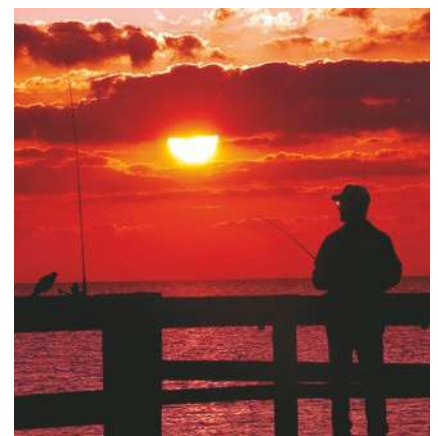


THE COMPREHENSIVE  
**ECONOMIC  
DEVELOPMENT  
STRATEGY**

**UPDATE 2022-2026**



**SOUTH EAST TEXAS ECONOMIC DEVELOPMENT DISTRICT**

**The South East Texas Economic Development District  
(SETEDD) Board of Directors reviewed and approved this  
CEDS document on 03-29-2023.**



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**The mission of the Board is to promote the diversification of the economic base and the growth, development, and retention of business and industry within the four-county region.**

# UPDATE 2020

## COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

Prepared by the South East Texas Economic Development District in cooperation with the South East Texas Regional Planning Commission and the South East Texas Economic Development Foundation to meet requirements set forth by the United States Economic Development Administration.

**S**outheast Texas, which includes Hardin, Jefferson, Orange, and Jasper Counties, offers an abundance of amenities residents and visitors. Our favorable business climate, viable workforce opportunities, higher education access, and low cost of living contribute to the region's quality of life. Given our strategic location, we enjoy our surrounding waterways' industrial and recreational benefits of our surrounding waterways.

The Ports of Beaumont, Port Arthur, and Orange are based here, securing the region's role as a major import/export hub. The Neches and Sabine Rivers, Sabine Lake, Sabine Pass to the Gulf of Mexico, and the Gulf Intracoastal Waterway are the major water routes critical to cargo movement. Multimodal capacity with existing rail, pipeline, freight, and flight allows for consistent business expansions.

The region's natural water resources attract those seeking outdoor adventure as well. Southeast Texas provides the ideal setting for boating, fishing, camping, horseback riding, and birding, resulting in a healthy tourism boom. In Hardin County, Village Creek State Park offers a beautiful venue for kayaking canoeing, fishing, hiking, and camping. To the North lies the Big Thicket National Preserve.

Known as the biological crossroads of North America, this transition zone is the intersection of southeastern swamps, eastern deciduous forests, central plains, pine savannas, and dry sandhills.

Southeast Texas hosts several higher learning institutions, including Lamar University, known for excellent programs and centers such as the Center for Innovation, Commercialization, and Entrepreneurship (CICE), Lamar Institute of Technology, Lamar State College-Port Arthur, and Lamar State College-Orange. These educational assets facilitate the industrious and educated local population. With nationally recognized engineering, nursing, maritime and skilled labor programs, the region is poised to complement industry diversification.

Rich in cultural arts, our region boasts one of Texas's oldest Main Street programs. Museums, theaters, and innovative adaptive reuse projects promote an active and amplified artist community.

With its business-friendly climate, strong workforce, educational opportunities, and abundant natural resources, southeast Texas is proud to be a resilient, diverse region where all are welcome to thrive.

## THE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

This Comprehensive Economic Development Strategy (CEDS) is the result of a local planning process designed to guide the Southeast Texas region's growth. The purpose of CEDS development is to establish a strategy that will facilitate job creation, foster a more stable and diverse economy, and improve living conditions. The intent is to have a working document oriented toward strengthening economic resilience within the region. While developed with broad input from South East Texas Economic Development District members and others, it is important to recognize that this document carries no direct authority and is a tool to be referenced and utilized to coordinate economic development efforts throughout the region. The CEDS examines the southeast Texas area as a region that competes globally for employers and workers and focuses on the interdependence of entities in the area.

## THE ECONOMIC DEVELOPMENT ADMINISTRATION

The Economic Development Administration (EDA) was established under the Public Works and Economic Development Act of 1965 (42 U.S.C. § 3121), as amended, to generate jobs, help retain existing jobs, and stimulate both industrial and commercial growth in economically distressed areas of the United States. EDA assistance is available to rural and urban areas of the nation experiencing high unemployment, low income, or other severe economic distress.

