THE ECONOMIC RESURGENCE OF WASHINGTON, DC: CITIZENS PLAN FOR PROSPERITY IN THE 21ST CENTURY

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November 2002

Let me set the scene by telling you that I left my position as a Special Assistant to the Secretary of the U.S. Department of Housing and Urban Development in the fall of 1997, after serving nearly five years in that position – four years with Henry Cisneros, and approximately eight months with Andrew Cuomo. I moved from HUD to serve as a full-time consultant to the District of Columbia government, as the Senior Adviser to the Director of the D.C. Department of Housing and Community Development and as Coordinator of the Strategic Economic Development Plan for Washington, DC. The District of Columbia government was at that time essentially in financial receivership to the Congress, and was being governed primarily by the Financial Responsibility and Management Assistance Authority, or the "Control Board" as it is commonly known. The Control Board, headed by Dr. Andrew Brimmer, had just hired Richard Monteilh – who had previously directed $2 billion in construction activities in preparation for the 1996 Summer Olympic Games in Atlanta – to be Director of the Department of Housing and Community Development (DHCD), and the point person for economic development in the city. Dr. Brimmer and Mr. Monteilh asked me to take on this assignment in a time of grave crisis, appealing to my sense of urban patriotism and civic duty. I had been one of HUD's and the Clinton Administration's long-time liaisons to the District of Columbia government and many of the city's nonprofit community development groups, and I had also been involved as a grassroots activist, serving as President of a well-known interracial, mixed-income civic organization, the Southwest Neighborhood Assembly.

Washington, DC at that time was in the throes of what appeared to be a terrible crisis. The District government was basically bankrupt, the city was losing population at an alarming rate, mostly black middle class families fleeing to the Maryland and Virginia suburbs, especially Prince George's County, Maryland. Crime, public schools, and a host of other physical and social indicators revealed disturbing trends. Federal and District government employment was rapidly declining, and private business and job growth was stagnating. Some of my friends told me I was insane to take the job, but my response was that I love huge challenges, and besides, things were already so bad, they were more likely to get better than worse.

Once I began studying the situation in depth, I realized that the problems were not nearly as bad as they were commonly portrayed by politicians and the media. First of all, Washington, DC, as you all are well aware, is a world class city, a national and global capital, a beautiful and prosperous urban center. In the new economy – knowledge and information-based, technology and communication-intensive, and globally oriented – this city and metropolitan region are very well placed to compete and thrive, more than most other cities and regions. To use the jargon of Wall Street, the underlying asset was very strong, even if the city's "stock price" was currently undervalued. Essentially, Washington, DC had three major challenges: 1) The city had a serious fiscal problem because of two main factors, one structural and one managerial. The structural problem was the governmental relationship between the District of Columbia as a colony of the President and the Congress, surrounded by but not part of two sovereign states, with no independent budget authority or reciprocal taxing arrangements. For example, the city is still the region's largest employment center, with over 600,000 jobs. Yet two-thirds of these jobs are held by residents of Maryland and Virginia, and their Congressional delegations have prohibited the DC government from garnering any income tax revenue on these nonresident workers and professionals, even though this is a commonly accepted practice by literally dozens of other cities in the United States.

The managerial problem was a severely inefficient and bloated local bureaucracy. This longstanding tradition was established by the Congress for the century that it ran the District government and used it as a political patronage system for Senators and Congressmen. During the 1980s, Mayor Marion S. Barry, Jr. changed the color on the faces of the bureaucrats and contractors, creating his own jobs program and patronage apparatus, which helped generate much of the black middle class that now lives in the suburbs and cannot be taxed, but it did little if anything to improve municipal services.

The National Capital Revitalization Act of 1997 – otherwise known as the "DC bailout plan" – solved some of the structural issues with the federal government assuming responsibility, as it should have when limited home rule was established in 1973, for paying the cost of "state-like" functions as the 50 states do with respect to their cities. These changes removed a huge financial burden from the District government's budget, enabling it to move from bankruptcy in 1997 to surplus and tax cuts two years later. At the same time, the Control Board forced the downsizing of DC government employment by some 20,000 positions, much of it through attrition rather than layoffs, reducing the city's workforce from 50,000 to 30,000, which is still fairly high for a total population of 572,000.

