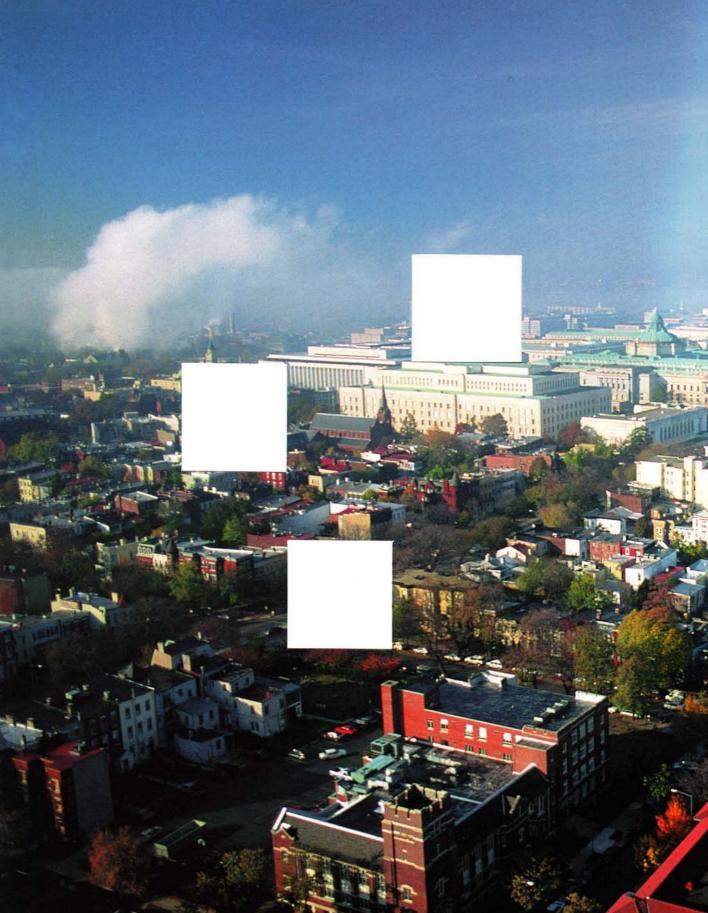
THE ECONOMIC RESURGENCE OF WASHINGTON, DC

Citizens Plan for Prosperity in the 21st Century

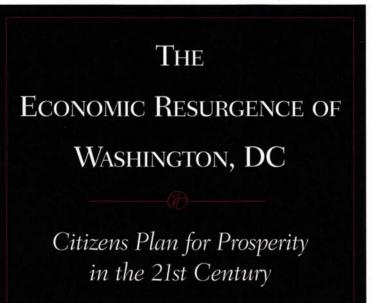














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EXECUTIVE SUMMARY

ASHINGTON, DC. It's a city with resources on a par with New York, London, Tokyo, Paris — other world-class cities around the globe. Within its borders, a well-educated and culturally diverse workforce lives in a setting of special attractions: one-of-a-kind museums and galleries, a vibrant economy, tree-filled parks, historic and picturesque neighborhoods, quality housing, and safe and efficient public transportation. The city is unsurpassed as a center of knowledge and expertise, a major communications hub, and a prolific generator of ideas and information.

So when hundreds of Washington, DC's private entrepreneurs, community leaders, public officials, and urban experts joined together to create the city's first Strategic Economic Development Plan, our challenge was not to determine how we can put in place the fundamentals that make a city great, but rather how best to capitalize on our abundant assets.

While Washington, DC is strong, its strength is under-appreciated by the nation's media and even by some of its own residents. A past period of declining jobs and population, rising crime, and controversial local politics gave the city a negative image that has been too slow to change. But today's reality is very different. The city's economy is improving – private sector jobs are growing again, homeownership is increasing, and crime has substantially declined. *Money Magazine* recently rated the Washington, DC area as the "best place to live" among large metropolitan regions in the Northeastern United States.

THE PLAN: GROWING THE PRIVATE SECTOR

The good news about our economic future — and the good news in this report — is that progress has already begun. The pages that follow don't simply lay out a blueprint for what should be done in order for the city to meet with success. Instead, this report is filled with ideas that are already being implemented and are already succeeding.

Many people will greet this news with surprise. After all, as everyone knows, the federal government, the main economic force that fueled the region's growth for the past two centuries, has been cutting thousands of jobs during the past few years. But while government employment is shrinking, the city has been hard at work doing what other cities faced with major factory closings or economic shifts have done: we've been diversifying.

For Washington, DC, diversification means growing the private sector. As a city well suited for the "New Economy" of the 21st century, we have begun to turn our knowledge and information base, our technological and communications strengths, and our position as a global center into building blocks of prosperity for our businesses and residents.

Achieving this diversification will do no less than propel the fortunes of Washington, DC to new heights. A year from now, those living and working in the city will see the results. Important indicators of success will include:

- rising family incomes and reduced poverty and unemployment;
- increased revenues with lower tax rates;
- rebuilt and thriving neighborhoods;
- a larger residential population and more homeownership;
- · accelerating capital investment and physical development;
- growth in conventions and tourism;
- improved infrastructure, safety, schools, physical environment, and overall quality of life.

While some of this work has already begun, it has not happened and will not continue on its own. The city needs to plan for prosperity, to design and carry out a strategy for growing businesses, jobs, people, and communities. That's what economic development is all about – knowing what direction to move in and how to get there.

THE INDUSTRY NETWORKS

There is some debate as to how a city like Washington, DC gets from where we are today to greater prosperity and higher quality of life. Some say to achieve economic development we must focus on reducing neighborhood poverty and deterioration. Others think it comes from reducing taxes and regulations, or providing special incentives for businesses. Another view is that economic development grows out of the building of large, big-ticket projects like the MCI Center. Indeed, it can and does include all of these things, but by themselves they are not the overarching focus for promoting and sustaining economic prosperity.

We believe the best way to strengthen an economy and open its markets is to invest in the fundamentals that make our city, or any city, strong: transportation and infrastructure, education and workforce development, research and technology, housing, environment, and quality of life. The vitality of these fundamentals is what makes the city an attractive place for businesses to establish themselves, for people to put down roots, and for families to thrive.

The question then becomes: how can we grow and further solidify our already substantial base of strength? The answer: by investing in what we call Industry Networks. These are networks of linked businesses and industries whose specialized and diverse goods and services can compete most effectively in the global marketplace; reach the widest sources of export-based, high-value demand; and exhibit a dynamic synergy that links suppliers and contractors across a wide chain of products and services. Industry Networks are the main engines of economic prosperity for cities and regions.



Ron Engl

Industry Networks are the leading edge of business and job growth in the city. They are responsible for the bulk of the income brought into the city from markets located outside of it, across the country and around the world. Washington, DC's engines of prosperity for the 21st century consist of six key Industry Networks:

Business/Professional/Financial/Association Services Hospitality/Entertainment/Tourism/Specialty Retail Universities/Educational/Research Institutions Biomedical Research/Health Services Media/Publications Information Technology/Telecommunications

In the metropolitan Washington region, these six Industry Networks accounted for over 1.3 million jobs in 1996, 55 percent of total private sector employment. From 1980 to 1996, jobs in the six networks combined grew by 90 percent across the region. Within Washington, DC, these six Industry Networks employ nearly 300,000 people, almost two-thirds of the city's private jobs. They are the brightest stars in our city's economic sky – stars that will light the way to a more prosperous future.

THE CROSS-CUTTING POLICY WORKING GROUPS

This plan was written by Washingtonians for Washingtonians. All of the participants were citizen leaders who have a vital stake in the economic future of the city and who will be responsible for the successful completion of the many important tasks the plan identifies. We formed six active and ongoing Industry Network groups with business, community, and government leaders taking on major projects to grow businesses and jobs in the city. In addition, we created six cross-cutting policy working groups to focus on a broader set of issues that must be addressed to expand prosperity and quality of life for every family and community in Washington, DC. Working closely together, hundreds of citizen experts focused on three broad approaches to producing successful economic outcomes:

STRATEGIC INDUSTRIES

- Business Promotion: growing businesses and jobs by investing in marketing and incentives; business retention and attraction.
- Business Climate: improving the tax and regulatory environment and overall service delivery system.

STRATEGIC POPULATIONS

- Workforce Development: encouraging the growth of a strong residential and workforce base by emphasizing quality education, job training, and placement.
- Attracting and Retaining Residents: enhancing the quality of life through increasing homeownership and improving schools, safety, cultural and recreational amenities.

STRATEGIC AREAS

- Downtown: planning and developing downtown to generate commercial activity, stores and services, transportation, housing, arts and culture, and recreation.
- Neighborhoods: planning and developing neighborhoods to generate commercial and industrial activity, stores and services, transportation, housing, arts and culture, and recreation.

NEXT STEPS

At meetings conducted throughout the city over the past year, we have met with the cynicism of business owners and community residents who have had their hopes for a better city dashed too many times by too many different reports. Their trust shattered, they have demanded to know why this report, and why the work of this large group of citizens, is any different.



