cleaning/Maintenance	1,424	2,103	679
Healthcare Support	1,136	1,785	649
Life, Physical, and Social Science	187	787	600
Sales and Related	5,567	6,033	466
Protective Service	1,201	1,591	389
Personal Care and Service	2,132	2,505	373
Legal	217	529	312
Community and Social Service	516	825	309
Arts/Design/Ent./Sports/Media	767	1,072	305
Military-only	266	191	75
Farming, Fishing, and Forestry	99	97	2
Total	42,036	66,288	26,528

LEHD program data supports this mismatch. Figure 21 compares the characteristics of resident commuters based on where they live and work. The available data is not highly detailed; for instance, the monthly earnings data is not broken down above \$3,333 a month, or roughly \$40,000 per year. Additionally, the data does not describe the specific jobs that individuals hold. That said, the available data does suggest that individuals who live in Pearland and travel elsewhere for work end to hold higher-paying service sector jobs.

Individuals who live elsewhere and commute in to Pearland for work are more likely to hold lower-paying service sector jobs.

Figure 21: Commuter Characteristics

Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD), Accessed July 25, 2019

	Monthly Earnings		
	\$1,250 per month or less	\$1,251 to \$3,333 per month	More than \$3,333 per month
Live in Pearland, work elsewhere	12.4%	21.3%	66.3%
Live elsewhere, work in Pearland	24.7%	40.7%	34.6%
Live and work in Pearland	22.4%	32.6%	45.0%

	Industry Sector		
	Goods Producing	Trade, Transportation, and	All Other Services Class
Live in Pearland, work elsewhere	19.0%	19.5%	61.5%
Live elsewhere, work in Pearland	17.0%	25.3%	57.7%
Live and work in Pearland	12.8%	11.5%	75.7%

When looking at the direction of outflowing commuters, the bulk of resident commuters (32,434 net outflow, 68.4 percent of all outflow commuters) travel to Harris County for work, primarily to the City of Houston. A lesser but still significant share of Pearland's residents either remain in Brazoria County (6,969) or travel to Fort Bend (2,017) or Galveston (1,800) for work. Incoming workers, in contrast, largely come from Harris (11,332 net inflow), Brazoria (7,852), Fort Bend (2,104), or Galveston (1,929) counties.

Overall, there is no quick fix or silver bullet when it comes to addressing issues of transportation and mobility. But a collection of interventions on both the supply and demand side could help provide Pearland residents with additional options to lengthy commutes.

7. ENHANCING A “SENSE OF PLACE” IN PEARLAND

Quality of life and quality of place matter a great deal in community and economic development. Quality of life generally refers to the well-being and happiness of a community’s residents while quality of place is a product of a community’s built and natural environment, its vibrancy, and other physical characteristics. Talented people increasingly seek out communities that cater to an ever-widening variety of needs and cultures, and businesses are following suit. In doing so, they are showing that they recognize the influence – and importance – that quality of place has on a region’s future opportunities. This chapter focuses on issues related to quality of life and quality of place in Pearland, particularly as they relate to the community’s competitiveness for talent and jobs. *Many of the topics addressed herein relate to a central theme from the stakeholder engagement process. In general, Pearland residents contacted through the public input process like where they live and believe their community has a strong value proposition, especially for families with children. But when asked to describe ways in which Pearland could improve, many input participants focused on issues related to the community’s quality of place and how that impacts the community’s cohesion and “social capital.” Some stakeholders viewed this as among the community’s top competitive issues in both the near- and long-term.*

Recent Quality of Place Improvements

Insightful research from the John S. and James L. Knight Foundation and Gallup identified the factors that are most likely to “attach” a resident to a community. Through nearly 43,000 interviews in 26 communities the three-year study allowed researchers to determine what factors attached residents to their community and the degree to which community attachment impacts economic growth and well-being. The report defines community attachment as “an emotional connection to place that transcends satisfaction, loyalty, and even passion. A community’s most attached residents have strong pride in it, a positive outlook on the community’s future, and a sense that it is the perfect place for them. They are less likely to want to leave than residents without this emotional connection. They feel a bond to their community that is stronger than just being happy about where they live.” The report further found that communities with high levels of attachment were more economically successful than those with low levels.

