Chapter 7: Economic Opportunity

This chapter identifies strategies to facilitate self-sustaining, long term economic development. A strong, diversified economy in the City of Conroe is critical to the wellbeing of residents and the overall health of the City. A healthy local economy depends on many things including the presence of diverse industry, well-paying jobs, and a high quality of life.

The area’s economy was originally fueled by the oil and timber industries. It has greatly diversified in the past twenty years attracting a wealth of manufacturing, retail, health care, construction and tourism jobs. The City has been particularly successful at attracting new retail development along IH 45 and industrial activity in Conroe Park North industrial park. The City’s economic development efforts have been assisted through strategic partnerships with the Lake Conroe Chamber of Commerce and Greater Conroe Economic Development Council.

Key Issues

Dependence on Sales Tax

The City of Conroe is, in comparison to other communities, fairly dependent upon sales tax to generate revenue. This is an asset from the standpoint that substantial revenue is generated by out-of-city customers traveling and shopping along IH 45. On the other hand, it makes the city particularly vulnerable to market downturns and trends. In 2006, sales tax collections accounted for 53.8 percent of the City’s General Fund revenue. Property tax revenue accounted for only 16.4 percent of the General Fund, though this represents a 2.5 percent increase from the previous fiscal year.

Sales tax revenue for the City of Conroe is inhibited by limited “local buying power” in comparison to other communities (the fiscal capacity of local households to consume once basic cost of living expenditures are accounted for). Conroe’s median household income ($34,123 in 2000) is lower than the County and surrounding cities, while its cost of living is relatively the same (see Table 7-1), resulting in limited disposable income or ability to purchase goods and services.

Generating Employment

Currently, nearly half of the City’s employed residents leave the community for work each day. The lack of available employment opportunities has a threefold impact upon the local economy. First, employers create higher property tax revenue than residences which could strengthen the balance

<table>
<thead>
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<th>U.S.</th>
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<td>Conroe</td>
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<td>Sugar Land</td>
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<td>Baytown</td>
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Table 7-1 Cost of Living Comparison

Source: Sperling’s Best Places/Fast Forward, Inc.
between property and sales tax revenue. Second, disposable income that could be spent in the community is instead invested in travel costs. Third, exporting jobs can have the effect of exporting retail and dining dollars as well, because people have a tendency to eat out and shop over lunch or on the way home from work. New employment generators will be needed if the City is seeking to enhance the local tax base and become a community where residents have the opportunity to live and work.

Supporting Services

As noted in the Growth Capacity Chapter, groundwater is already threatened by over-consumption, which may limit the City’s ability to accommodate industrial users that require substantial water reserves. Water will not be as limited once Montgomery County begins supplementing groundwater with surface water from Lake Conroe. However, this system will not be available until 2015. Adequate wastewater, storm drainage and street networks are equally critical to ensuring that the City of Conroe is a viable suitor for expanded commercial and industrial activity.

Economic Characteristics

- 50 percent of employed residents work in “Blue collar jobs” as defined by the U.S. Census. This is higher than both the state and national average
- Conroe’s unemployment rate is 4.1 percent, which is lower than surrounding cities, Texas and the U.S.
- Approximately 49 percent of residents work outside the City
- Major employment industries in Conroe include:
  - Educational, health and social services—15.9 %
  - Retail trade—14.2 %
  - Professional, scientific, management, administrative and waste management services—12.6%
  - Construction—10.8 %
- Sales tax remains the primary source of income for the city
- The average income rate in Conroe is less than state and national averages
- The employment to population ratio is fairly equal to cities in the surrounding region (0.44)

The City is ideally located to take advantage of the demand for movement of goods with available rail, shipping, air and road infrastructure. Several of the sites in Conroe Park North have Union Pacific rail access. As a city with a substantial manufacturing industry, Conroe could benefit from improved connections between various modes of transportation, such as road, rail and air.
Activities and Entertainment

A survey of downtown workers conducted for the Downtown Development Branding and Marketing Plan concluded that the lack of local attractions and entertainment drives many residents to spend their entertainment dollars in surrounding communities. This is not only an inconvenience to residents, but also a missed opportunity for the City to benefit from additional sales tax revenue.

Identity and Image

Branding an identity will be increasingly important to the City of Conroe as a means of presenting a specific image to current and future community investors. The City’s identity has long been associated with the surrounding pine forests that are giving way to development. The loss of pine trees has been expressed as a major concern by residents during the comprehensive planning process. Another important issue for the City image is the current lack of visual gateways or a wayfinding system to identify important community features. Other concerns include some areas of the city that appear unkempt and rundown, and vacant lots and buildings.