In fulfilling its mission, EDA is guided by the basic principle that distressed communities must be empowered to develop and implement their economic development and revitalization strategies. Based on these locally and regionally-developed priorities, EDA works in partnership with state and local governments, regional economic development

districts, public and private nonprofit organizations, and Indian tribes. EDA helps distressed communities address problems associated with long-term economic distress and sudden and severe economic dislocations. This includes recovering from the economic impacts of natural disasters, closures of military installations and other federal facilities, changing trade patterns, and the depletion of natural resources.

## THE SOUTH EAST TEXAS ECONOMIC DEVELOPMENT DISTRICT, INC.

The South East Texas Economic Development District, Inc. (SETEDD) was created in 1993 to facilitate the flow of Economic Development Administration grant and loan funds into the southeast Texas region, comprised of Hardin, Jefferson, Orange, and Jasper Counties. The SETEDD is a non-profit corporation governed by a Board of Directors composed of twenty-five persons from throughout Hardin, Jefferson, Orange, and Jasper Counties. Board members are appointed by each County Commissioners' Court and represent a cross-section of the region's population and economic interests. The Board's mission is to promote the diversification of the economic base and the growth, development, and retention of business and industry within the four-county region.

Due to the presence of locally-based economic development organizations and initiatives throughout the service area of the SETEDD, the District's economic development program places emphasis on providing a supportive role to entities focused on economic development within the region, such as chambers of commerce, business associations, local government, and economic development departments. The SETEDD also promotes coordination of economic development planning activities among these various entities. A key focus of the SETEDD's work includes assisting local governments and organizations in project and grant development and submission through technical assistance. While the SETEDD strives to be aware of economic development needs and potential projects in the area that will enhance

## UPDATE 2020 COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

the local economic base, the District’s role in implementing such projects is limited.

### ADMINISTRATIVE ORGANIZATION

The SETEDD is a non-profit corporation that contracts administrative support services with the South East Texas Regional Planning Commission (SETRPC) and the South East Texas Economic Development Foundation, Inc. (SETEDF). Staff at SETRPC and SETEDF conduct day-to-day operations and oversee the implementation of activities associated with the District’s planning grant from the EDA. SETEDD itself has no employees.

The SETRPC is a voluntary association of local governments that serves the four-county region of Hardin, Jefferson, Orange, and Jasper Counties. The Planning Commission was established in June 1970 under the authority provided by the Texas Legislature in 1965. The SETRPC is one of 24 regional planning councils that serve all of Texas. Each of these regional councils was founded to solve area-wide problems by promoting intergovernmental cooperation and coordination, conducting comprehensive regional planning, and providing a forum for discussing and studying area issues. The SETEDF is an economic development organization covering the four Texas counties of

Hardin, Jefferson, Orange, and Jasper. SETEDF is a non-profit development corporation formed in 1984 to assist small businesses in the region with long-term financing for real estate acquisitions, construction, and equipment purchases. It is licensed by the Small Business Administration to offer the SBA 504 loan program. SETEDF is governed by a Board of Directors composed of local business and community leaders from Hardin, Jefferson, Orange, and Jasper Counties. The SETEDF has a steering committee, the Regional Economic Development Initiative (REDI), which oversees the Foundation’s objectives.

### CEDS UPDATE PROCESS

The SETEDD Board of Directors served as the steering committee to develop the 2020 Comprehensive Economic Development Strategy and provided the necessary technical and advisory input. Committee members were relied upon to disseminate information about the CEDS process within their communities and ensure their communities’ needs and concerns were brought to the committee. In addition, SETEDD worked closely with other economic development entities in the region during the update of the CEDS to gather input.



# IN-DEPTH SWOT ANALYSIS

The Mike Barnes Group's President/CEO led two days of focus groups with Southeast Texas participants to perform an in-depth analysis of **STRENGTHS/WEAKNESSES/ OPPORTUNITIES/THREATS** relative to economic development within the four-county region. These SWOT Focus Groups occurred on March 21 and 22, 2019. The groups were asked to evaluate the region in the same fashion corporations and/or site selection professionals make their evaluations. The region was evaluated along the following criteria:



**BUSINESS CLIMATE**



**WORKFORCE AND  
EDUCATION**



**AVAILABLE BUILDING/SITES  
INFRASTRUCTURE**



**QUALITY OF LIFE**

Participants evaluated these factors as a component of the SWOT Focus groups, citing the relative strengths, weaknesses, opportunities, and threats regarding the region's attributes. It should be noted that many factors overlap in multiple categories. This stems from the participant's perspective on the specific issues at hand. The following pages represent the In-Depth SWOT Analysis findings **related to the region's economic resilience**.