The second challenge is the city's bad image. I often said that Washington, DC was the best city with the worst image in America. Since it is the nation's capital, in the same way that Americans love to lampoon and criticize all forms of government, national politicians have a field day bashing the District of Columbia, which they find plays very well in their respective states and congressional districts. This was compounded by racial animosity, as DC became "Chocolate City," the first major U.S. city with a majority African-American population beginning as early as the 1950s, reinforced by a majority of African-American local government administrative officials and elected leadership starting in the 1970s. Then and now, Washington, DC has by any measure the most economically affluent, college educated, and highly professional city and metropolitan black population in America and throughout the world, but prejudice does not lend itself to a careful examination of facts. And though the *Washington Post* repeatedly endorsed and supported Mayor Marion Barry for over a decade, once they broke with him, the *Washington Post* mounted an unrelentingly negative campaign of attacking the District government, which was popular with the newspaper's increasingly suburban readership as the metropolitan population grew rapidly while the city's declined.

The third problem was that while the city was generally in good economic and physical condition, this was not true of many neighborhoods, particularly among communities east of

Rock Creek Park and especially in large areas east of the Anacostia River, which suffered from higher levels of poverty, unemployment, crime, deterioration, and a myriad of other economic, social, and physical ailments. Richard Monteilh and I believed that it was vitally important and quite urgent for these neighborhoods to stabilize and increase population and homeownership; to rebuild housing, commercial areas, streets, parks and other infrastructure, services, and amenities; to reduce crime and improve schools; to expand business opportunities; and especially to get more people educated, trained, and placed into good jobs located both within the city and throughout the region.

As I mentioned earlier, the city does not have a job shortage per se – there are more jobs than residents – but two-thirds of the city's jobs are held by suburban commuters. And in the suburbs, there are thousands of jobs unfilled as the rapid growth of federal contracting and technology companies is generating a very tight regional labor market. Two fundamental challenges are redirecting public and private contracts back to Washington DC-based firms, and connecting Washington's unemployed, underemployed, and underpaid African-American and Latino residents to solid employment prospects. As their incomes rise, enhanced prosperity and quality of life will serve as inducements for them to continue living in Washington's neighborhoods. The Strategic Economic Development Plan was designed to accomplish these objectives: growing businesses and jobs in targeted industry networks and across the private sector; educating and training a quality workforce; rebuilding and strengthening neighborhoods and downtown; attracting and retaining residents; and connecting the city and the region to promote more equitable economic prosperity and smart physical growth, placing Washington DC residents in metropolitan jobs with transit linkages.

The first step in creating the strategic plan involved turning a crisis into an opportunity. When Richard Monteilh and I entered the DC Department of Housing and Community Development in the fall of 1997, we were walking into an administrative and political nightmare. Even as the city was declaring itself bankrupt, HUD had put DHCD on partial suspension in August 1997, for failure to spend $70 million in federal Community Development Block Grant (CDBG) and HOME funds going back several years. This action was in response to an embarrassing and widely read series of investigative reports on DC government waste and corruption that had been published the previous month in the *Washington Post*. DHCD had sat on millions in federal block grants because the department had no process for disbursing these funds other than to take their cue from Mayor Barry and certain District of Columbia Council members. The funds were generally held in reserve until the Mayor and various other powerful senior officials gave their approval for favored projects. In the meantime, groups without political clout did not even bother to apply, or if they did make an effort, they were told there was no money available or that they were not legally eligible.

Richard Monteilh and I were charged by the Control Board with spending the money, *all of the money*, as fast as possible. To do so, it was necessary to bypass the normal bureaucratic gridlock, which we did immediately by organizing a citywide competition for the $70 million. I coordinated this process, and we used it as an opportunity to reach out to the neighborhoods, mobilize people for action, invite their full involvement and partnership, learn a great deal about what was really wanted and needed, and most importantly, make strategic investments to jump start economic activity throughout the city. We created eight task forces to solicit and evaluate project proposals. All proposals were welcome, and we explicitly instructed the DHCD staff that they were forbidden to say no to anyone or turn away any group or project under any circumstances.