According to the report, the following factors are the most important drivers of community attachment:

- ✓ **Social offerings** (such as entertainment infrastructure, community events, places to meet people)
- ✓ **Aesthetics** (physical beauty, green spaces, etc.)
- ✓ **Openness** (how welcoming a place is to different types of people)

Viewed through this lens, the implementation of Pearland 20/20 has led to numerous improvements in community aesthetics. In terms of beautification, the city, Pearland Economic Development Corporation, Keep Pearland Beautiful, the Convention and Visitors Bureau, and other organizations have forged strong, collaborative partnerships to improve Pearland’s built environment, particularly along its key commercial corridors including state highways 288 and 35. For improvements not yet implemented, the “blocking and tackling” have largely been completed – the necessary ground work has been laid for greater landscaping and place-branding improvements along critical corridors. For instance, the 288 corridor will soon see significant upgrades at the intersections of Magnolia Parkway, FM 288, McHard Road, and Beltway 8

including landscaping, water features, and landmark sculptures. Among community residents familiar with the Pearland 20/20 strategic plan, beautification, corridor and roadway improvements, and the Lower Kirby District were frequently cited as the strategic plan's top successes when prompted with the question "What do you consider to be the TOP SUCCESSES of Pearland 20/20 implementation? Said one input participant, "Some of our friends have taken notice of the beautification – the signs, the gateway stuff on Kirby and 35 and Cullen. Those kinds of things are huge ... it's more inviting."

Along with corridor enhancements, Pearland has also greatly expanded its park and trail infrastructure during Pearland's 20/20 implementation period. Added park infrastructure include Hickory Slough Sports Complex, Shadow Creek Ranch Park Phase I, Centennial Park and Independence Park improvements, and the Delores Fenwick Nature Center. Completed or pending capital trails projects include the JHEC Nature Trails, trail connectivity from Centennial Park to Pearland Parkway, the Shadow Creek Ranch Trail, and the Clear Creek Trail. The Lower Kirby District will also soon see expanded park and trail infrastructure in keeping with shifting employer preferences and desire for "amenity-dense" locations. In March 2017, the Lower Kirby Pearland Management District developed a Parks and Open Space Master Plan in conjunction with drainage improvements to the district.

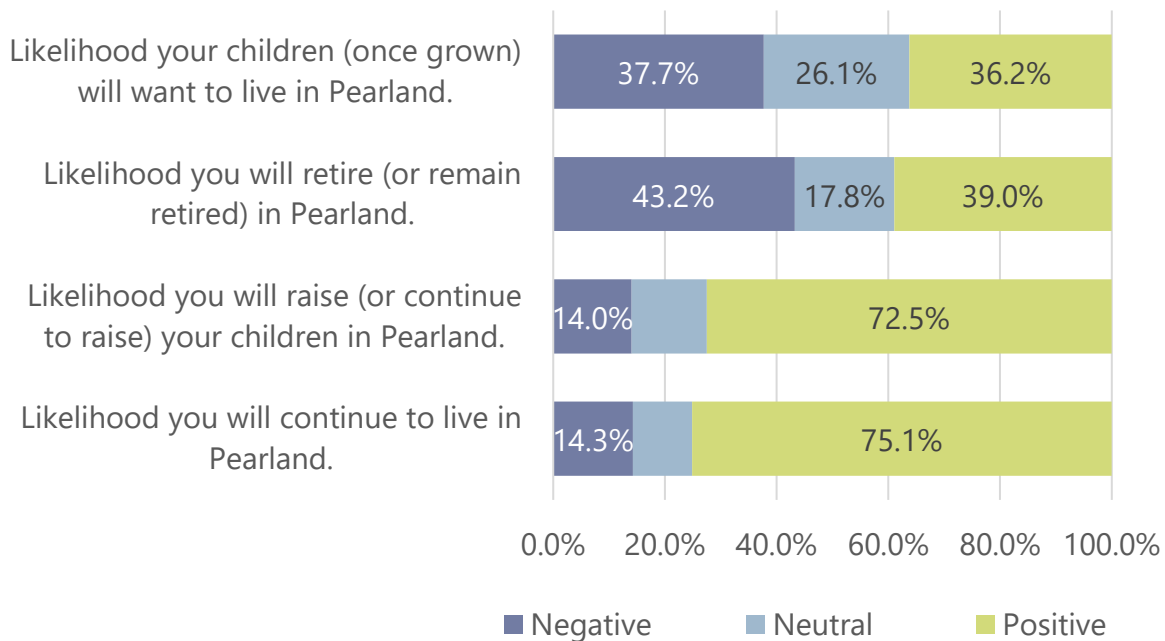
A Critical Need for Improved Social Offerings