In response, we commissioned an annotated bibliography of the reports that had been written in the past, and used them as our starting point. We became more committed than ever to the principle that this report would be one of action — not merely debate, conversation, or policy analysis. This is a plan that doesn't have to wait for increased funding from the city government or Congress. It does depend on continuing the implementation already put in place by the many citizens who demonstrated their powerful commitment to the future of this city through their active involvement in the planning process. This plan is the product of a broad-based, consensus-building effort that literally included more than 400 business, civic, community, and government leaders.

These participants saw their role as not only composing an effective plan, but in moving the people and organizations of Washington, DC from cynicism and inertia to enthusiasm and momentum. To that end, our 30-member steering committee developed 40 key actions, programs that you'll see highlighted throughout these pages, the centerpiece of implementing the overall plan. These 40 actions emerged from the six Industry Networks and the six Cross-Cutting Policy Working Groups focusing on Strategic Industries, Strategic Populations, and Strategic Areas. The 40 actions were selected because they fulfill three main criteria:

- 1. they are bold and innovative;
- they will make a real difference in accomplishing the overall strategy of growing businesses, jobs, population, neighborhoods, and prosperity;
- they will all be initiated and many of them will be completed – during the next 12 months.

These 40 key actions by themselves, or even taken together, are not the sum total of the plan. They are a downpayment, the first steps in implementing the strategy – essential steps for developing momentum and generating a track record of success. In future years, we will build on the results achieved from these first actions by launching broader, longer term initiatives to grow our economy and strengthen our families and communities.

The strategy you will see unfold in this report comes mainly from the hard work and talent of our numerous plan participants. In addition, it is based on the results of major research projects conducted by a team of highly respected local and national experts. Their reports include:

> How to grow Industry Networks (Steven Waldhorn and James Gollub of ICF Kaiser);

Universities and graduate business schools promoting inner city entrepreneurship (Dr. Michael Porter and Monica Dean of Harvard Business School and the Initiative for a Competitive Inner City);

Federal procurement spending in the city and region (Dr. Stephen Fuller of George Mason University);

Commercial revitalization around neighborhood Metro stations (David Lee and Derrick Woody of Stull and Lee Architects and Planners);

Workforce development and attracting/retaining residents (Thomas Kingsley and Margery Austin Turner of the Urban Institute);

Demographic and homeownership trends (George Grier of the Greater Washington Research Center);

Creating an effective local delivery system (Jeffrey Finkle and Shari Garmise of the Council for Urban Economic Development);

Location of federal jobs in the city and region (Viki Reath of Reath Communications).

Again, implementation does not depend on waiting for something to happen in the future. It does not depend on dramatic changes in the city government. The plan's implementation is happening right now. Many actions already have begun, and all are designed to be completed or at least significantly moved forward within the coming year.

Further, the plan recommends establishing an ongoing monitoring group, consisting of business, civic, community and government leaders who will meet monthly and follow the progress of carrying out all 40 key actions. The monitoring group also will help organize a one-year anniversary Economic Summit for next November. At this summit, we will report on the successes of turning the strategic plan into reality for the benefit of our city's businesses, families and communities, and launch phase two of the continuing action plan leading our city's economy into the next century.

As you'll see in the following pages, this plan is about results. After all, results are the only things that really matter to you and all the other people who will be most deeply affected by the plan's successful implementation. To you, we bring this optimistic message of commitment: we can do this, we will do this, and we have already begun.

I. STRATEGIC INDUSTRIES

A. GROW INDUSTRY NETWORKS

ACTION 1: REDUCE TAXES TO ENCOURAGE BUSINESS USE OF NEW TECHNOLOGY

Implement tax reductions to promote new technology in business firms, including accelerated depreciation of computer equipment, reducing taxes on software development, and eliminating the tax on internet access.

ACTION 2: CREATE A HOSPITALITY INDUSTRY PLAN FOR THE ENTIRE CITY

Generate a comprehensive Hospitality Industry Plan to attract visitors and tourists to spend more time and money during the day and in the evening at sites and businesses both downtown and in Washington, DC's culturally rich and diverse neighborhoods.

ACTION 3: INVOLVE UNIVERSITIES IN SUPPORTING ECONOMIC DEVELOPMENT

Encourage local universities to provide technical and financial packaging assistance for small business entrepreneurs, including minority-owned and community-based firms. In this inner-city economic development initiative, universities also will reach out to the business community to establish a mentoring network for small entrepreneurs, as well as conduct field studies, special courses, research, policy analysis and other related economic development activities.

ACTION 4: STREAMLINE HEALTH CARE INDUSTRY REGULATIONS

Level the regulatory playing field with health care providers in the surrounding region by simplifying the Certificate of Need process, permitting procedures, and licensing requirements.

ACTION 5: LAUNCH A MEDIA CAMPAIGN TO IMPROVE THE CITY'S IMAGE

Mount a comprehensive three-year print and broadcast media campaign, starting with a videotape on the Strategic Economic Development Plan, to improve the city's image in the region and around the world.

ACTION 6: ESTABLISH A TECHNOLOGY COUNCIL TO ATTRACT AND EXPAND FIRMS

Establish a Washington, DC Technology Council to support attraction and expansion of technology-based business firms and jobs in the city.

B. GROW BUSINESSES AND JOBS

ACTION 7: EXPAND THE MARKETING CENTER TO RETAIN AND ATTRACT FIRMS

Increase funding to expand the Washington, DC Marketing Center by adding staff and resources for aggressively retaining and attracting businesses and jobs, targeting firms in the Industry Networks with special incentives and marketing campaigns to generate 1,000 new jobs annually. The Marketing Center will work with the public and private sectors to improve the availability of information needed for economic development, including an Early Warning System for potential business relocations, computerized geographic information systems, and an ongoing census of firms and associations conducting business within the city.

ACTION 8: IMPLEMENT REFORMS IN CONSUMER AND REGULATORY AFFAIRS

Take immediate action to implement recently adopted management reforms and legislation, especially the recommendations of the Business Regulatory Reform Commission, to transform the Department of Consumer and Regulatory Affairs into a more responsive agency.

ACTION 9: PROVIDE TARGETED INCENTIVES TO GROW FIRMS AND EXPAND JOBS

Provide incentives for businesses to relocate and/or expand in Washington, DC, connecting these incentives to encouraging employment opportunities for city residents.

ACTION 10: ASSIST LOCAL FIRMS IN OBTAINING FEDERAL AND PRIVATE CONTRACTS

Provide local firms with technical assistance in bidding on federal procurement contracts to capture a larger share of this rapidly growing multi-billion dollar activity for Washington, DC's companies and workers. Also, work with other major employers and institutions, such as the World Bank, Inter-American Development Bank, International Monetary Fund, Fannie Mae, and many others, to increase contracts for the city's companies to provide goods and services.

ACTION 11: INCREASE CAPITAL AVAILABILITY FOR COMMUNITY-BASED BUSINESSES

Utilize various tools to expand available capital financing for business start-ups and expansion, and for neighborhood economic development, including community development financial institutions such as the CityFirst Bank, Community Reinvestment Act commitments from mainstream lending institutions, and public programs offered by the Small Business Administration and other entities.

ACTION 12: PROMOTE METROPOLITAN COOPERATION FOR MUTUAL ECONOMIC BENEFIT

Promote metropolitan cooperation that serves the combined economic interests of the city and the region, including connecting Washington, DC's residents to metropolitan jobs, creating NoMa as a multimedia/ technology district focused on generating "content" for growing information technology and telecommunications businesses, extending Metrorail transit service to Dulles Airport to strengthen the ties between downtown Washington, DC and metropolitan growth, co-sponsoring the Olympic Games to be held in the Washington-

Baltimore region during the summer of 2012, promoting the Washington, DC Bicentennial in the year 2000, developing the Empowerment Zone as a partnership of Washington, DC and Prince George's County, and having the Washington, DC Marketing Center work actively with the Greater Washington Initiative in marketing the region to attract and retain businesses and jobs.

ACTION 13: STRENGTHEN ECONOMIC PARTNERSHIP WITH THE FEDERAL GOVERNMENT

Work to improve the city's partnership with the federal government by aggressively marketing available incentives, focusing on the redevelopment of surplus property, exploring options for increased funding, making greater use of federal agency resources, and promoting innovative economic development efforts such as the US Navy's "Bridges to Friendship" initiative tied to expansion of employment at the Navy Yard. Through the Washington, DC Marketing Center, monitor and take action to prevent federal jobs and agencies from leaving the city, as well as actively recruit federal employment back from locations outside the city.

II. STRATEGIC POPULATIONS

A. WORKFORCE DEVELOPMENT

ACTION 14: ESTABLISH THE WORKFORCE INVESTMENT BOARD AS A CLEARINGHOUSE

Establish the Workforce Investment Board (WIB) as a public-private partnership in Washington, DC serving as a central clearinghouse and network to link education, community-based support services, skills training, and job placement with employers and industry associations. The WIB should promote and enforce standards of accountability and performance by job training providers, and spearhead management reforms in the Department of Employment Services.

ACTION 15: EXPAND THE ROLE OF THE UNIVERSITY OF THE DISTRICT OF COLUMBIA

Build the capacity of the University of the District of Columbia (UDC) to meet the needs of the Industry Networks and other major employers by expanding Associate Degree programs to complement the existing four-year curriculum.