The groups were similarly tasked with crafting a regional vision for economic development. Programs and projects related to resiliency and forecasting goals were identified. Participants were asked to outline regional economic goals for the upcoming 5 to 10-year period. Findings from these sessions are reported in the following pages.



# BUSINESS CLIMATE

## STRENGTHS

- ★ Reputation for Business Friendly Climate
- ★ State and Local Taxes are favorable
- ★ Attainment Area
- ★ Permitting process is navigable
- ★ Available incentives/ CDC Financing
- ★ Skilled workforce/ Competitive wages
- ★ Interlocal governmental agreements
- ★ Ability to accommodate difficult projects
- ★ Region receptive to traditional industry
- ★ Leadership understands and embraces economic development

## WEAKNESSES

- Lack of diversification
- Lack of financing for small projects
- Cities and counties do not enjoy shared vision of advancing economic growth
- Lack of population growth
- Displaced populations impact census
- Perceived limited career opportunities
- Economic Development effort is underfunded
- Lack of “Master Plan”

## OPPORTUNITIES

- ★ Overall cost of business continues to be lower than competitive locations
- ★ Entrepreneurs could find SETX an ideal business climate in Future
- ★ Regional economic development effort can enhance overall business climate
- ★ Connectivity between Lamar University and communities to enhance business climate
- ★ Development of “business incubators”
- ★ Increased public private partnerships
- ★ Export LNG expertise

## THREATS

- Potential governmental “red tape”
- Ineffective local leaders in some instances
- Lack of community support (financial) from regional industries
- Potential concerns from federal government regulations/rulings
- Market cycles

Research and Consultant Team experience suggests that corporations are inclined to invest in areas insulated from economic swings. A thriving economy is also critical in worker retention, regardless of industry. Successfully recruiting skilled workers is contingent upon the ability to ensure opportunities for career growth derived from regional economic strength. Skilled workers are considered highly mobile due to their wide range of living and working options. Regions must demonstrate sustainable economic growth and future opportunities to retain and attract these in-demand workers competitively.

When unemployment rates are low, the region typically benefits due to an expanded tax base and increased spending.



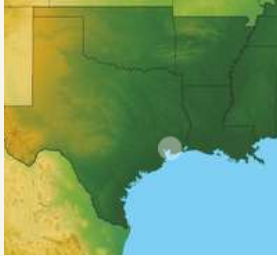
# WORKFORCE AND EDUCATION

Given the dominant industry and availability of Lamar University and its affiliate presence throughout the region, Southeast Texas offers many resources for workforce training and education. Institutions of higher learning contribute to diversity and increase our population. The Texas Workforce Commission has multiple locations in the region, and skilled labor programs are plentiful for those who opt out of college. Our regional success is somewhat contingent on these educational attributes, as our population contains an aging workforce. Southeast Texas, like most regions, must continue to improve upon the recruitment of teachers to our area. New leadership in many of our independent school districts is working diligently to increase overall performance and innovative learning.

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>★ Lamar University</li> <li>★ Lamar Institute of Technology-throughout the Southeast Texas region</li> <li>★ Some area pre-k through 12 schools are outstanding</li> <li>★ Southeast Texas Workforce Solutions</li> <li>★ Overall Workforce training facilities</li> <li>★ Safety improvements in region's industry</li> <li>★ Lamar-tech transfer/ dual credit classes</li> <li>★ Ability to offer specialty training</li> </ul>	<ul style="list-style-type: none"> <li>• Some area pre-k through 12 are not adequate</li> <li>• Retaining young and educated talent</li> <li>• Aging workforce</li> <li>• Some school districts under perform</li> <li>• Limited career opportunities</li> <li>• Ongoing poor perception of some school districts</li> <li>• Need to increase innovation in pre-K-12</li> <li>• Lack of population growth negatively impacts workforce</li> </ul>	<ul style="list-style-type: none"> <li>★ Lamar State College-Port Arthur curriculum</li> <li>★ School Districts/ Workforce collaboration</li> <li>★ Bio-Med future</li> <li>★ Connectivity between Lamar and downtown Beaumont</li> <li>★ Application of emerging technology within both education and workforce</li> <li>★ Increased vocational training in high schools</li> <li>★ Incorporation of increased technology for future resiliency</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of future leadership in both areas</li> <li>• "Brain Drain"</li> <li>• Difficulty in recruiting teachers to region</li> <li>• Demographics-aging population</li> <li>• Drug testing requirements in workplace</li> </ul>