Over 400 people participated in these task forces, and we gave them the first cut at evaluating the more than 200 proposals, based on openly published, fair and objective criteria, of which there were three: 1) *visibility/impact/benefit* – was it good for the community, particularly as a strategic investment that would reinforce other positive actions in the neighborhood? 2) *feasibility* – if it was a good idea in theory, would it really happen? Did the group have a practical plan and track record of experience to deliver on their promises? In the past, too many projects were either never completed or had subsequently failed, and we wanted to educate the nonprofit groups and raise the standards of their commitment to excellent performance and genuine results; 3) *leverage* – did DHCD's money attract other public and private capital? Our goal, which we successfully achieved during 1998, was for an overall ratio of each dollar from DHCD leveraging over three dollars in additional private and public funds from other sources. Prior to our citywide competitive process, the historical ratio for DHCD was one dollar of the department's funds leveraging only seventy cents in other private and public spending.

Once the citizens rated their projects, we called in a group of 20 senior business, government, foundation, civic, and community leaders as "experts" to further evaluate the proposals. Over 50 of the better proposals were presented in a very professional format and style at an all-day conference attended by several hundred citizens to showcase the power of community action and get people excited about the process of change. The 20 experts sat through the day and asked tough questions of each group's presenters, then met with Richard Monteilh and myself a few days later to provide detailed feedback and priority scoring. On the basis of both the community leaders' and the experts' evaluation scores, plus our own sense of strategic issues, within three months DHCD committed $70 million to120 projects, mostly in grants plus a few loans, leveraging an additional $230 million in other private and public funds. The total of $300 million represented the largest community investment ever made at one time in the District of Columbia's neighborhoods.

This investment produced several thousand new jobs, 2,000 new and renovated affordable homes and apartments, 1,500 affordable homeownership opportunities, 16 revitalized neighborhood shopping areas and business districts, and over 50 community services centers, including health care and child care, arts and culture, education and counseling, job training and placement, parks and playgrounds. Even groups that did not receive funding supported both the process and the outcome, because they said it was a fair and honest competition, and they declared their intention to compete more effectively for the following year's funds. Within months, we went from being on HUD's "worst performers" list to being recognized nationally for best practices, because most cities allocated block grant funds through political patronage rather than open and fair competition. If you ever get a chance to come to Washington, DC, please contact me and I will give you a personal tour, highlighting the many wonderful things that this $300 million public-private-community partnership has generated.

As soon as we completed the citywide competition in March 1998, we built on that momentum by initiating the public process that produced the Strategic Plan. Rather than give you a chronology of events, I will now describe the story in terms of the approach we took and the lessons we learned, so that it will be more useful to you in your own work:

Lesson One: THINK POSITIVE. While the economic condition of the city looked and sounded desperate to many people throughout the region during 1997, it really wasn't. Richard Monteilh and I felt it was very important, just like on a sports team, to provide strong leadership with a positive, optimistic attitude. That is why we insisted on calling the plan "The Economic *Resurgence* of Washington, DC" rather than using a more traditional term like revitalization. That is why we called ourselves by the city's proper name, Washington, DC -- the nation's capital -- rather than "the District" which unfortunately too often is a very demeaning term used only by regional insiders. We said we are a world class city in a metropolitan and global economy, not some weird administrative jurisdiction that is a colony of the federal government. That's also why we took such care to produce a quality document that did not look like or read like a government report, and why we held the culminating event – the Economic Summit – at the World Bank on November 12, 1998. We wanted to send a signal that our city is world class, and many of the neighborhood activists enjoyed rubbing shoulders with business and government leaders in such an ornate and impressive setting. Indeed, we mailed out 7,000 beautifully designed gold invitations that said "be a part of something big..." and attracted over 2,000 people to an event that knowledgeable insiders had predicted would bring out no more than 200 of the usual suspects.

Lesson Two: INVOLVE EVERYONE. This lesson is even more important in Washington, DC than in many other contexts, because the slow pace of federal decision-making places a premium on everyone staking out their turf and having to sign off on whatever is happening. As the saying goes, "if I ain't in it, I don't own it." We wanted everyone across the city to own the plan. To do that required involving literally thousands of people. Indeed, the basic structure revolved around organizing a dozen large task forces and working groups with hundreds of members from businesses, the District and federal governments, civic and faith-based groups, neighborhood leaders, and much more. At every meeting we told people that this was not a DC government plan, but their plan. They would design it, they would implement it, and they would benefit from it. Otherwise it was doomed to fail, as had so many previous planning efforts. It is for this reason that the final document is subtitled: "*Citizens* Plan for Prosperity in the 21st Century" with an overlay in constitutional-looking calligraphy of "By the People, For the People".