According to a survey conducted by the MMI Agency in connection with the Pearland Community Marketing Campaign, 93 percent of residents were satisfied or extremely satisfied with Pearland's restaurants while 81 percent were satisfied or extremely satisfied with local retail options. **But just 22 percent of respondents were satisfied or extremely satisfied with nightlife options in the community.** On the NCS survey, just 60 percent of respondents gave a positive rating to Pearland's social events and activities and just 55 percent of respondents rated cultural, arts, and music activities positively. Both figures were far below the positive ratings for other community characteristics. **These data points are consistent with the strongest themes to emerge from the public input process: a desire for additional nightlife, gathering places, and "everyday" opportunities to socialize.**

A lack of social offerings was one of the primary reasons interview and focus group participants cited as a reason why Pearland is relatively less attractive for certain demographics, young professionals in particular. Stakeholders noted that **Pearland has a strong value proposition for families with children thanks to factors such as high-quality public schools, relatively affordable housing, and amenities such as a rapidly improving park system.** As shown in Figure 22, 88 percent of online survey respondents agreed or strongly agreed that Pearland is an attractive and desirable place to life for families with children. However, the level of positive responses were far lower for young professionals, young new residents from outside the community, and retirees.

Figure 22: “Please indicate the degree to which you agree or disagree with the following statements”

Source: Market Street Services, Pearland Community Survey, Gathered June 6, 2019 to June 21, 2019



Stakeholders said they perceived Pearland’s relative lack of social offerings as a potential competitive disadvantage. Input participants noted that other highly competitive suburbs in the Houston area boasted mixed-use entertainment districts that serve as major lifestyle amenities for residents and significant assets with which those communities can attract young talent. Additionally, input participants said the lack of central gathering places in Pearland hampers the community’s ability to forge stronger ties among its residents. During public input, stakeholders expressed concern that residents might not be as attached to the community as they are to other parts of Greater Houston. One concerned stakeholder worried that residents might see Pearland as only a place to sleep at night – noting that connections in their network often schedule after work drinks or dinner in Downtown Houston before returning home for the evening.

While there was broad agreement among stakeholders that Pearland should seek to improve its social offerings, there was not a clear consensus on how the community should go about doing so or what investments it should seek to prioritize. Some stakeholders viewed areas such as Lower Kirby and the Ivy District as areas that would be well-suited for walkable, mixed-use development and/or an entertainment area with numerous restaurants and bars. Some input participants said they favored prioritizing investment in the Old Townsite area to provide additional options to residents on the east end of Pearland, though some suggested that the area lacks the “main street” qualities such as walkability and pre-World War II buildings that have helped spur redevelopment in historic downtowns throughout the United States in recent decades. Some stakeholders said new amenities should adhere strongly to Pearland’s “family friendly” image while others said they would like to see a broader range of activities for people of all ages. Stakeholders also had differing views on how local government should support the development of quality of place amenities such as a mixed-use entertainment district. Some felt that lowering regulatory barriers (e.g. relaxing the “51-49”

alcohol sales rule in priority districts) and promoting local entrepreneurship was sufficient while others advocated for a more proactive approach that would directly incentivize the development of such an amenity. As part of the implementation of Pearland 20/20, PEDC and its partners have studied the viability and desirability of a number of potential investments, including an indoor sports facility and a full-service hotel with convention or meeting space attached. While this issue will be discussed in further detail in the forthcoming Implementation Assessment, [the public input process revealed differing opinions among input participants on whether and how Pearland should seek to significantly boost its amenity offerings through a “catalytic investment.”](#) But while approaches can vary, successful communities around the country have made significant quality of place improvements through intentional action. Building consensus is not always easy, especially when investing public resources is involved, but if Pearland is to remain a highly desirable community in the future, it must consider how it is appealing to a wide variety of current and future residents. **It is also important to note that the communities around Pearland are not in stasis, and that growth and changes in other parts of the Greater Houston can present both opportunities and threats.** For instance, stakeholders said that growth in areas south of Pearland has the potential to grow the community’s “market area” and make the development of enhanced lifestyle amenities more viable. But stakeholders also noted that other areas in Greater Houston are enhancing their social offerings, through both “organic” growth and proactive planning. **As these trends unfold, it will be important for the community to maintain its competitive edge for new residents by developing the kind of amenities that these individuals value.**