ACTION 16: SUPPORT PUBLIC "SCHOOL-TO-CAREER" PROGRAMS AND CHARTER SCHOOLS

Provide resources for public "school-to-career" programs and public charter schools to train students for jobs in growing industries such as hospitality and information technology

ACTION 17: CONNECT WASHINGTON, DC RESIDENTS TO METROPOLITAN JOBS

Enable the city's residents to obtain good jobs throughout metropolitan Washington by supporting the Regional Jobs Initiative, Bridges to Work, and similar partnership activities linking suburban employers with city-based providers of job training and placement, transportation, child care, and related support services.

B. ATTRACTING AND RETAINING RESIDENTS

ACTION 18: PROMOTE HOMEOWNERSHIP WITH EMPLOYERS, CHURCHES, AND SCHOOLS

Working through the Washington, DC Partners in Homeownership, recruit major neighborhood employers such as universities and hospitals, and key community institutions including churches and schools, to offer incentives for people moving to and living in Washington, DC's neighborhoods and generating 1,000 new homeowners annually.

ACTION 19: INCREASE DOWNTOWN HOUSING AND MIXED-USE RETAIL, SERVICES AND ARTS

Increase rental housing and homeownership in the downtown area east of 15th Street, NW, by making more publicly owned sites available for residential and mixed-use development including retail stores and services, by providing tax increment financing, and by offering land use incentives such as zoning modifications which grant commercial and retail density bonuses to encourage housing development. Construct or expand arts, entertainment, and cultural activities and facilities in and near downtown, including a new national music

ACTION 20: SUPPORT AND DEVELOP NEIGHBORHOOD ARTS, CULTURE, AND TOURISM

Provide increased public and private financial support for neighborhood tourism, historic heritage tours, arts festivals and cultural activities, and create a citywide Heritage Tourism Trail including the African-American Civil War Memorial and other sites. Establish a non-profit Cultural Development Corporation to build and/or manage arts, entertainment, cultural, and specialty retail activities and facilities in neighborhoods throughout the city.

ACTION 21: DEMOLISH AND REDEVELOP BLIGHTED PROPERTIES

Condemn, acquire and demolish vacant and blighted buildings in Washington, DC's neighborhoods and make the land available to those who have a feasible plan for redevelopment. Grant the Condemnation Board the legislative authority to demolish property consistent with historic preservation guidelines.

ACTION 22: ENHANCE COMMUNITY SAFETY BY IMPOUNDING CARS USED IN CRIME

Remove barriers to implementation of existing laws by developing a secured parking lot for motor vehicles used in criminal activities that are confiscated and impounded by police officers.

A. DOWNTOWN

ACTION 23: ATTRACT RETAIL INVESTMENT DOWNTOWN IN THE F STREET CORRIDOR

Attract investment to the F Street retail corridor and the Woodward and Lothrop building downtown through public-private cooperation.

ACTION 24: USE RELOCATION OF EMPLOYMENT SERVICES TO ENHANCE DEVELOPMENT

Redevelop the Department of Employment Services (DOES) building at Sixth Street and Pennsylvania Avenue, NW, for mixed-use space, including housing, and build a new headquarters for DOES as part of a neighborhood development strategy.

ACTION 25: CREATE PARKING FACILITIES FOR TOUR BUSES

Establish centrally-located parking facilities for tour and charter buses, trucks, and other large commercial vehicles, in order to reduce downtown and neighborhood traffic congestion, noise and air pollution, and make downtown and neighborhoods more attractive to visitors. Provide convenient local transportation and other amenities at these sites to promote tourist use, and encourage bus companies to create more jobs in the city for local residents.

ACTION 26: DEVELOP NOMA AS A TECHNOLOGY, MEDIA, HOUSING AND ARTS DISTRICT

Develop "NoMa" — North of Massachusetts Avenue — as a new mixed-use information technology, communications media, arts and entertainment, and housing district in the area from the new Washington Convention Center east to Union Station and north to New York Avenue. Create special financial incentives for technology firms in NoMa by abating or reducing all city taxes. The Department of Housing and Community Development should support a NoMa plan to identify major opportunities for private and public investment and development, including a new Metro station at New York and Florida Avenues, NE. Implement the foreign trade zone and establish an "inland port" in the New York Avenue corridor to promote international business activities and make use of federal foreign trade incentives.

B. NEIGHBORHOODS

ACTION 27: FOCUS BUSINESS ACTIVITY NEAR NEIGHBORHOOD METRO STATIONS

Provide public and private incentives for investment in the areas around neighborhood Metro stations, targeting both existing stations like Anacostia and newly constructed stations such as Columbia Heights. These Metro stations will serve as the primary anchors for economic development in neighborhoods, with an emphasis on promoting community shopping facilities, banks, and related office, commercial, retail, and tourist activity to expand businesses, jobs and services.

ACTION 28: CREATE BUSINESS IMPROVEMENT DISTRICTS FOR NEIGHBORHOODS

Create Business Improvement Districts (BIDs) or "BID-like" organizations, and provide support for Merchants' Associations in neighborhood commercial areas to offer increased cleanliness, attractiveness, public safety and security, streetscape improvements, and coordinated marketing campaigns.

ACTION 29: BUILD A METRO STATION AT NEW YORK AVENUE TO SPUR DEVELOPMENT

Create a public-private financing mechanism to build a new Metrorail station on the existing Red Line near New York Avenue and Florida Avenue NE, enabling a large area of currently vacant and underutilized land and buildings to be developed for thousands of new jobs and housing opportunities.

ACTION 30: HAVE FEDERAL INCENTIVES COVER EVERY NEIGHBORHOOD IN THE CITY

Encourage the Congress to pass Congresswoman Eleanor Holmes Norton's bill applying the special Enterprise Zone economic incentives to every census tract in Washington, DC.

ACTION 31: USE NAVY YARD EXPANSION TO GENERATE LOCAL BUSINESS AND JOBS

Using 5,000 new jobs as leverage, expand the Washington Navy Yard by redeveloping the surrounding area and generating business activity and employment on both sides of the Anacostia River. In preparation, the Department of Housing and Community Development should provide funding for an economic development plan to attract new investment in the Southeast/Southwest waterfront area.

ACTION 32: REBUILD EAST OF THE RIVER WITH MAJOR STORES AND HOMEOWNERSHIP

Produce a comprehensive development plan for East of the River neighborhoods promoting community and regional retail and office space around Metro stations and other large sites such as Camp Simms, St. Elizabeth's, and the Anacostia River waterfront, combined with a strong focus on increasing homeownership, and reducing the concentration of blighted and vacant apartment buildings.

ACTION 33: INVEST IN GEORGIA AVENUE TO GROW JOBS AND IMPROVE NEIGHBORHOODS

Focusing on key anchors such as Howard University, the new Washington Convention Center, two existing and two Metro stations under construction, and the Eastern Avenue gateway, build a public-private partnership to enhance business activity and create jobs by attracting new commercial investment and development along Georgia Avenue. At the same time, strengthen the quality of life, improve public works, public education, and public safety, and increase affordable homeownership by renovating housing and expanding home financing in adjacent residential communities, such as Fannie Mae and Howard University are doing in the LeDroit Park neighborhood.

ACTION 34: USE THE EMPOWERMENT ZONE TO INCREASE COMMUNITY INVESTMENT

Take advantage of the city's joint Empowerment Zone application with Prince Georges' County as a means of enhancing economic investment in targeted neighborhoods.

ACTION 35: INCREASE SUPPORT FOR COMMUNITY DEVELOPMENT ORGANIZATIONS

Increase public and private support for technical assistance provided to community development corporations and community-based organizations to expand their capacity to develop businesses, jobs, commercial and residential buildings, and promote homeownership.

ACTION 36: CLEAN UP AND REDEVELOP HAZARDOUS "BROWNFIELD" SITES

Clean up and redevelop environmentally hazardous "brownfields" sites, providing new business and job opportunities for environmentally sensitive activities, and expanding available land resources for economic development.

IV. IMPLEMENTATION

ACTION 37: PROVIDE ADMINISTRATIVE MANAGEMENT AND LEADERSHIP

Establish a position, such as a Deputy Mayor for Economic Development, to serve as a main point of contact for businesses, and to coordinate economic development activities conducted by city departments and agencies, including the Department of Housing and Community Development. The Deputy Mayor's office would focus primarily on administrative and policy coordination, rather than on expediting large projects or negotiating development deals. For example, this office would design a comprehensive asset management strategy to more effectively utilize available surplus city-owned property designated for economic development. The Deputy Mayor would be responsible for coordinating city government implementation of the Strategic Economic Development Plan for Washington, DC, working in collaboration with the new National Capital Revitalization Corporation, the private sector, and community groups.

ACTION 38: IMPLEMENT THE CITYWIDE ECONOMIC DEVELOPMENT CORPORATION

Implement the National Capital Revitalization Corporation (NCRC) as a non-profit, citywide economic development organization to make loans or investments in projects and businesses, buy and sell land and buildings, perform additional development-related functions, and incorporate other public and private economic development activities and programs.