To make our promises real, we empowered citizens in two fundamental ways: first, citizens actually designed the plan. A broadly representative Steering Committee of 50 public, private, and community leaders guided the entire process, and at a marathon 10-hour meeting in early October 1998, this distinguished group finally selected the 40 key actions out of literally hundreds of recommendations that had been proposed. Second, Richard Monteilh and I immediately committed DHCD funds and staff support to a wide variety of initiatives that emerged during the planning process from the one dozen task forces and working groups, putting the responsibility and authority directly into the hands of citizens rather than under the DC government's powers. The net result was a deep and strong consensus behind the plan that has survived even a major change of executive branch administration. When Mayor Anthony Williams took office a few months after the Economic Summit, he briefly considered abandoning the Strategic Economic Development Plan and starting over with some new document that his administration would be clearly acknowledged as having produced. The Mayor soon gave up this idea and embraced our plan, however, because since it was in the hands of the citizens, it kept right on moving forward even without the full cooperation of the DC government. Mayor Williams wisely concluded that he was much better off standing at the front of the train instead of being left behind at the station, and thus he warmly embraced the Strategic Plan, taking full credit for its growing accomplishments and expanding upon its policy framework for his own Citizen Summit and Neighborhood Action initiatives.

Lesson Three: TAKE ACTION AND PRODUCE RESULTS. One of our most difficult challenges was the deep skepticism that Washingtonians brought with them to the table. It was as if the Missouri slogan – "show me" – had been transported with President Harry Truman to this side of the Potomac River. People in this city had been involved in literally hundreds of planning efforts, most of which had come to nothing, and they wanted to know why this exercise would be different. As I quickly concluded, our job was to move them "from cynicism and inertia to enthusiasm and momentum." We did this by adopting our own slogan: "Action, not talk." To make that statement real, we accelerated the time frame of the planning process, completing in six months what most people, including all of our funders, thought should take 18 months to two years. And we didn't wait for the planning process to conclude before we took action. As soon as a good idea emerged with a basic consensus of support, we moved to immediately implement it.

Before the plan was even completed, we created the Washington DC Partners in Homeownership, the Washington DC Economic Partnership, the Washington DC Technology Council, the New York Avenue Metro Station initiative, the Georgia Avenue initiative, redevelopment of Columbia Heights around the new Metro station, the CityFirst (community development) Bank, several neighborhood business improvement districts, focused planning studies for East of the River neighborhoods, the Anacostia and Potomac River waterfronts, North of Massachusetts Avenue (or NoMa, as everyone now calls it), and a great deal more. Building on the momentum of the citywide grants competition, this flurry of activity sent a message that we meant business – people could see, touch, and feel practical action now, and not just hear or read about what might be happening later. The action-oriented attitude caught on among participating citizens, and the various task forces and working groups attracted more people and grew both more active and far bolder as the months progressed.

Indeed, we focused our energies on creating economic incentives and a public-private delivery system that would enable good things to happen rather than obstructing them, which had been a frequent and longstanding problem in the city. To guarantee implementation of the plan, we prioritized it into 40 key actions, selected on the basis of three criteria: 1) they had to be bold and innovative, not just the hardy perennials like fixing the potholes on our streets or answering the telephones at DC government offices; 2) they had to flow directly from the strategy, reflecting a coordinated and comprehensive vision of positive change; 3) they had to be actions either that would be completed within one year, or at least moved significantly along the path towards final completion in the first year of implementation. All highly contentious and controversial proposals, or very long-range "pie-in-sky" ideas, were eliminated. Once we chose the 40 actions, we organized action groups to make sure there were real constituencies working for their implementation, and designated public and private sector leadership responsible and accountable for their progress and success, from Cultural Tourism DC to the Community Development Support Collaborative. This model has proved itself time and again, and many, though not all, of the 40 actions have fulfilled their promise or will clearly do so in the near future.