Openness: Leveraging Pearland’s Diversity

With social offerings and aesthetics, openness was the third major variable influencing community attachment identified by the Knight Foundation and Gallup. Openness generally refers to the ability for all types of people to build networks and thrive in a community. Open communities are those that are inclusive and welcoming, and where residents of all backgrounds – regardless of age, gender, race, ethnicity, socioeconomic status, longevity in the community, etc. – can get involved in the community. In terms of engendering a welcoming environment, views of the community’s openness and acceptance differed significantly between white, non-Hispanic and non-white or Hispanic residents of Pearland according to the National Citizen Survey. When asked to rate the community’s openness and acceptance of the community toward people of diverse backgrounds, 83 percent of white, non-Hispanic residents gave a “good” or “excellent” rating.¹⁹ Only 65 percent of non-White or Hispanic residents provided a similar rating when asked to rate the community’s openness and acceptance. [Qualitative input noted revealed that many stakeholders view Pearland’s diversity as a major community strength. That said, some stakeholders said that they would like to see both public and private sector institutions and businesses be more intentional in their efforts to include a wide variety of people.](#)

Housing: Advancing Pearland’s Quality of Place

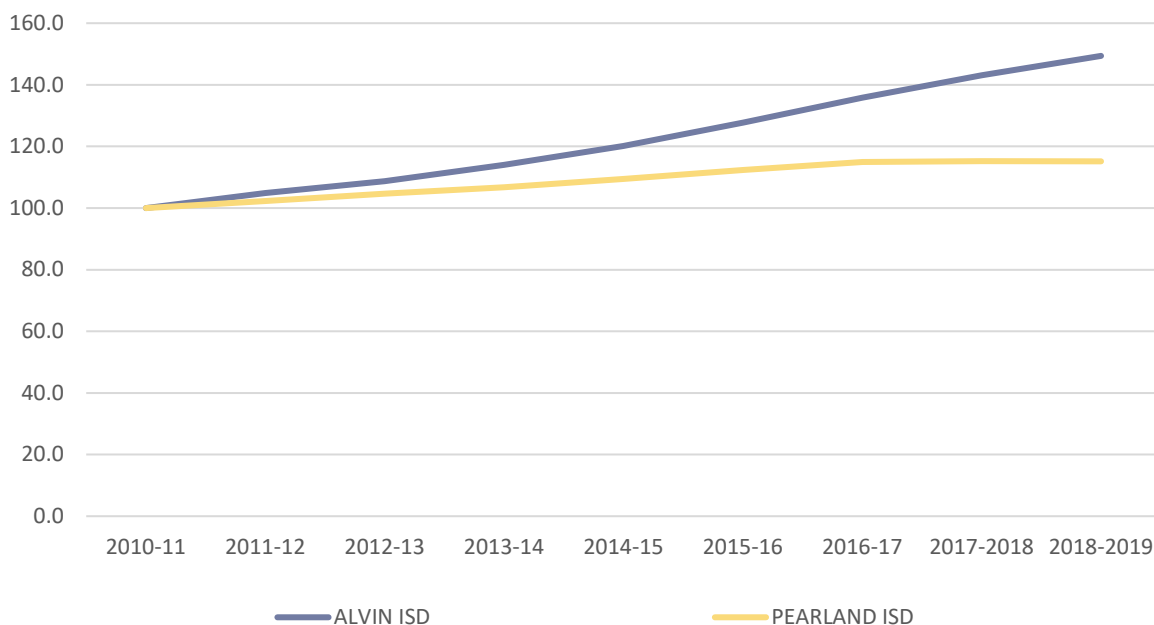
A significant share of Pearland’s tax base is generated by single and multi-family housing. Although the tax base diversification was approached from the paradigm of economic diversification, diversifying Pearland’s housing stock is also another policy lever that may allow Pearland to accommodate more growth and, at the

¹⁹ National Research Center Inc. (NCR), International City/County Management Association. “The National Citizen Survey: Pearland, TX Community Livability Report.” 2017.

same time, expand local capacity to continue to pay for public services that have made the city a great place to live and raise a family. One concern, in particular, is that slow population growth directly impacts student enrollment and the ability of school systems to pay for needed programs or facilities. [According to stakeholders, district budgets are heavily tied to student enrollment.](#) But as shown in the following figure, Pearland ISD's growth has plateaued in recent years.