ACTION 39: IMPROVE BUDGET COORDINATION AND REGULATORY STREAMLINING

Create an Office of Management and Budget in the Mayor's Office to evaluate and monitor departments and agencies, and to coordinate budget, regulatory, and policy priorities with the goal of promoting a business and resident-friendly city. Adopt clearinghouse recommendations of the Business Regulatory Reform Commission that establish comprehensive evaluation and monitoring functions.

ACTION 40: ESTABLISH ONGOING MONITORING TO IMPLEMENT THE 40 KEY ACTIONS

Establish an ongoing Steering Committee of business, civic, community and government leaders to monitor on a regular basis the progress of the Strategic Economic Development Plan for Washington, DC, and particularly to implement the 40 key actions during the coming year. Both the Industry Networks and the Steering Committee will meet monthly to move forward all 40 action initiatives. They will delineate explicit goals and set measurable performance standards as benchmarks to monitor the results produced. Also, they will establish clear lines of accountability and responsibility for completing each project, and prepare quarterly progress reports covering each of the 40 actions. Implementation of each action will be led by an ad hoc group of key stakeholder organizations and individuals, meeting regularly to accomplish the most important tasks. One organization and one or more designated leaders will commit to bringing each of the 40 action groups together, focusing on successfully achieving important outcomes within the next 12 months.

THE WASHINGTON, DC ECONOMY

HIS EFFORT TO PUT FORWARD a viable strategy for the city's economic growth is based on careful study of its existing and potential strengths and weaknesses. At every step of the way, through conversations with business experts and community leaders, researchers and managers, we tried to look at the city with fresh eyes – unclouded by past perceptions and prejudices.

What we found was exciting. Like a talented baseball player who spends too many innings on the bench, never getting his turn at bat, our city is bursting with ability and energy that have too long gone untapped.

Our general findings tell us that the city is showing important signs of strength and momentum:

The Washington, DC economy is diversifying, and private employment is rising

Capital investment is rising

Public safety and social conditions are improving

Although our optimism about the future of this city runs deep, what you will read in the following pages is not a pollyanna-like view of our present situation. Instead, we provide a hard look at the weaknesses present in a city whose overall health is very good.

THE WASHINGTON METROPOLITAN ECONOMY

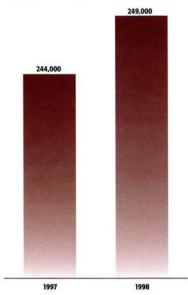
Metropolitan Washington has changed dramatically over the past 28 years. Its economy is almost twice as large as it was in 1970, employing 3 million workers, nearly twice the 1970 total. Back in 1970, 42 percent of the metropolitan workforce held jobs in the city. By 1996, however, that figure had dropped to 23 percent. Clearly, employment in the suburbs has grown much faster than in the city.

The Washington region is doing much better than most of the nation's 25 largest metropolitan areas. Of these top 25, metropolitan Washington has:

- The lowest rate of unemployment;
- The lowest share of households receiving public assistance;
- The highest median income;
- The highest percent of the adult population with a college degree.

It is a fact that the number of government jobs in metropolitan Washington has been shrinking. This circumstance — once unthinkable to planners who counted on the federal government as the ever abundant golden

Employed Residents of Washington, DC



Source: US Bureau of Labor Statistics Local Area Unemployment Survey

goose – has had a profound impact on the metropolitan economy. The loss of federal government jobs pushed the region into diversifying its employment base.

Diversification is a good thing. No matter how fat the golden goose once seemed, economies, and the people who live and work within them, thrive when opportunities are more diverse. Metropolitan Washington is better off with a wider range of employers.

Private sector employment in the region more than doubled between 1970 and 1996 and now accounts for 80 percent of all metropolitan jobs.

Recent studies by Dr. Stephen Fuller show that from 1990 to 1996, the same period in which federal jobs were cut in the region by 8 percent, the number of private jobs increased by a quite substantial 7 percent. This news is more impressive when you consider that core industry downsizing typically leads to exponentially higher shrinkage in related jobs supporting that industry. Thus, the private job growth noted by Dr. Fuller signifies a very healthy trend for the metropolitan economy.

Dr. Fuller found that a good deal of this private job growth was still tied to the federal government. While federal employment was down, the amount of money the federal government pays for various services provided by private employers is way up. Moreover, the new jobs created by government purchasing from the private sector were very different from the jobs that federal agencies were eliminating from their own payrolls. Most of the newly procured goods and services were produced by higher-skilled and more highly-paid private sector occupations.

Unfortunately, according to a new study by Dr. Stephen Fuller prepared for the Strategic Economic Development Plan, only 1.6 percent of the nearly 200,000 jobs supported by \$22 billion in annual federal procurement spending in the Washington region are actually located within Washington, DC, and many of these 3,000 jobs in the city are held by suburban residents.

The city was hit much harder by the direct loss of federal jobs due to downsizing – 82 percent of the entire region's federal job loss between July 1993 and July 1998 occurred in Washington, DC, which lost a total of 46,000 federal jobs during this five-year period. Even worse, the city is falling far behind in benefiting from the tremendous wave of federal procurement spending that is propelling regional private sector growth. During the past 15 years, federal procurement spending grew just 21.5 percent nationwide, but increased by an astonishing 228.4 percent in metropolitan Washington. Indeed, the Washington region's share of the national total of federal procurement spending jumped from 4.2 percent in 1983, all the way up to 11.4 percent of the total by 1997. Virtually all of the direct and indirect business and job growth resulting from that massive rise in federal spending is taking place in suburban Virginia and Maryland, with hardly any of it directly benefitting Washington, DC's businesses or residents.

In the face of this competitive challenge, the good news is that recent changes in social and economic conditions are helping to turn things around in Washington, DC.

EMPLOYMENT IS CLIMBING BACK UP

While the city's core industry – the federal government – has drastically cut jobs, and although the city has not captured as many federal procurement dollars and private job growth as the rest of the region, some of the key numbers are beginning to improve.

Private sector jobs in the city rose by 2 percent in 1997, a net increase of 8,500 jobs, representing a truly dramatic rise at a time when federal and local government employment were both shrinking.

During 1997, 600 new businesses were launched in the city, 20 percent more than the previous year.

The number of employed Washington, DC residents is finally increasing, rising from 243,800 in mid-1997 to 248,700 in mid-1998, a 2 percent jump.

Government and private employment combined is now rising in Washington, DC for the first time in 6 years, increasing in 1998 by 1,500 jobs to a new total of 614,700 jobs in the city. Currently, there are more people working in Washington, DC than living here.

The size of the resident labor force (those employed as well as those actively looking for work) has started to grow, from 266,400 to 273,800 during the past year.

CAPITAL INVESTMENT IS EXPANDING

The new MCI Center has sparked business and tourism activity for blocks around, with current estimates of new building investment in the nearby downtown area totaling more than \$3.1 billion, including over 10 million square feet of new office space and more than 1,700 new hotel rooms. The number of annual visitors to downtown arts, culture, and entertainment venues increased from 4 million in 1996 to 7 million this year.

Indeed, the city is once again the predominant office investment market in the region, with net absorption of over 1.1 million square feet of office space in 1997, and a 30 percent increase in office occupancy rates between 1992 and 1997.

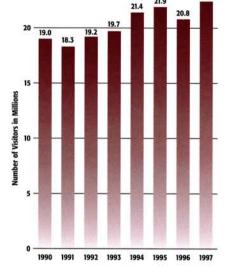
The new Washington, DC Convention Center is expected to pump \$1.1 billion into the region's economy in 2003, its first year of operation, a figure that will reach \$1.4 billion by its fifth year.

A public-private partnership has recently established three Business Improvement Districts (BIDs) in the city – Downtown DC, the Golden Triangle, and Georgetown – reflecting a commitment to improving and maintaining a high-quality "clean, safe, and friendly" business and tourist environment in the city's major commercial employment centers.



Ron Engle

Tourist Visitors to Washington, DC



22.4

Totals are for the Washington Metro Area Source: Annual Report and Travel Trends, Washington, DC Convention and Visitors Association, 1996 and 1997

Homeownership and property values are on the rise. Homes sold in Washington, DC during the first half of 1998 increased by 48 percent over the same period in 1997 – a percentage rise far higher than any suburban county in the region or any other city in America. The 1998 increase came on top of a 30 percent jump in home sales in the city during 1997. Washington, DC's home prices in 1998 are 9 percent higher than in 1995, and the percentage of the city's households who own their own home grew from 35 percent in 1992 to nearly 43 percent by 1997, an even faster increase than the very rapid rise in the national homeownership rate since 1993.

The number of tourists visiting the nation's capital has grown consistently throughout this decade – from 19 million in 1990 to 22.4 million in 1997.

Research and development spending per capita in Washington, DC increased by 77 percent from 1990 to 1995 – substantially above the US average rise of 24 percent.

The number of patents registered by Washington, DC inventors grew by 55 percent from 1990 to 1997, much more than the national average of 20 percent growth.

Washington, DC now ranks third highest among major US cities in its percentage of college educated residents – over 36 percent of the city's adult population have earned a college or university degree.