Lesson Four: BUILD ON THE FUNDAMENTALS. Richard Monteilh and I adopted the viewpoint that the city's economic strength was based on its fundamental assets, and that the foundations of its competitive advantage are vital essentials, not government-provided tax breaks or loan programs. Consequently, we focused on such issues as transportation and infrastructure, education and workforce development, research and technology, public safety and services, arts and culture, environment and quality of life. All were fair game in designing a winning economic development strategy for the new economy. We found we could attract information technology and telecommunications firms like Qwest Communications International and SiriusXM Satellite Radio because of our fiber optic cable network and urban lifestyle, and retain firms like MCI because of our excellent regional transportation accessibility, professional services, and proximity to federal regulators. Every city needs to assess all of its strengths and weaknesses for economic development, not get diverted by a handful of government "incentives" that can only supplement, not supplant, a sound overall approach.

Lesson Five: GROW THE PRIVATE SECTOR. This seems pretty obvious for most cities, but I can tell you that in Washington, DC it was a revolutionary idea as recently as 1997. The city had grown almost entirely because of the federal government, and the District government was a junior version of the same trajectory. Private firms were totally related to the federal presence: lawyers, lobbyists, consultants, hotels, restaurants, real estate developers, etc. But recent downsizing of federal and local public employment – during the 1990s the city lost 50,000 federal jobs along with 20,000 in local government job cutbacks – meant that Washington, DC had to embark on a long-term sustained emphasis on private sector growth.

We focused on the city's key economic engines that were driving the regional economy and where the city had some inherent advantages, calling them Industry Networks, also sometimes called industry clusters. According to our analysis, Washington, DC's six key industry networks are: 1) Business/Professional/Financial/Association Services; 2) Hospitality/Entertainment/Tourism/Specialty Retail; 3) Universities/Educational/Research Institutions; 4) Biomedical Research/Health Services; 5) Media/Publications; 6) Information Technology/Telecommunications. Together these accounted for over half of the city's private employment and for all of the private job growth during the past two decades. All of these industry networks except InfoComm were much more heavily concentrated inside the city than in the surrounding Maryland and Virginia suburbs, clearly reflecting our competitive advantage in these particular types of business and occupational skills. Significantly, we didn't just conduct academic research to identify and describe these six networks; we actually organized them into working groups of private entrepreneurs, business and association executives, and other industry leaders who are collaborating to implement the key actions, and grow businesses, organizations, investment, and jobs in their respective fields.

To maximize the impact, we also generated actions designed to grow businesses and jobs across the private sector, including tax incentives, regulatory assistance, and aggressive marketing. In addition, we emphasized diversity, new linkages, and grassroots involvement in growing small, minority and women-owned, and community-based businesses that can sell goods and services to other major companies, institutions, and agencies in the city and throughout the region. Indeed, we raised the issue of the economic role of the federal government, which has disproportionately cut DC jobs while spending nearly $25 billion annually on private contractors, mostly in Virginia and Maryland, generally ignoring firms providing jobs in the city for neighborhood residents. A true federal-local partnership, we hope, will begin to reverse those numbers with much more favorable results for Washington, DC's businesses, workers, and communities.

Lesson Six: LINK BUSINESS AND JOB GROWTH TO NEIGHBORHOOD STABILIZATION AND COMMUNITY REINVESTMENT. The plan was organized into three broad sections: 1) strategic industries; 2) strategic populations, including both workers and residents; and 3) strategic areas. Our plan is one of the first economic development strategies to put equal weight on attracting and retaining residents as on attracting and retaining businesses and jobs. The city will only thrive when every community and family can prosper, and the strategic plan placed a premium on actions that forward this agenda.

As part of the Strategic Plan preparation and implementation, we hired the Initiative for a Competitive Inner City, led by Professor Michael Porter of Harvard Business School, and by Monica Dean, coordinator of the National Business School Network. We asked ICIC to help us mobilize the resources of local university graduate schools of business to provide technical and financial assistance for growing the private sector in economically disadvantaged neighborhoods. They did a good job of analyzing the potential partnerships between area universities and community-based entrepreneurs, presenting their final report at a day-long conference attended by leading faculty and administrators from Howard University, Georgetown University, University of the District of Columbia (UDC), George Washington University, American University, Southeastern University, and other business schools, along with local foundation and business executives, leaders of community development corporations and other neighborhood organizations, and a variety of interested professionals and grassroots activists.