# AVAILABLE BUILDING/SITES INFRASTRUCTURE



Southeast Texas is located strategically in the United States. It is close in proximity to the Texas population center of Houston and shares many of the same attributes in terms of its primary industry. In evaluating the infrastructure and availability of sites within Southeast Texas, one recognizes the region is comprised of several independent communities. Each possesses its own sites and infrastructure. The Entergy Site Selection Center provides a database of buildings and sites available in areas serviced by Entergy, including Southeast Texas, along with demographic data for counties and communities serviced. This resource compiles all sites for our region's inventory.

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
★ <b>I-10 Corridor</b>	● Lack of infrastructure in rural areas	★ <b>Deepening of ship channels</b>	● Airport limitations
★ <b>Competitively priced sites and buildings</b>	● Interstate Highways- Exits and Access	★ <b>Business incubators</b>	● Aging infrastructure
★ <b>Ports and waterways</b>	● Proximity to Houston is overlooked	★ <b>Expansion of airport development</b>	
★ <b>Airport</b>	● Lack of quality in public transit	★ <b>Planning for accessible communities</b>	
★ <b>Pipelines</b>	● Lack of developing sites in economic development "pipeline" regionally	★ <b>Lamar/Region Bio-Med/Tech facilities and infrastructure</b>	
★ <b>3 Rail companies serve region</b>	● Process of Waterway widening needs to be expedited	★ <b>Low fuel costs take advantage of transportation network available</b>	
★ <b>Proximity to Houston</b>	● Low elevation		
★ <b>Oil and gas infrastructure</b>	● Existing infrastructure exceeds capacity		
★ <b>Abundance of water resources for industrial expansion</b>			

# OPPORTUNITY ZONES

Opportunity Zones were created in 2017 to help spur economic development in distressed communities by utilizing tax benefits. An investor in an opportunity zone can defer tax on capital gains, as outlined below.

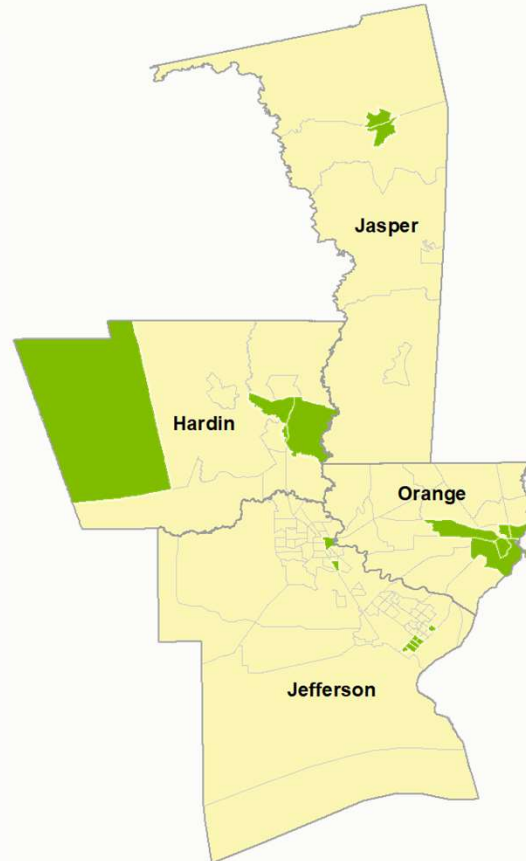
**SOUTH EAST TEXAS  
OPPORTUNITY ZONES**

**JEFFERSON COUNTY  
8 OPPORTUNITY ZONES**

**ORANGE COUNTY  
5 OPPORTUNITY ZONES**

**HARDIN COUNTY  
3 OPPORTUNITY ZONES**

**JASPER COUNTY  
2 OPPORTUNITY ZONES**



## Opportunity Zone Benefits:

The Investor can defer tax on any prior gains invested in a Qualified Opportunity Fund until the date the investment is sold.

- Investment held 5+ years, 10% exclusion deferred gain.
- Investment held 7+ years, 15% exclusion deferred gain.
- Investment held 10+ years, eligible for an investment increase equal to the fair market value when sold.