Figure 23: School Enrollment by Year, 2010-2019

Source: NCES, Texas Education Agency, Data Accessed July 25, 2019



With Pearland's supply of large "greenfield" sites dwindling, the community will not be able to grow and develop in the same way as it had in previous decades. One potential pathway to shoring up the local tax base, however, would be to shift the community's housing mix over time to include more relatively dense products such as townhomes and condominiums. As of 2017, roughly 79.7 percent of Pearland's housing stock was composed of detached single-family homes. While the community's housing stock is more diverse than some communities, others have a more diverse mix. For instance, just 61.5 percent of housing units in Cary, NC were detached single-family homes. Nearly 13 percent of homes in Cary were "attached single-family" units (commonly but not always townhomes). By comparison, just 1.5 percent of housing units in Pearland met this definition. [Stakeholders expressed dramatically different views about whether the community should pursue a more diverse housing stock.](#) Some were adamantly opposed and some said the community already had too much non-single-family product. These stakeholders cited increased traffic as a primary objection. Others said denser development could help the community grow its tax base and broaden its appeal. These stakeholders said they felt that if Pearland were to take this approach, townhomes, condominiums, and high-end multifamily would be the most appropriate products for the community. Ultimately, stakeholders in Pearland must determine the most appropriate path for the community, but seeking denser residential development in key areas with appropriate infrastructure could help improve the

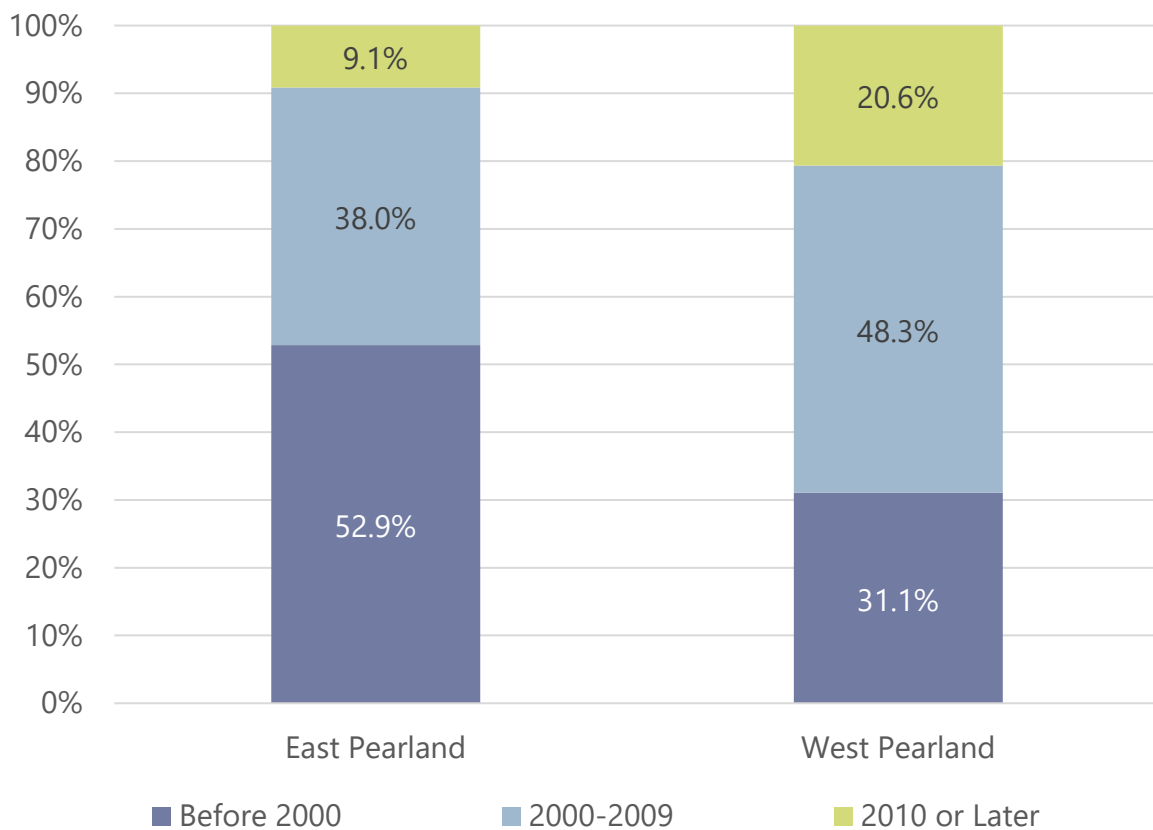
community's sustainability and attractiveness to talented individuals who prefer alternatives to single-family homes.