The basic thrust of ICIC's work was incorporated into the ongoing activities of the Universities/Educational/Research Institutions Industry Network, headed by Southeastern University President Charlene Drew Jarvis. Dr. Jarvis was the longest-serving member of the city's elected legislature, the District of Columbia Council, where she served as Chair of the Economic Development Committee. She was and continues to be a major leader in formulating and implementing the Strategic Economic Development Plan for Washington, DC. Her industry network, with strong backing from the 13-member Consortium of Universities of the Metropolitan Washington Area, made ICIC's business school economic development project the centerpiece of their overall efforts to improve the contribution of universities and related institutions in supporting community-based business and job growth.

This work combined three separate actions of the Strategic Plan: Action 3: Involve Universities in Supporting Economic Development; Action 11: Increase Capital Availability for Community-Based Businesses; and Action 33: Invest in Georgia Avenue to Grow Jobs and Improve Neighborhoods. The leaders of Action 11 during 1998-9, Russell Simmons of Riggs Bank and Debbi Hurd Baptist of CityFirst Bank, teamed up with the Federal Reserve Bank of Richmond through the good offices of Dr. Alice Rivlin, who was serving as Vice Chair of the Board of Governors of the Federal Reserve System, and who succeeded Dr. Andrew Brimmer in October 1998 as the Chair of DC's Control Board. The Federal Reserve Bank of Richmond worked with the city's financial institutions, the federal and District governments, and business organizations such as the DC Chamber of Commerce and the Greater Washington Board of Trade, to increase capital availability for community-based businesses by drawing on business school faculty and students to help provide technical and managerial assistance in formulating business, financial, and marketing plans; teaching entrepreneurial and accounting skills; and providing other basic needs for small local businesses. The business schools – notably Howard, Georgetown, George Washington, UDC, Southeastern, and American – were active members of the universities/educational/research institutions industry network.

Since Dr. Charlene Drew Jarvis was at that time the elected Councilmember for Ward 4, which includes upper Georgia Avenue, the leaders of Action 3 and Action 11 teamed up with the leaders of Action 33 to make upper Georgia Avenue the location for a demonstration project on access to business financing and managerial guidance. Several major community events have marked the progress of this important project, including a well-attended half-day conference in the spring of 2000, held at the Shepherd Park Public Library on upper Georgia Avenue, followed by a reception across the street at the local branch of Riggs Bank. This was followed several months later by the grand opening of the Georgia Avenue Business Resource Center, located in a commercial storefront at 7408 Georgia Avenue, NW. Alan Greenspan, Chairman of the Board of Governors of the Federal Reserve System, was the featured speaker at the grand opening event. The Georgia Avenue Business Resource Center, which now includes the Verizon Small Business Technology Learning Center, was co-sponsored by the DC Chamber of Commerce, the U.S. Small Business Administration, the Federal Reserve Bank of Richmond, Riggs Bank, City First Bank, Verizon, the DC Department of Housing and Community Development, and the Universities/Educational/Research Institutions Industry Network. Indeed, a committee of this industry network, co-chaired by two business school deans – Barron Harvey of Howard and Christopher Puto of Georgetown – including business school faculty such as Professor Charles Toftoy of George Washington and Professor Richard America of Georgetown, worked actively to make the Business Resource Center a success. As a consultant to the DC Chamber of Commerce at that time, I was deeply involved in organizing the Georgia Avenue Business Resource Center initiative. Its main focus was on growing businesses and revitalizing commercial districts on a half-dozen strategic blocks located along Georgia Avenue, which is one of the longest and most deteriorated commercial thoroughfares in Washington, DC. The significance of this traditional African-American retail street was highlighted by President-elect Bill Clinton's visit to several stores on upper Georgia Avenue in November 1992. He used this visit to symbolize his new administration's nationwide commitment to promoting economic development in urban neighborhoods. Thus, from the seeds planted by the Strategic Economic Development Plan for Washington, DC in 1998, new minority entrepreneurs, local job opportunities, and attractive neighborhood retail centers will flourish in our nation's capital for the 21st century.