To learn more about Opportunity Zones, please visit:

[https://www.novoco.com/sites/default/files/atoms/files/irs\\_oz\\_faqs\\_090419.pdf](https://www.novoco.com/sites/default/files/atoms/files/irs_oz_faqs_090419.pdf)

<https://www.eda.gov/opportunity-zones/>

# QUALITY OF LIFE

Southeast Texas is fortunate to enjoy extensive access to many natural resources. Beaches, lakes, wetlands, forests, and a robust cultural arts presence contribute greatly to the quality of life in the region. These assets attract tourism revenue with birding, professional fishing competitions, and multiple festivals throughout the year. Residents benefit from our relatively low cost of living and vast opportunities to conveniently pursue various higher education levels. These natural resources are ironically also the area’s largest threat. The surrounding bodies of water increase our vulnerability to natural disasters each season. Fortunately, our region channels these reoccurring challenges toward strengthening our resiliency. These threats are opportunities to promote cross-sector collaboration.

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>★ Lamar and accompanying amenities</li> <li>★ Community colleges with amenities</li> <li>★ Regional museums</li> <li>★ Cost of living</li> <li>★ Natural resources provide recreational options</li> <li>★ Location in proximity to beaches/large metros, etc.</li> <li>★ Diversity is improving</li> <li>★ Region is resilient</li> </ul>	<ul style="list-style-type: none"> <li>• Specialized health care in certain areas</li> <li>• Perceived lack of cultural amenities</li> <li>• Cultural outlook</li> <li>• Lack of diversity</li> <li>• Relatively low population growth detracts from quality of life-stagnation</li> <li>• Environment</li> <li>• Out-migration on weekends</li> <li>• Lack of pride in housing gives unappealing appearance of region</li> <li>• Minimal youth activities and recreational opportunities create desire to leave</li> </ul>	<ul style="list-style-type: none"> <li>★ Expansion of Ford Arena and Park facilities</li> <li>★ Lamar’s expanding role to enhance quality of life opportunities connectivity to downtown</li> <li>★ Downtown improvements</li> <li>★ Lamar attracting more diverse population</li> <li>★ Cultural Arts District Designation</li> <li>★ Downtown housing</li> <li>★ Comprehensive approach to QoL include all facets of region</li> </ul>	<ul style="list-style-type: none"> <li>• Educated youth relocate</li> <li>• Natural disasters, subsequent displacement</li> <li>• Future leadership not emphasizing quality of life</li> <li>• Lack of broadband infrastructure regionally</li> <li>• Lack of region-wide entertainment</li> <li>• Rural areas struggle financially to meet needs of residents</li> <li>• Lack of regional identity/brand</li> <li>• “Ford branding of culture is concerning”</li> </ul>

# STRATEGIES AND IMPLEMENTATION PLAN

The Southeast Texas Comprehensive Economic Development Strategy depicts overall aspects of the region's economy. Existing and future economic development efforts are highlighted. Factors impacting economic resilience, including but not limited to natural disasters, cyclical economic development trends, and diversification of economy are taken into consideration. Great emphasis is placed on current and forecasted projects, including waterway improvements, port development, and surface/air transportation. In addition, we merited our available workforce as an integral component to the region's economic vitality, sustainability, and resilience.

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## ECONOMIC RESILIENCE

Southeast Texas is subject to frequent natural disasters, primarily in the form of hurricanes. The region has repeatedly demonstrated remarkable resilience from numerous hurricanes in the past 25 years. Our Comprehensive Economic Development Strategy must recognize this phenomenon's ongoing threat to the region and its economy and address it in the plan. Local, regional, state, and federal resources, including the Economic Development Administration, FEMA, HUD, and others, have collaborated with the region to overcome economic barriers created by this threat in an expedited fashion. Our In-Depth SWOT Analysis identified **the need**

**for an updated economic development regional plan** that recognizes these hurricanes and includes additional mechanisms to enhance recovery time and strengthen our economic resilience. The Mike Barnes Group worked jointly with the region's various economic development groups to draft a regional economic strategic plan in 2009-2010 and again in 2014-2015. This plan identified potential markets, economic assessments, and an overall marketing and evaluation strategy. Our region's economic development effort is based on this plan to facilitate our continued economic resilience expansion. However, the plan should be revisited and likely revised.



The firm is now working collaboratively with REDI/SETEDF/SETEDD/SETRPC to update the plan for 2020. Several projects have been undertaken since the adoption of the current plan. Billions of dollars from public/private investment in waterway improvements and port projects have come to the area.

The region’s marketing efforts have expanded, and we have received extended participation from Lamar University in the economic process. A major workforce strategy highlighting trends and integration of workforce/economic development was developed.