The East/West Dynamic

Another prominent theme related to Pearland's quality of life and quality of place that emerged from public input is Pearland's "east/west" dynamic. This is not a new topic of discussion. As noted in the Pearland 20/20 Assessment, many stakeholders viewed Pearland as "two different towns" with "civic and organizational participation dominated by east-side residents; those on the west side are newer in-migrants who do not share the same allegiance to or association with Pearland." Stakeholders expressed similar sentiments in the most recent public input process. Some input participants noting that these conditions have actually become more pronounced as the western portions of Pearland have continued to experience rapid population growth and development and the relatively older developments in eastern portions of the community have continued to age.

Figure 24: Year Built of Occupied Housing Units for the East and West Portions of Pearland, 2017

Source: United States Census Bureau, American Community Survey 5 Yr., Released Dec. 6, 2018



There are indeed some differences between the east and west ends of Pearland. Perhaps the most notable is the age of development. The number of housing units in the east and west ends of Pearland are roughly

the same – approximately 30,000 and 33,000 respectively.²⁰ But as shown in Figure 24, more than two thirds of the housing units (68.9 percent) in the west end of Pearland were built in 2010 or later compared to just 47.1 percent in the east end. Nearly a quarter of housing units in the east of Pearland (23.1 percent) were built prior to 1980 compared to just 6.1 percent in the west end. Pearland’s multi-family housing product is also more concentrated in the west (18.8 percent) compared to the east (8.8 percent). While age dynamics are similar between the east and west ends, there are differences in terms of the areas’ racial and ethnic compositions. While both areas of the community are majority-minority, white non-Hispanic residents make up 45.8 percent of the east end of Pearland compared to just 31.2 percent of the west end. The west end also has relatively larger Asian and Hispanic populations.

During the public input process, many stakeholders lamented that Pearland no longer felt like one community. That said, Pearland evolved from a small town surrounded by relatively rural areas into a booming, highly desirable suburb within a generation. This involved a massive expansion of the City’s geographic footprint. Today, newer areas on the west end of Pearland are located miles from the Old Townsite area where Pearland began, and as previously discussed, there is often significant traffic on roads between these areas. Given these conditions, it is not surprising that there would be differences between different portions of the community. From a quality of place perspective, however, many input participants expressed a strong desire to see additional investment in the east end of Pearland. Specifically, input participants referenced continued aesthetic and safety upgrades to SH 35, redevelopment of local streets to improve drainage, and investment in the Old Townsite area as potential investments for the near future.

²⁰ For all comparisons between the east and west ends of Pearland, Market Street leveraged five-year ACS data at the Census tract level. For the purpose of the analysis, Census tracts 6601, 6602, 6603, 6604, 6605, 6608.01, 6608.02, 6609, 3501, 6619 comprise east Pearland and Census tracts 3308, 6606.01, 6606.02, 6607.01, and 6607.02 comprise west Pearland. See “Appendix” for a map of Census tracts.

8. CONCLUSION

In any strategic planning process, the number of variables, voices and considerations to weigh can seem overwhelming. This can be especially true in communities that have recently undergone rapid change or are perceived to be on the cusp of a new paradigm. Both of these conditions apply to Pearland today. The consensus opinion is that the community's era of rapid population growth is drawing to a close or will be soon, and the question of what comes next remains open. But by continuing to engage in intentional planning activities, public, private, and non-profit leaders in Pearland have demonstrated a willingness to proactively work toward a more prosperous and successful future. This strategic planning process will seek to provide a framework for this action. The next step in the process is the development of the Implementation Assessment that will evaluate the activation of the Pearland 20/20 strategic plan. This assessment will help determine (at a high level) those areas where progress has been made and goals have been met, those areas where clear progress remains to be achieved, and any barriers that have historically impeded effective implementation. Upon completion of the research phases, the Steering Committee and Market Street will work together to identify the appropriate strategies to address the issues uncovered in the initial phases of this process. These recommendations will be developed and refined during the fall of 2019. The process will culminate in December 2019 with the development of Implementation Guidelines that will provide the blueprint for putting these recommendations into action.

APPENDIX: CENSUS TRACT MAP

Figure A1: Map of Census Tracts in the City of Pearland

Source: U.S. Census Bureau