Lesson Seven: CONNECT TO THE WIDER METROPOLITAN ECONOMY. As Henry Cisneros and I argued in our 1996 publication, *America's New Economy and the Challenge of the Cities: A HUD Report on Metropolitan Economic Strategy*, and in several subsequent published articles, the real city today is the metropolis, and central cities and suburbs can best prosper by working together to make their regions more competitive, equitable, and sustainable. The Strategic Economic Development Plan for Washington, DC took this approach. We emphasized regional cooperation as much as possible. Indeed, we defined it as one of our primary goals: growing the overall metropolitan economy, and then within that framework, *capturing for the city a larger share of the expanding regional pie.*

We worked closely with the Greater Washington Board of Trade, the Potomac Conference, the Potomac KnowledgeWay, the Greater Washington Initiative, the Maryland High Technology Council, the Northern Virginia Technology Council, and a host of other groups to develop a joint agenda for mutual economic benefit that included many items, such as extending Metrorail service to Dulles Airport to better connect the city to a rapidly expanding regional employment center; creating a multimedia/technology district in the city called NoMa, with a new Metro station at New York and Florida Avenues, NE; developing a joint Empowerment Zone initiative with Prince George's County, Maryland; jointly marketing the city and region through the Greater Washington Initiative; jointly promoting internationally the Washington DC Bicentennial for the year 2000; attracting the 2012 Summer Olympic Games to the Washington-Baltimore area; cooperation on education, research, employment training, and economic development by city and metropolitan universities; and establishing and funding DC Link & Learn, the United Planning Organization's Bridges to Work, and the Regional Jobs Initiative with DC Agenda and Potomac KnowledgeWay to train low-income and low-skilled Washington, DC residents in technology fields and help transport them to technology jobs in Virginia and Maryland.

Case Study: NoMa and the New York Avenue Metro Station

A good example of a community economic development strategy that used these lessons well is the NoMa initiative in Washington, DC. NoMa, which stands for North of Massachusetts Avenue, is an area near the city's downtown with a large amount of vacant land and abandoned industrial buildings, surrounded by several residential neighborhoods populated mainly by low- and moderate-income African-American families. At the heart of NoMa is a passenger and freight rail corridor, along with several major traffic streets. Washington, DC's 1998 strategic economic development plan -- *The Economic Resurgence of Washington, DC: Citizens Plan for Prosperity in the 21st Century* -- targeted NoMa for redevelopment as a technology, media, arts, and housing district (Action 26), taking advantage of such key assets as centrality of location, transportation accessibility, availability of development sites and industrial loft-style structures, "broadband" fiber optic cable lines under the railroad tracks, the role of the nation's capital as an international media center, the 1990s boom in information technology and telecommunications throughout the metropolitan region, and the urban lifestyle that is so attractive to talented and creative young artists, multimedia professionals, and technologists.

A major linchpin of the overall strategy in 1998 was the necessity to build a Metrorail station at New York and Florida Avenues, NE (Action 29), the first new station added since the regional transit system was planned in the 1960s, and the first-ever "infill" station built on an existing line between two stations while the trains keep running, rather than as an extension to the end of the rail line. As coordinator of the city government's economic development strategy during 1997 and 1998, I conceived of an innovative form of private leveraging to finance construction of the New York Avenue Metro Station. What made the necessity for entrepreneurial public sector innovation even more important was the fact that at that time, the city government was facing serious budget problems, and the city's economy was stagnating. Both of them urgently needed a major turnaround. To help facilitate this economic and fiscal transformation, we turned to the private sector, presenting them with a very effective economic plan that definitely would make their property more valuable for development, as long as it became transit-accessible, which, for example, is a legal prerequisite for private building owners to lease office space to federal government agencies in Washington, DC. After more than a year of joint negotiations during 1997 and 1998, a group of major private property owners agreed collectively to pay $25 million through a 30-year special property tax assessment to build the Metro station, and also agreed to donate land to the Washington Metropolitan Area Transit Authority needed for constructing the station.