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## DIVERSIFICATION

While the petrochemical industry has been a consistent source of employment, investment, and governmental revenue for the region, we lack industrial variety. Ideally, the presence of multiple other industries could address potential cyclical depressions in the regional economy. Efforts to attract alternative manufacturing companies and other industries should be aggressively continued to achieve this economic diversification. Because of our location in proximity to Houston and

improvements to the surface, water, and air transportation infrastructure, our region is ideal for other diversified investments. The Economic Development Administration offers funding assistance with projects that include workforce diversification in their scope of work. The development of a revised or updated Regional Economic Development Strategic Plan would provide sources and methods for utilizing approaches aimed at diversifying the regional economy.

Our major population centers within the region possess suitable amenities for a multitude of diverse businesses and industries. Regional educational assets at pre-K through 12 and post-secondary offerings provide abundant training resources for adopting such a strategy. Entrepreneurship has been identified to further diversification and is a logical extension of much of the work underway with Lamar and the collaboration with the Southeast Texas Workforce Solutions. A strong work ethic within the region serves as an asset in attracting those businesses and industries that can provide employment opportunities, further diversifying our economic base.

Given the predominant presence of quality higher learning institutions and the overall low cost of living, technology entrepreneurs have been identified as an obvious option for further expansion of the region's economic diversification. Opportunities exist to attract small tech firms and foster their growth. Collecting testimonials from similar, successful firms would be one method to propel our efforts in this future recruitment. Specific targets should be identified to focus the efforts from the regional economic development group. An update of the Regional Strategic Plan and Targeted Business/Industry Analysis would provide a solid foundation for the REDI group's targeted marketing effort.

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## VISION/GOALS AND ACTION PLAN

Those participating in the regional discussions selected the collective goal of promoting Southeast Texas as a Destination Area. A **Destination Area** distinction was described as one of national importance, given the existing petrochemical industrial base globally. It was suggested that descriptors for the region include terminology such as “enhanced tourism” and “lifestyle location.” By transforming our region’s branding and marketing, we can modify the negative perceptions pertaining to the quality of life identified in our SWOT analysis. It should be noted that branding and marketing should include both internal and external marketing campaigns. The REDI group, comprised of outstanding economic development professionals, should undertake this effort in their regional marketing activities and utilize

testimonials from existing business/industry leaders. There are ongoing marketing efforts with various other entities within our region, such as the Convention and Visitor’s Bureau. Collaboration is encouraged.

The region has historically enjoyed tremendous success and continues growing its economy geometrically. “Adaptive,” “flexible,” and “creative” were terms used in describing the marketing effort consistent with the vision and goals. **Economic Resilience** is a term that could be used as a foundation of the ongoing economic development efforts. The region has demonstrated its ability to bounce back quickly on numerous occasions from natural disasters and economic downturns. Despite these threats and challenges to our region, we continue to grow our economic base.

# VISION/GOALS AND ACTION PLAN

**The Action Plan must adhere to the following guidelines to achieve economic resilience, diversification, and overall economic development success:**

- A. Continued collaborative effort of REDI/SETEDF.
- B. Enhanced funding for regional marketing.
- C. Enhanced cooperation among and between the region's governmental entities and private sector.
- D. Further collaboration among and between the region and state/federal government in securing funding for ongoing economic development efforts to achieve the goals identified above.
- E. Updated regional Economic Development Strategy considering the region's success since the last plan's adoption and recognizing the importance of economic resilience in futuristic terms.
- F. Continued cooperation and collaboration with and between the region's school districts, Lamar University, community, technical colleges, Southeast Texas Workforce Solutions, local/regional economic development agencies, and their respective interaction with local/regional governments.
- G. Performance and Evaluation Standards.

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## CONCLUSION

Southeast Texas enjoys an enviable economy. Natural disasters, cyclical depressions in the energy sector, and workforce issues have negatively impacted our region. This process recognizes those barriers to economic resilience and implements programs and projects to overcome those challenges. The vast resources of the region, coupled with the strong work ethic of its labor force, continue to contribute to the economic well-being of Southeast Texas. This Comprehensive Economic Development Strategy process provides an opportunity to establish priorities, set goals, and develop regional work programs.

The SETEDD Board of Directors will monitor the progress on those measures. The District's activities will be deemed successful if positive trends can be identified on an annual basis. Once the recurring progress of these metrics has been established, a course of action will become apparent. The Southeast Texas Economic Development Foundation and Southeast Texas Economic Development District appreciates the participation of those engaged in making this effort a region-wide success.