Recent public and private community investment of \$300 million is creating 6,000 neighborhood jobs, 1,700 new and renovated homes and apartments, affordable homeownership opportunities for 1,500 families, 250,000 square feet of neighborhood retail and office space, the revitalization of 16 community business districts, and nearly 50 new or renovated neighborhood service centers — including health care and child care, arts and recreation, education and job training, parks and playgrounds.

CRIME IS DOWN AND SOCIAL CONDITIONS ARE IMPROVING

The number of violent crimes per 1,000 population dropped by 15 percent from 1993 to 1996, and violent deaths of juveniles fell by 26 percent during the same period.

High school graduation rates rose 16 percent in 1997.

Juvenile crime declined by 15 percent in 1997.

The teen birth rate dropped by 21 percent between 1993 and 1996.

Infant deaths per 1,000 live births declined by 29 percent from 1991 to 1996.

SAT scores by high school students rose by more than 2 percent from 1993 to 1997, a higher rate of increase than the national average.

THE CITY GOVERNMENT IS SHOWING SIGNS OF A TURNAROUND

The city has achieved balanced budgets for two years in a row, with a surplus of \$186 million in 1997 and over \$500 million projected for 1998.

In March of 1998, the nation's most important credit rating agencies, Standard and Poor's and Moody's Investors Service, upgraded the city's bond rating.

The election of Anthony Williams as the city's new Mayor has brought a positive spirit of reform, and hope for improvement in the city government's service delivery.

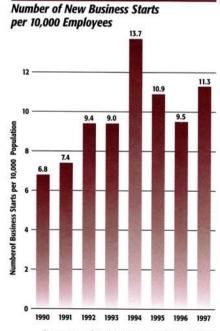
CONCLUSION

Clearly there is much work to be done to improve the economic and living conditions of Washington, DC – but most of the trends are moving in the right direction. The metropolitan economy is thriving. The evidence suggests that metropolitan Washington is one of the most economically dynamic regions in the world. Those of us involved in implementing the Strategic Economic Development Plan for Washington, DC will be riding a powerful wave of progress that can be successfully harnessed to achieve the greatest possible benefits for everyone in the city.

This potential success can be best accomplished by focusing on three strategies:

- 1. Growing the private sector;
- Accelerating the growth of private Industry Networks that represent the city's major competitive economic assets;
- 3. Supporting expansion of the six Industry Networks in the region overall, then identifying and aggressively promoting the businesses and jobs in each network that can most effectively grow and thrive within the city generating a much larger piece for Washington, DC of a rapidly expanding regional economic pie.

The chapters that follow will outline how we plan to focus on these three strategies, and demonstrate that important and effective work is already well underway.



CHAPTER TWO:

STRATEGIC INDUSTRIES

UR CONFIDENCE IN THIS PLAN'S SUCCESS is based on our belief in Washington, DC itself. That confidence is well-founded. Washington, DC has strengths that are unique to the region and the entire country. No other city is the capital of the United States of America, the center of our federal government. No other city can offer the information content, the

proximity to federal and global financial institutions, the access to political power, and the attractions that make Washington, DC an international tourist destination. The key to success lies in Washington, DC's ability to build on those unique strengths, by developing its capacity in the private industries in which it has competitive advantages and which are expected to grow in the 21st century.

Washington, DC Private Sector Job Growth

ector		1980–1996 Percent Change	
NDUS	STRY NETWORKS		
	BIOMEDICAL RESEARCH /		
	HEALTH SERVICES	+45	
	BUSINESS/PROFESSIONAL/		
	FINANCIAL/ASSOCIATION SVCS	+37	
	HOSPITALITY/ENTERTAINMENT	/	
	TOURISM/SPECIALTY RETAIL	+13	
	MEDIA/PUBLICATIONS	+9	
	UNIVERSITIES/EDUCATIONAL/		
	RESEARCH INSTITUTIONS	+5	
	INFORMATION TECHNOLOGY/		
	TELECOMMUNICATIONS	+4	
	TOTAL INDUSTRY NETWORKS	+24	
THE	R PRIVATE SECTOR	-1	
OTAL	. PRIVATE SECTOR	+14	

Source: NPA Data Services, Inc., adjusted by Urban Institute estimates

THE IMPORTANCE OF INDUSTRY NETWORKS

Research has shown that cities and regions with the best economic performance today are those that have concentrated specializations in one or more interrelated industry networks. What are industry networks?

Industry networks are comprised of linked business firms and support institutions joined together in their efforts to produce and export a particular family of goods and services.

Examples of industry networks include the Silicon Valley's network in information technology, New York's network in financial services, and Los Angeles' network in entertainment. Industry networks within metropolitan economies around the country are responsible for the nation's economic revival of the past several years and hold the key to 21st century American prosperity in the "New Economy," which is knowledge and information-based, technology and communications-intensive, and globally oriented. Just as America's success in creating and sustaining

industry networks helps put it at the top of the world economy, Washington, DC's success in exploiting its regional role will help it rise to the top of the nation's economy.

Metropolitan Washington's competitive advantages lie in the functional specialties that are inherent in its role as the national capital. Through research and study, six Industry Networks have been identified for the city:

Business/Professional/Financial/Association Services Hospitality/Entertainment/Tourism/Specialty Retail Universities/Educational/Research Institutions Biomedical Research/Health Services Media/Publications Information Technology/Telecommunications

Together, these six Industry Networks have been the engines of prosperity for Washington, DC's economy during the past two decades. From 1980 through 1996, the six Industry Networks collectively grew by 24 percent, adding 56,400 jobs. During the same time frame, the rest of the city's private businesses together lost 1,000 jobs, a one percent decline, and total government employment dropped by 17 percent, with a net loss of 47,800 public sector jobs. At the end of 1996, these six Industry Networks employed 293,400 people, accounting for 64 percent of all private jobs located in the city, up from a 59 percent share in 1980. The six Industry Networks are the leading edge for the city within the metropolitan economy - 22 percent of the total jobs in the region for these six Industry Networks were located in Washington, DC in 1996, compared to just 15 percent of the regional total for the city's other private business sectors. The growth of these Industry Networks has been crucial for the city's economic prosperity and highlights their vital role in helping diversify Washington, DC's economy to compete more effectively in the regional and global marketplace.

Key Business	Sectors In	The Industr	v Networks
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	Business/Pro	ofessional	/Financial	/Association	Services
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Legal Services

Business and Professional Associations

Real Estate

Accounting, Auditing, and Bookkeeping

Engineering and Architectural Services

Holding Offices and Investment Services

Business Services

Management and Public Relations

Banking and Related Services

Insurance, Pension and Other Funds

Securities, Commodities and Related Services

Hospitality/Entertainment/Tourism/Specialty Retail

Eating and Drinking Establishments

Recreational Activities

Specialty Retail

Lodgings

Museums, Art Galleries, Botanical Gardens, and Arboreta

Universities/Educational/Research Institutions

Private Colleges and Universities Vocational Schools Research and Testing Services Libraries

Biomedical Research/Health Services

Hospitals

Nursing and Home Health Care Research and Testing Services

Medical Manufacturing

Offices and Clinics of Doctors and Other Practitioners

Miscellaneous Health and Allied Services Medical and Dental Laboratories

Media/Publications

Newspapers

Periodicals

Miscellaneous Printing and Publishing

Books

Miscellaneous Business Services Radio and Television Broadcasting

Motion Picture Production and Services Cable and Other Pay Television

Information Technology/Telecommunications

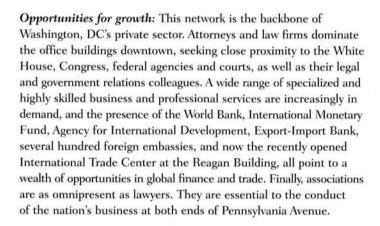
Software and Other Computer Services Information Technology Telecommunications

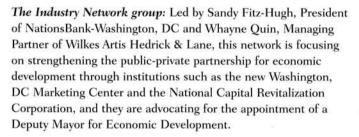
Source: ICF Kaiser

WHAT ARE THE INDUSTRY NETWORKS AND WHAT IS BEING DONE TO GROW BUSINESSES AND JOBS?

BUSINESS/PROFESSIONAL/FINANCIAL/ ASSOCIATION SERVICES

The largest of the city's six key Industry Networks is Business/ Professional/Financial/Association Services, with 127,200 private sector jobs in 1996. It includes lawyers, bankers, accountants, and other specialists, along with professional and membership associations. Washington, DC is currently a major center for many services in this network, with an employment concentration that is 60 percent higher than the US average. This Industry Network grew in total employment by 37 percent from 1980 to 1996. Within metropolitan Washington, 25 percent of all jobs in the network were located inside the city during 1996.





In addition, business, professional, financial, and association leaders in this Industry Network are concerned about reducing taxes to promote a better business climate and make Washington, DC's tax rates more competitive with those in suburban Maryland and Virginia. Since large tax cuts may cause problems in terms of balancing the city's budget and in paying for high quality infrastructure and services, a more reasonable approach is to focus on smaller, carefully targeted tax reductions that encourage job growth. Firms and associations that provide business, professional, financial, and association services are increasingly heavy users of information and communications technology. They would benefit substantially from tax incentives that encourage new and increased investment in modern equipment and



Ron Engle

software. Investing in the most recent technological advances will make these companies and associations more economically competitive, make Washington, DC a more cost-effective location, and help promote technology-based firms to grow jobs within the city.