Economic Opportunities

Location and Infrastructure

The City of Conroe is conveniently located on Interstate 45, only 40 miles north of Houston. Commercial air travel is available only 30 miles to the south at the George Bush Intercontinental Airport. The Lone Star Executive Airport, located at FM 3083 and FM 1484, serves as a reliever facility and has three Fixed Base Operators on-site.

Rail service is provided by the Burlington Northern Santa Fe for east-west shipping and by the Union Pacific Railway for materials going north or south. Several of the sites in Conroe Park North have Union Pacific rail access.

The City of Conroe is also located 45 miles north of the sixth largest port in the world, the Port of Houston. This location provides the City with an opportunity to take advantage of the demand for goods movement with available rail, shipping, air and road infrastructure.

Incentives

The City of Conroe and Montgomery County offer incentives to help attract and retain businesses in the area. Incentives include:
Attracting Business Investment

• Adequate Sites — Businesses have particular site requirements whether it relates to size, visibility, transportation access or proximity to ancillary services. Understanding the site requirements of target industries can help the City market itself to appropriate businesses.

• Workforce development— Workforce development helps improve the quality and skill set of the local labor force to assist with job placement. This serves both individuals, looking for work as well as businesses looking for skilled workers.

• Quality of life—Businesses will ultimately locate in places where owners and employees want to live and do business. Factors such as cost of living, quality of schools, crime rates, parks and recreation amenities, quality neighborhoods and civic pride are all considerations when people choose to live or invest in a community

• Economic incentives— Incentives are often necessary to encourage business behavior that is beneficial to the City. The use of incentives requires a careful evaluation to ensure that costs of the incentives (including community impacts) do not outweigh the benefits.

Cash incentives based on performance for existing business
Tax abatement for improvements over $2 million with 21 new jobs
Freeport exemption on selected products (exemptions include City, County, School District and Hospital District taxes)
Industrial revenue bonds for manufacturing projects ($10 million maximum)
City of Conroe banking consortium
SBA 504 Loan
Work opportunity tax credit;
Pollution control property tax exemption
Skills development fund
Main Street revitalization program

Tax Increment Reinvestment Zone (TIRZ)
A TIRZ is a special district created by a City to increase investment in underutilized or blighted areas. As property tax revenues increase in the zone, the increment (the amount of property tax revenue generated above the base value) is used to finance improvements. Communities use this as an economic development strategy to facilitate improvements such as infrastructure, streetscape improvements and neighborhood revitalization.

The City of Conroe established a TIRZ in 2001 in partnership with Montgomery County. The TIRZ was created for the purpose of major road projects of mutual interest to the City and Montgomery County. Road projects such as the reconstruction of portions of...
League Line Road and Longmire Road have been funded through the TIRZ.

The growth of the TIRZ has caused the total taxable value of real property in the zone to exceed 15 percent of the City’s total value. This prevents the expansion of the TIRZ or the creation of new zones within the City.

**Downtown Revitalization**

A revitalized downtown is an opportunity to foster growth in the service and retail sectors and encourage local entrepreneurship. Additionally it provides opportunities to promote arts, entertainment and cultural activities that can draw residents and visitors to the area. A community center with character and a strong identity of place is also a source of community pride for residents.

There are many challenges to creating a vital and economically stable downtown. Some challenges for downtown Conroe include:

- Parking shortages
- A lack of cafes and restaurants to support weekday office workers
- A lack of restaurants and retail to attract people on evenings and weekends
- Blighted properties

In 1999 the City partnered with the Greater Conroe and Lake Conroe Area Chambers of Commerce to begin revitalizing the downtown area in an effort to retain and recruit business. The *Conroe-Downtown Action Agenda 1999* was developed to guide revitalization efforts. Recently, the City completed a *Downtown Development Branding and Marketing Plan*, which focuses on strategies to reposition the downtown area as an entertainment hub and tourist destination.

Revitalization efforts have so far been successful with the City investing over three million dollars in public improvements, such as streetscaping, lighting and pedestrian amenities. The City has also sponsored a façade program with Community Development Block Grant (CDBG) funds. This has already financed improvements to ten buildings in downtown with additional improvements on a waiting list.

In addition, the downtown has recently been added to the list of Texas Main Street communities. This program helps draw attention to Conroe’s historic downtown while also assisting with marketing, training, and economic development strategies.