Armed with this unprecedented large-scale commitment of private leverage, the cash-strapped city government was able to obtain $31 million in federal funds to supplement both the $25 million private sector contribution and the city's own $34 million share of the costs. This $90 million total included a pioneering public-private partnership agreement with environmental advocacy groups to build a pedestrian and bicycle path, part of the regional Metropolitan Branch Trail, as an integral component of the New York Avenue Metro Station project, thus ensuring that transit-oriented development would also be environmentally sustainable development.

There are two key points to highlight about this successful leveraging of private investment in NoMa. First, the private sector invested primarily because the city's economic development strategy for the NoMa area clearly reflected genuine market opportunities for profitable business activity, and because of the demonstrated public sector commitment to making substantial investments in the neighborhood, which in addition to the New York Avenue Metro Station, also included $100 million in federal funds for the new national headquarters of the U.S. Bureau of Alcohol, Tobacco, and Firearms (ATF) on vacant city-owned land directly adjacent to the Metro station, and an equivalent amount for a major new office complex nearby anchored by the U.S. Securities and Exchange Commission (SEC). The NoMa economic strategy was designed to generate more than one billion dollars of total public-private investment and over 5,000 permanent jobs in NoMa by the time the New York Avenue Metro Station opened on November 20, 2004, and these highly ambitious goals now clearly will be surpassed. The NoMa area, home to Cable News Network (CNN), Black Entertainment Television (BET), National Public Radio (NPR), and Atlantic Video, has recently attracted other major media companies such as SiriusXM Satellite Radio and Gannett Publications. Since 1998, NoMa also has begun serving as a magnet for numerous global telecommunications firms, though many of them are suffering from the current market recession.

Second, leveraging private investment in transit and economic activity was closely intertwined with a strong community development strategy designed to involve and empower neighborhood residents in improving their homes, schools, and amenities, and to enable them to obtain a share of the growing numbers of jobs and business opportunities coming into the NoMa area. This strategy included developing the McKinley Technology High School and Campus in the heart of the neighborhood to create career opportunities in technology fields for African-American youth and adults; creating the NoMa Community Outreach and Marketing Center to provide business assistance, job placement, and other important services to neighborhood residents, and to strengthen the emphasis on grassroots participation and citizen opportunity; designating the neighborhood commercial district along North Capitol Street as a Main Street Corridor for physical improvements, business promotion, and community marketing; and building a major shopping center featuring the first Home Depot superstore in Washington, DC, creating hundreds of new job opportunities and convenient low-priced goods and services for people living and working in NoMa.

In June 2002, the United Nations designated the NoMa initiative as one of the world's 40 most exemplary models of sustainable community economic development and public-private partnerships, according to the UN-Habitat/Dubai Awards Program for Best Practices to Improve the Living Environment. Similarly, during November 2002, the Ford Foundation and Harvard University selected the NoMa initiative as a nationwide semifinalist for the prestigious Innovations in American Government Award. In addition, during 2002 the American Public Transit Association gave NoMa its Smart Growth Award, and in 2006 the NoMa initiative received the Infrastructure Award from the National Council for Public-Private Partnerships. The nearly 10-year track record of successful accomplishment by the NoMa initiative is definitive proof that when policymakers produce a clear and practical economic plan based on a strategic vision of strengthening the fundamental assets and dynamic industry networks that make their place special, attractive, and competitive, they can successfully leverage hundreds of millions or even billions of dollars in private investment and development activity.

Conclusion

In the spring of 1999 I wrote in an op-ed article: "Our city's resurgence began in 1998. Total employment is up, private sector jobs are on the rise, new businesses are being formed, and more city residents have jobs. Private investment is booming, with billions of dollars in new development, and dramatic growth in the demand for commercial space. Tourism is soaring. The housing market is vigorous, with homeownership way up, and home sales rising faster than any city in the nation." Indeed, during 1999 there was a net increase of over 5,300 private sector jobs in the city, the largest one-year rise over the entire decade of the 1990s. New home sales activity tripled over the previous year, the highest percentage jump of any jurisdiction in the region. Let me conclude by saying that all of this didn't just happen by accident. Good strategic planning and effective implementation can and do make an enormous difference. And within this overall tale of clear vision and successful results, there are many wonderful examples, from the NoMa inititative and the New York Avenue Metro Station to the Georgia Avenue Business Resource Center, of concrete action that made a substantial contribution to improving prosperity and quality of life for people and communities.