ACTION 1

Reduce Taxes to Encourage Business Use of New Technology Implement tax reductions to promote new technology in business firms, including accelerated depreciation of computer equipment, reducing taxes on software development, and eliminating the tax on internet access.

HOSPITALITY/ENTERTAINMENT/TOURISM/ SPECIALTY RETAIL

The second largest Industry Network in the city is Hospitality/Entertainment/Tourism/Specialty Retail, with nearly 50,000 private sector jobs in 1996. It includes businesses and employees that serve the many national and international tourists, regional visitors, and city residents drawn to Washington DC's hotels, restaurants, cultural attractions, sports and entertainment activities, and specialty stores. From 1980 to 1996, jobs in this Industry Network increased by 13 percent. Within the region, the city had 17 percent of the total jobs in the network in 1996.

Opportunities for growth: This Industry Network illustrates the powerful symbiosis in the nation's capital between the federal government and the private sector, a symbiosis that creates opportunities for further growth. The base provided by the federal presence, including the national museums and monuments that draw millions of visitors to the city every year, can be a fertile source of ideas and strategies for expanding private business activity.



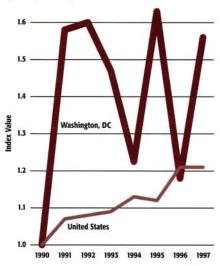
Ron Engl

The Industry Network group: Led by William Edwards, Mid-Atlantic Regional Manager of the Hilton Hotels, and Barbara Wolfson, Director of Community Relations for the DC Heritage Tourism Coalition, this Industry Network is working to develop a comprehensive hospitality industry plan for Washington, DC, bringing together hotels, restaurants, the city's various tourism organizations, and the convention business, with arts and cultural associations, museums, historic sites, and neighborhood tourism initiatives.

ACTION 2

Create a Hospitality Industry Plan for the Entire City Generate a comprehensive Hospitality Industry Plan to attract visitors and tourists to spend more time and money during the day and in the evening at sites and businesses both downtown and in Washington, DC's culturally rich and diverse neighborhoods.

Number of Patent Grants Issued per 10,000 Population



Source: US Department of Commerce, Patent and Trademark Office

UNIVERSITIES/EDUCATIONAL/RESEARCH INSTITUTIONS

The Universities/Educational/Research Institutions Industry Network includes the staff of Washington's many think-tanks and other policy research institutions as well as the staff of the city's major universities, each of which has adapted its own teaching and research specialties to take advantage of its location in the nation's capital. In 1996 this network employed 42,000 people in the city, a five percent increase over the number of jobs in 1980. Over 57 percent of the region's jobs in this network were located within the city in 1996, a very high degree of concentration.

Opportunities for growth: With world class think-thanks, universities, and other research and educational institutions, the city possesses a unique resource that offers a strategic competitive advantage in today's knowledge-based economy. The city should continue to create jobs within this network, which will help attract to Washington, DC the new talent and resources necessary to compete more effectively in the global marketplace of the 21st century.

The Industry Network group: Led by Dr. Charlene Drew Jarvis, President of Southeastern University and Chair of the District of Columbia Council Committee on Economic Development, and Herman Bulls, Managing Partner of LaSalle Partners, this network is working with the Consortium of Universities of the Metropolitan Washington Area and the Initiative for a Competitive Inner City to create a collaborative effort by graduate business schools and other university departments throughout the region. Their mission is providing technical assistance to help promote small business entrepreneurship among minority-owned and community-based firms.

Several obstacles currently impede Washington, DC's universities, and particularly their graduate business schools, from fully realizing the opportunities available to strengthen the economic fabric of their surrounding communities. These impediments include the lack of faculty champions, minimal funding, and a scarcity of resources for programs supporting urban economic development. In some cases, university faculty, staff, and students are not aware of the potential value in cultivating relationships with the local business community. The Industry Network's initiative, working together with the Consortium of Universities, is designed to overcome these obstacles and connect scholars and practitioners in ways that are mutually beneficial and will help city residents and business owners prosper and create more jobs.

ACTION 3

Involve Universities in Supporting Economic Development Encourage local universities to provide technical and financial packaging assistance for small business entrepreneurs, including minority-owned and community-based firms. In this inner-city economic development initiative, universities also will reach out to the business community to establish a mentoring network for small entrepreneurs, as well as *conduct* field studies, special

courses, research, policy analysis and other related economic development activities.

BIOMEDICAL RESEARCH/HEALTH SERVICES

Among the fastest growing industries in the US economy, the Biomedical Research/Health Services Industry Network includes the medical staff of the city's major hospitals as well as the medical researchers drawn here to work on projects funded by the National Institutes of Health, and firms that provide supplies for these activities. Total private employment in 1996 was 40,800 in the city for this Industry Network, 20 percent of the metropolitan total. Biomedical research and health services firms created nearly 13,000 new private sector jobs in Washington, DC since 1980, growing at an impressive rate of 45 percent, far exceeding the city's overall economic performance.

Opportunities for growth: Washington, DC serves as a central hub for many key aspects of the broader metropolitan Industry Network, especially hospitals, and research and testing services. This Industry Network has grown rapidly, and will best sustain its growth by diversifying into new business areas such as medical research, biotechnology, and home health care. One key concern for retaining and attracting businesses and jobs is creating a more favorable regulatory environment.

The Industry Network group: Led by John Green, Senior Vice-President of Helix/Medlantic, and Robert Malson, President of the District of Columbia Hospital Association, this Industry Network is working to level the playing field with Maryland and Virginia by streamlining the city's regulatory oversight of health care and hospitals.

ACTION 4

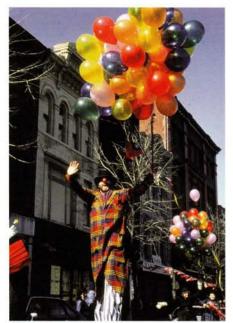
Streamline Health Care Industry Regulations

Level the regulatory playing field with health care providers in the surrounding region by simplifying the Certificate of Need process, permitting procedures, and licensing requirements.

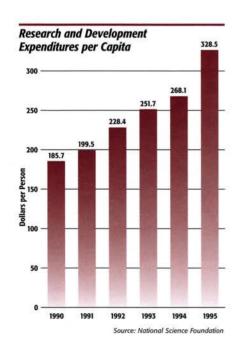
MEDIA/PUBLICATIONS

Washington, DC has been and continues to be a major center for media and publications industries. In 1996, the city's Media/Publications Industry Network employed 20,000 people in the private sector, experiencing 9 percent job growth since 1980. More than 28 percent of the total metropolitan jobs in this network are in the city, highlighting Washington, DC's competitive advantage in media production and content.

Opportunities for growth: While employment concentration in periodicals, newspapers and television broadcasting is already well developed, newer industries such as motion picture and cable television services are beginning to emerge and grow in Washington,



Adams Morgan Day



DC. This Industry Network can position itself to broaden its base and take advantage of the rising demand for "content" and "new media" products and services, including computer graphics and animation, and web site design for internet users. In order to take full advantage of these growing opportunities, the quality of life in the city must improve to attract a larger group of creative and talented workers and entrepreneurs. Marketing the city's image becomes critically important for the future vitality of this Industry Network. Also needed is increasing the critical mass of both large and small companies by developing media-oriented business districts in and near downtown.

The Industry Network group: Led by Austin Kiplinger, Chairman of Kiplinger Washington Editors, and Todd Mason, President of Atlantic Video, this Industry Network is developing a three-year local, regional, and international campaign to improve the city's image.

ACTION 5

Launch a Media Campaign to Improve the City's Image Mount a comprehensive three-year print and broadcast media campaign, starting with a videotape on the Strategic Economic Development Plan, to improve the city's image in the region and around the world.

INFORMATION TECHNOLOGY/TELECOMMUNICATIONS

Based in one of the fastest growing areas of the New Economy, the Information Technology/Telecommunications Industry Network includes software designers, privately sponsored computer systems developers, and information engineers in the space satellite communications industry. It is just beginning to grow in the city, with less than 15,000 private sector jobs in 1996 out of a regional total of over 177,000. Metropolitan Washington is becoming one of the country's leading regions for information technology and telecommunications. Enormous potential exists for the city to develop strategic linkages with the metropolitan Industry Network, that generated an astonishing 178 percent job growth from 1980 to 1996.

Opportunities for growth: The city can begin to claim a bigger piece of the regional Industry Network by identifying and building upon business strategies that can flourish most effectively in an urban environment. A recent analysis by Potomac KnowledgeWay suggests the city should market itself as a "content developer." As the internet and other elements of information technology and telecommunications business expands, a chief concern will be access to a large quantity and high quality of information to transmit across the globe. The relentless search for good information content leads directly to the nation's capital, providing the city with a major competitive advantage in the regional and global marketplace for new and advanced technology.