The City of Conroe has further demonstrated its commitment to downtown by establishing a full-time staff position to oversee revitalization efforts.
Quality of life

Stakeholders interviewed through the planning processes emphasized their appreciation for the City’s assets including the small-town feel, cultural amenities such as the Creighton Theatre, pine forests, Lake Conroe, and new retail choices. Stakeholders also had some quality of life concerns including the loss of pine trees to development, visual clutter caused by billboards, blighted areas along SH 105 and South Frazier, traffic congestion, and the lack of entertainment options within the community.

The City has so far been able to prosper as a desirable and affordable community in close proximity to Houston. It will continue to attract residents and businesses to the area as long as the local quality of life assets outweigh the quality of life concerns.

Enhancing the physical environment throughout the City with amenities such as landscaping, aesthetically appealing entrances, coordinated signage, building design themes, and well-maintained property can improve the image and quality of life.

Gateways and entrances to the City of Conroe provide an opportunity to leave visitors with a positive impression of the community’s character. For this reason, it is important for the City to create attractive and notable gateways that could include elements such as landscaping, attractive signage, public art, or corridors of preserved pine trees. Gateway locations include points where major arteries such as SH 105, IH 45 and US 75 enter the community.

The perceived quality of life in Conroe is also impacted by city-wide design and property maintenance. Features such as open space, plazas, and greenbelts incorporated into development and redevelopment projects greatly enhance quality of life. Street and building design themes can be encouraged with the use of incentives to create an environment that is consistent with the City’s values.
**Economic Opportunity Goals**

The City hopes to achieve the following long-term goals through the implementation of the Comprehensive Plan.

- A market-friendly environment focused upon creating new investment and long term reinvestment.
- A strong identity as a community with a small-town atmosphere and diverse, dynamic character that is appealing to prospective residents and employers.

**Economic Opportunity Actions**

The following actions have been identified to aid the City in achieving its Economic Opportunity goals.

- Conduct an economic development assessment of the City to identify:
  - Opportunities for new employment, particularly non-retail employment
  - Appropriate economic development incentives, projects and programs
  - Opportunities and incentives for redevelopment within the community
- Conduct a study with the Greater Conroe Economic Development Council to determine the economic development benefits and feasibility of connecting the airport to the railroad network.
- Designate gateways, key corridors and points of interest and introduce a landscaping program of street trees, seasonal plantings and public art that identifies Conroe, reflects a small-town character, and complements the surrounding natural setting.
- Develop a wayfinding program to aid visitors and citizens in moving around the city (particularly downtown) and to tourist destinations such as Lake Conroe.

**Economic Opportunity Policies**

Policies are intended to provide additional guidance for daily decisions made by staff and City Council. **Decision-Making policies** are intended to guide decisions regarding development projects and other proposals. **Administrative Policies** provide guidance on the day-to-day business of the City regarding budgets, staff resources and City-initiated programs or projects.

**Decision-Making Policies**

- Allow public displays and use of sidewalks (subject to ADA compliance) and other spaces to encourage street-level pedestrian activity in downtown.
- Promote increased residential density to increase commercial return on investment and local market capture.
- Promote higher density residential uses, commercial office and service uses, and government institutional uses adjacent to the Downtown core to create a diverse and active environment.
**Administrative Policies**

- Enforce ordinances that keep the city clean such as those prohibiting dumping and littering.
- Continue working with landowners and developers to identify and highlight sites well-suited for commercial and industrial development and redevelopment.
- Incorporate design and aesthetic improvements (i.e. landscaping, street trees, attractive signage) into the design of capital improvement projects.
- Provide public amenities that will encourage activity and promote downtown and other community focal points as places to spend time as well as retail and entertainment dollars.
- Promote neighborhood associations and watch programs to cultivate a sense of community involvement, pride and ownership.
- Support programs and projects that enhance the amenities in the area to attract visitors to area destinations such as downtown and Lake Conroe.
Figure 7-1
Year 2005 Employment

Legend
Persons Employed by 1000 Sq. Ft. Grid*
- 10 - 150
- 150 - 500
- 500 - 1000
- Over 1000
*10 or Fewer Not Shown

Source: Houston-Galveston Area Council (H-GAC), 2006
Figure 7-2
Year 2025
Employment

Legend
Persons Employed by 1000 Sq. Ft. Grid*
10 - 150
150 - 500
500 - 1000
Over 1000
*10 or Fewer Not Shown

Source: Houston-Galveston Area Council (H-GAC), 2006