

# IEDC Hurricane Rita Economic Recovery Report

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Previous volunteers from the International Economic Development Council have assessed that the top issues facing the Beaumont, Port Arthur, Orange area are related to workforce and subsequently housing.

Beaumont has a number of attributes and economic recovery seems to be very strong. The community has an active and vibrant central business district, hearty and growing industrial base, an excellent network of support clusters for existing industry and active civic involvement from local leadership. All qualities to be envied by most all peer communities across the nation.

Many successes in the areas of downtown redevelopment, industrial expansion, site development and efforts towards regional development should be continued and not overshadowed by the immediate issue of workforce shortage.

In addition the observations and comments made by my previous IEDC volunteers I would offer the following:

## **Workforce:**

If you look at migration patterns most migration is taking place within a limited local region. This means that workers are neither moving far away from the area nor does the data support that labor is being attracted from outside the region. This could demonstrate that there is opportunity for targeted recruitment efforts to other U.S. regions with significant unemployment and/or regions with high cost of living.

After identifying such markets employers could aggregate their efforts to host career fairs utilizing small convention centers in those markets for a two day event. Nebraska has attempted such efforts with limited success but does not have the immediate labor demand of the Beaumont area. Nebraska also targeted area that have been traditional locations of out-migration rather than targeting areas with and abundance of available workforce. A helpful resource from Nebraska may be found at <http://business.neded.org/Library/BldgFndtns.pdf>

The Southeast Texas region could also step up a public relations (not just advertising) campaign to tout the quality of the local workforce and the availability of quality jobs in the region. Creation of a positive message about labor instills a sense of pride and expectation of the local workforce, lessening turnover, increasing productivity and hopefully leading to peer or familiar recruitment. Even if the campaign embellishes the truth it is a step towards turning a wish into reality. The National Association of Manufactures has a similar campaign being implemented nationwide regarding employment opportunities within the manufacturing sector. The campaign is called "Dream it, Do it". Beaumont may be benefited by looking at the NAM campaign and/or tapping into the resources available through NAM to utilized some of the "Dream It, Do It" strategy. Financial resources are also available through NAM that could be incorporated into a local approach. ([www.dreamitdoit.com](http://www.dreamitdoit.com))

Challenges not unique to Beaumont related to workforce exist in the area of transportation and childcare. Providing incentive for childcare providers, offering assistance to workers needing childcare and organizing childcare providers should be

examined. Solution to transportation issues are more challenging to address from the standpoint of public involvement or organization management other than the concept of “park and ride” locations, which do not address how workers get to park and ride sites.

Progress is being made on addressing market driven housing needs in the area. One notable incongruity is that in looking at the ACCRA cost of living index for the area is housing cost are significantly below the national average, developers looking at this data will be given pause to invest in a market that may not yield a return due to deflated prices. Although factors related to housing have changed significantly due to Hurricane Rita and demand created by the announced large project no independent data exists to support a business plan for outside developers. Each community within the Golden Triangle should contract for an independent housing study to be used a planning device and marketing tool to carry to housing developers. One such company that specializes in housing studies and has done work in Texas is Hanna:Keelan Associates, P.C. <http://www.hannakeelan.com/> Armed with an independent study the community is more readily marketed to nationwide developers with experience in utilizing tools such as new market tax credits, TIF, Historical tax credits, housing trust funds and other state or local incentives. Expectation should be made clear in contracting for the housing study that those strategies be specifically outlined in the document. Cost for such studies range from \$30,000 to \$50,000 per study. An example of such a study can be found at <http://gfdc.net/fremonthousingstudy.pdf>

One specific area to be address in the area of housing is to look at applying New Market Tax Credits in central business areas (downtown) to rehabilitate under utilized multi-story structures into mixed use projects. This addresses the concern of affordable housing, and urban renewal meeting two important community goals under a single strategy.

## **Housing**

In the area of temporary housing for construction workers examination of acquiring FEMA trailers as they come off line from use in meeting emergency housing needs of local residents and locating them to a “tent city” environment for construction housing. These trailers will eventually be a government surplus and may provide an immediate cost effective solution to temporary housing needs for the duration of a specific project.

## **Regional EDO**

As with most regions of the United States, efforts have been given to regional economic development efforts. In the case of the Partnership of Southeast Texas, the concept although having merit may have attempted to encompass too large of a region to be served politically by a small economic development organization. Given consideration of current community synergies, industrial impact and existing geopolitical boundaries in the areas of planning and workforce development, a regional organization of a three county region of Jefferson, Orange and Hardin Counties would be a more manageable choice for a regional economic development organization. Another option for a regional EDO would be to encompass Orange, Port Arthur, Nederland and Beaumont into one organization or have the Beaumont Chamber lead and house a sub entity administrating a team of economic developers with individual community responsibilities.

One expectation of contributors to EDO is that staff be seen and reportable to the contributing entity. The broader the area the more difficult the task of keeping funders

happy. It is also difficult to fully maximize the potential of an area when spread over too large of an area.

To initiate this discussion I would recommend a summit be held of all interested partners facilitated by an outside interest with a specific agenda to address defining the region, funding, budget, board representation as well as address common economic concern.

Funding formulas for such an organization could be assess based upon population or by valuations of participating geopolitical entities. I would also recommend a private component to provide funding for such activities not appropriate for utilizing public funds. A public/private partnership allows for stable funding, flexibility within the budget, and best represents all stakeholders in development efforts.

The outcomes of an organizational summit could also lay the groundwork for a regional strategic plan and bring together otherwise fragmented or parochial efforts within the region.

An example of a smaller such an organization to be modeled can be found in rural Nebraska, the Elkhorn Valley Economic Development Council <http://www.elkhornedc.com/evedc/history> Another example of a regional effort would be the Omaha Chamber of Commerce which has a staff of several economic development professionals assigned to separate communities. Each community contracts with the Omaha Chamber to manage economic development efforts under singular leadership and budget achieving a regional efficiency. <http://www.accessomaha.com/AboutUs.asp>.

## Summary

Economic Development is not brain surgery nor offers any magic bullets. It is more hard work than science. My colleagues and I agree on the most immediate issues and concur:

Housing stock needs a current inventory of supply. Strategies need developed for affordable housing and financing options for housing need identified.

Beaumont is in an enviable position of having the problem of addressing huge job creation and investment projects scheduled to begin but concerns over meeting those challenges in a cohesive regional manner exist. Some mechanism for a regional planning and coordination will strengthen the process of meeting those challenges by working together on win-win solutions for the impacted communities. Issues of protectionism, turf and community conflict should attempt to be minimized.

Resources must be channeled into creative ideas to meet the labor demands laid out before the communities. Most of the resources are already in place between the local WIB, Lamar University, LIT, public schools, employer groups, etc. Some assistance in coordination of efforts may be necessary to gain the most potential from individual efforts or to umbrella those efforts under a single organization or council.

Finally, although active industrial recruitment may not be appropriate at this time due to demands of existing projects, efforts toward a business call program (AKA Business Retention and Expansion program) on existing employers is critical to maintain momentum and curtail problems in early stages of development. This will be highly instrumental in maintaining the economic momentum currently enjoyed in the "Golden Triangle Region".