The Industry Network group: Led by Marie Johns, President of Bell Atlantic - Washington, DC, and Pedro Alfonso, President of Dynamic Concepts, this Industry Network is creating a Washington, DC Technology Council to promote technology-based businesses and jobs throughout the city, and especially in targeted "technology districts." The council will concentrate on issues such as research and technological innovation, education and workforce development, economic incentives for technology companies and districts, availability of business financing, providing technical assistance to small firms, and procurement opportunities with private and public sector clients.

ACTION 6

Establish a Technology Council to Attract and Expand Firms Establish a Washington, DC Technology Council to support attraction and expansion of technology-based business firms and jobs in the city.

GROWING BUSINESSES AND JOBS ACROSS THE PRIVATE SECTOR

The strategy for growing businesses and jobs by building on the strength of Washington, DC's six leading Industry Networks has two parts. First, each network is working on high priority actions that are of specific importance to the companies and organizations in their field. Second, other across-the-board initiatives are needed for all the Industry Networks to grow, and for retaining and attracting enterprises and jobs of all shapes, sizes, and colors, regardless of the network to which they belong. This section contains seven key actions designed to forward the city's strategy for growing the private sector within the Industry Networks and beyond. The actions in the next two chapters, Strategic Populations and Strategic Areas, also promote business and job growth and are fundamental parts of the overall vision and strategy.



Ron Engle

The first action is to expand the newly created Washington, DC Marketing Center. This is a major public-private partnership focused on marketing to retain and attract firms. It incorporates the Business Ambassadors program of the District of Columbia Chamber of Commerce and the Early Warning System of the District of Columbia Building Industry Association, and works together with the downtown marketing activities of the Downtown DC and Golden Triangle Business Improvement Districts, the neighborhood marketing activities of the Coalition of Economic Development Organizations, DC Agenda, and the DC Heritage Tourism Coalition, the city's various convention and tourism marketing entities, and the city government's business outreach programs.

Industry Network leaders told us that aggressive marketing to keep and recruit companies, as is done by most other cities and counties, is essential for Washington, DC's economy to become more competitive in the regional and global marketplace. It is even more important in this city, because to grow the private sector we first need to change

the existing image that many executives already have of Washington, DC's business environment.

ACTION 7

Expand the Marketing Center to Retain and Attract Firms Increase funding to expand the Washington, DC Marketing Center by adding staff and resources for aggressively retaining and attracting businesses and jobs, targeting firms in the Industry Networks with special incentives and marketing campaigns to generate 1,000 new jobs annually. The Marketing Center will work with the public and private sectors to improve the availability of information needed for economic development, including an Early Warning System for potential business relocations, computerized geographic information systems, and an ongoing census of firms and associations conducting business within the city.

In our discussions with business and community leaders, the unfriendly regulatory process was the most frequently cited complaint of entrepreneurs and neighborhood residents alike. This issue has been extensively studied by numerous commissions and task forces, and legions of newspaper and television reporters have cut their professional teeth chronicling tragic stories of mismanagement, delay, confusion, and hostility in the city's permits, licenses, and other forms of regulatory approval and enforcement. Now there is new leadership at the Department of Consumer and Regulatory Affairs, and as the agency moves to a new building later this year, it is time to make a new start. The Business Regulatory Reform Commission, the District of Columbia Council, and the Financial Responsibility and Management Assistance Authority determined both the need for sweeping reform and the precise nature of the changes to be made. For Washington, DC's economic strategy to succeed, it is imperative that these reforms are implemented rapidly and completely.

ACTION 8

Implement Reforms in Consumer and Regulatory Affairs
Take immediate action to implement recently adopted management reforms and legislation, especially the recommendations of
the Business Regulatory Reform Commission, to transform the
Department of Consumer and Regulatory Affairs into a more
responsive agency.

The third action relates to the use of special incentives for business retention and attraction. In the past, the city has not been aggressive about pursuing firms. One executive whose organization is located downtown told us that he had received hundreds of offers from other cities to relocate with financial incentives to sweeten the deal. In contrast, he has never received a single letter or phone call from our city government asking him to stay. Luckily for us, he is deeply committed to the city. Not everyone is so loyal, and many businesses and jobs have either slipped away or never arrived over the years. Incentives can make a difference, and the ones that the President and Congress provided to Washington, DC in the special Enterprise

Zone must be aggressively marketed, from the Employment Tax Credit, to Enterprise Zone Bonds, to zero capital gains taxes.

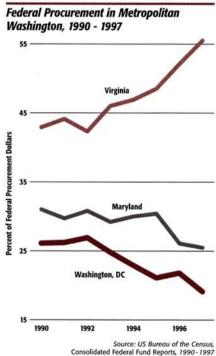
In addition, particular deals can be made using targeted one-of-a-kind incentive packages, such as the recent negotiations with the Ritz-Carlton Hotel Company over developing a new office building and moving its world headquarters to Washington, DC. Tailor-made incentives should be clearly tied to major economic benefits for the city and its residents, the most important being substantial job opportunities along with procurement opportunities for local suppliers and contractors.

ACTION 9

Provide Targeted Incentives to Grow Firms and Expand Jobs Provide incentives for businesses to relocate and/or expand in Washington, DC, connecting these incentives to encouraging employment opportunities for city residents.

Assisting small businesses in obtaining procurement contracts to provide goods and services for large corporate and government purchasers is one important strategy for growing the private sector. Dr. Stephen Fuller of George Mason University studied trends in federal government procurement for our Strategic Plan, and his findings were very surprising. He documented that the \$22 billion in annual federal procurement has helped fuel the private sector in metropolitan Washington, generating nearly 200,000 jobs in businesses throughout the region, especially in northern Virginia. Businesses listing an address in Washington, DC receive about \$4 billion of these federal purchasing dollars, but Dr. Fuller, discovered through detailed case study investigation that 88 percent of this money actually pays for work performed in the suburbs. By his calculation, federal procurement only supports 3,000 private jobs in the city, and two-thirds of those are held by people living in Maryland or Virginia. It is vital that real Washington, DC companies that hire real Washington, DC workers be competitive in obtaining a much larger share of these federal contracts. Technical assistance offered through a public-private collaborative can help make the difference.

Technical assistance for small businesses should not simply be limited to federal procurement. Major employers such as the World Bank, Inter-American Development Bank, International Monetary Fund, Fannie Mae, and many other large organizations based in the city and throughout the region can be sources of procurement contracts for small businesses that are creating jobs in the city. The Greater Washington Board of Trade's Community Business Partnership program is a good model to be emulated and expanded. Also, the Universities/ Educational/Research Institutions Industry Network project using business schools to support small firms is another key resource for targeted procurement assistance.



ACTION 10

Assist Local Firms in Obtaining Federal and Private Contracts Provide local firms with technical assistance in bidding on federal procurement contracts to capture a larger share of this rapidly growing multi-billion dollar activity for Washington, DC's companies and workers. Also, work with other major employers and institutions, such as the World Bank, Inter-American Development Bank, International Monetary Fund, Fannie Mae, and many others, to increase contracts for the city's companies to provide goods and services.

For small businesses to start-up and expand, most need more than technical assistance, or even procurement contracts. Many of them need financing, including loans and other forms of credit, plus venture capital and additional types of equity investments. Minority-owned and community-based businesses often need extra assistance in obtaining capital to grow. Fortunately, the federal Community Reinvestment Act serves as an incentive for mainstream lenders to do more urban lending both for businesses and housing. Both the federal and city governments have special programs to increase capital access, as do several other key public-private partnerships. The new National Capital Revitalization Corporation and the new CityFirst Bank will both soon begin playing important financial roles. What is needed is a concerted effort to mobilize capital resources and coordinate them more effectively.

ACTION 11

Increase Capital Availability for Community-Based Businesses Utilize various tools to expand available capital financing for business start-ups and expansion, and for neighborhood economic development, including community development financial institutions such as the CityFirst Bank, Community Reinvestment Act commitments from mainstream lending institutions, and public programs offered by the Small Business Administration and other entities.

To maximize the potential benefits of our strategy for growing prosperity in Washington, DC, we must see ourselves as part of a larger metropolitan economy, help the region grow, and capture a larger share of an expanding economic pie. The Industry Networks are metropolitan in scope; making the city components more competitive requires a regional perspective.

Dr. Stephen Fuller has stated that because Washington, DC is the national capital, economic linkages between the city and surrounding suburbs are even stronger than in most metropolitan regions. Based on thorough research, he estimated that for every dollar increase in Washington, DC's production of goods and services, the suburban areas gain \$1.44 in economic growth. Maryland and Virginia businesses and residents benefit very substantially from the city's economic expansion. To a lesser extent, Washington, DC also benefits from suburban regional growth, which creates both business oppor-

tunities for city-based firms and job opportunities for local residents. Therefore, promoting metropolitan cooperation for mutual economic benefit through a series of cooperative, "win-win" initiatives is a vital action in our furthering economic strategy.

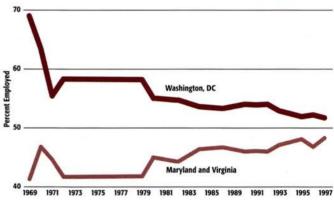
ACTION 12

Promote Metropolitan Cooperation for Mutual Economic Benefit

Promote metropolitan cooperation that serves the combined economic interests of the city and the region, including connecting Washington, DC's residents to metropolitan jobs, creating NoMa as a multimedia/ technology district focused on generating "content" for growing information technology and telecommunications businesses, extending Metrorail transit service to Dulles Airport to strengthen the ties between downtown Washington,

DC and metropolitan growth, cosponsoring the Olympic Games to be held in the Washington-Baltimore region during the summer of 2012, promoting the Washington, DC Bicentennial in the year 2000, developing the Empowerment Zone as a partnership of Washington, DC and Prince George's County. and having the Washington, DC Marketing Center work actively with the Greater Washington Initiative in marketing the region to attract and retain businesses and jobs.

Washington, DC's Proportionate Share of Federal Employment in the National Capital Region 1969 - 1997



Source: National Capital Planning Commission

While the federal government is not as dominant in Washington, DC's economy as it was a generation ago, since this is the nation's capital, federal officials still have a compelling interest in maintaining and enhancing the health and vitality of the city. The people who participated in preparing our strategic plan clearly recognized the advantages of including the federal government as a full partner, and many federal officials have been actively involved in the planning process. From the Navy Yard to New York Avenue, and from Georgia Avenue to East of the River, the federal government can play a constructive role helping to grow businesses, jobs, families, and communities in our city.

At the same time, we must work harder to ensure that the federal government does not economically harm the city. For example, 82 percent of the entire metropolitan region's federal job losses between July 1993 and July 1998 occurred inside Washington, DC. The city lost 46,000 federal jobs in a five-year period, which dealt a body blow to the local economy and contributed significantly to the city's fiscal difficulties. The National Capital Planning Commission estimates that each federal job generates three jobs in the private

sector, and the negative economic impacts of federal job losses are similarly magnified.

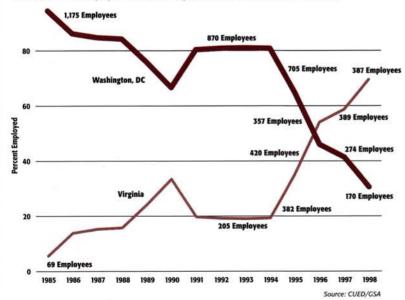
A study by Reath Communications for our Strategic Plan found that Washington, DC's share of total federal employment in the region has declined from 58.3 percent in 1977 to 51.7 percent in 1997. This is far short of the National Capital Planning Commission's official goal that the city should have 60 percent of the region's federal jobs. These devastating losses for the city have taken place despite the existence since 1978 of Presidential Executive Order 12072, which requires federal departments and agencies to show a preference for central city business areas in the location of their offices and other facilities.

Despite a federal court decision upholding the legal validity of Executive Order 12072, the federal government, and particularly the General Services Administration (GSA) which has primary enforcement responsibility, has done little to stem the flow of federal jobs moving from the central business area of Washington, DC to far-flung suburban locations. This exodus has contributed to the air pollution, traffic congestion, and land-use sprawl that increasingly

Federal Technology Service (FTS)

FTS Percentage Employment by Jurisdiction

The number of FTS employees in Washington,DC has dropped from 1,175 in 1985 to 170 in 1998. The number of FTS employees in Northern Virginia has risen to 387, up from 69 in 1985.



characterize metropolitan
Washington. Even the addition
of Presidential Executive Order
13006, which gives a preference
for federal government location
in historic buildings and historic
districts, combined with President
Clinton's reaffirmation in 1996 of
Executive Order 12072, had little
positive impact to date.

A classic example of the federal government's disregarding its own rules and regulations is documented by Viki Reath in her report. GSA's own entity, the Federal Technology Service (FTS – formerly called the Federal Telecommunications Services), as recently as the fall of 1985 had 1,175 employees working in Washington, DC, and 69 in the Virginia suburbs. Even as late as the fall of 1994, FTS had 870 workers in the city and 205 in the suburbs. Yet by the fall of 1998, the number of FTS workers in the

city had dropped to 170, an 86 percent decline in just 13 years. During the same period, FTS jobs in northern Virginia had grown by 460 percent! And this was done by the federal agency that is responsible for making sure that the other federal departments follow Executive Order 12072. Finally, in 1998 as part of the preparation

for our Strategic Plan, local public and private sector leaders protested to GSA, and FTS agreed to move 100 jobs back into the city, along with a new economic partnership to support the growth of private businesses working with the Washington, DC Technology Council. FTS Director Dennis Fischer plans to put a "Center for Excellence in Information Technology" downtown in the new Reagan Building. This example shows the positive role the federal government can play in partnership with the city, and why it so important for Washingtonians to be vigilant about preventing the negative effects of federal actions.

ACTION 13

Strengthen Economic Partnership with the Federal Government

Work to improve the city's partnership with the federal government by aggressively marketing available incentives, focusing on the redevelopment of surplus property, exploring options for increased funding, making greater use of federal agency resources, and promoting innovative economic development efforts such as the US Navy's "Bridges to Friendship" initiative tied to expansion of employment at the Navy Yard. Through the Washington, DC Marketing Center, monitor and take action to prevent federal jobs and agencies from leaving the city, as well as actively recruit federal employment back from locations outside the city.

CONCLUSION

While the city's position as the nation's capital is one of its greatest strengths, the central economic task now is to grow the private sector, with the federal government as a good citizen and full partner in this effort. The main engines of prosperity are the six key Industry Networks, and they can serve as the rising tide that will help lift up many other business activities and bring more jobs and increased prosperity to all our residents and neighborhoods.

CHAPTER THREE:

STRATEGIC POPULATIONS

OST ECONOMIC PLANS developed by cities focus exclusively on achieving business goals. This plan is different.

The writers of the plan understand that a good economy is not an end in itself; rather, it is the means that allows us, as a city and as a society, to create a good quality of life for the greatest number of people. A good economy does not necessarily buy well-planned neighborhoods and vibrant communities. It does not necessarily buy job opportunities and financial well-being. It does not necessarily buy excellent schools and teachers.

It takes planning to achieve these things.

What follows is our plan to improve the quality of life for those who live and work in Washington, DC at the same time that we improve our economy. We will do this by establishing a world-class system for local workforce development and by increasing the number of people and families who find the city an attractive place to live.

Over the course of our work it became clear that these two elements were critical to the success of Washington, DC.

A well-trained workforce is ever more essential as America completes its transition to the information age and as the city seizes the opportunity to play a significant role in a burgeoning metropolitan economy. Washington, DC's prosperity is directly linked to the prosperity of the region, and vice versa. Yet our analysis found that the city is being held back in its efforts to expand because it lacks a sufficient number of adequately trained workers.

Also, we need to increase the population of our city. A growing population creates dynamism and stability in all aspects of urban life, including economic activity. It also creates conditions and support mechanisms that help people move out of poverty.

What follows is a detailed analysis of how these two elements affect the fortunes of the city and shape our action-oriented plan for success. As in the other parts of the report, the key actions explained in this chapter were carefully tailored to meet the city's needs by a hard-working group of citizens. We are convinced that our plan will work to build on the positive momentum that already exists throughout the city.

WORKFORCE DEVELOPMENT

THE CURRENT SITUATION

In preparation for this report, our working group members met with business leaders throughout the region in order to better understand the barriers preventing unemployed city residents from obtaining jobs. The two issues many participants consistently identified as Washington, DC's most pressing challenges were combating the city's negative image and finding a skilled workforce.

Workforce preparation must be a city priority and the city must do a better at connecting people to jobs.

Despite a booming regional economy, the city still suffers because a significant number of its residents are unemployed or underemployed. Some Washingtonians haven't look for a job in such a long time that for statistical purposes they are not even counted as part

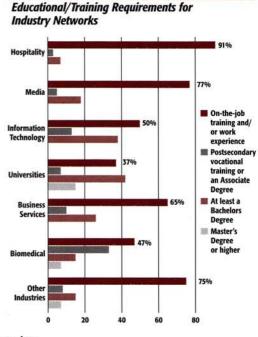
of the workforce. The official unemployment rate in November, 1998 for Washington, DC was 8.3 percent, compared to a much lower 2.9 percent for the entire metropolitan Washington region.

The higher unemployment rate in the city in 1998 is at least partially due to the much more severe impacts on Washington, DC's residents of the sharp decline in federal and local government employment. However, the data also show that there are far more jobs in the city than there are local residents filling them. Some people living in the city, especially some of our youth, currently lack the technical skills, educational background, and good work history sought by most employers, making it difficult for them to get a decent full-time job.

While Washington, DC's leading Industry Networks require many employees with higher skills than more traditional manufacturing sectors, most of the jobs provided by these network businesses still can be performed by high school graduates. Altogether, 63 percent of the employment – 185,000 jobs – can be performed by persons with no formal training beyond the high school level.

The business leaders we talked to told us that their most urgent employment needs can be met by good workers at the entry level, rather than workers who already had high levels of job training and work experience. But they also need people with good basic skills, positive work habits, and a strong desire to learn and perform effectively.

This means that while the city needs to invest in its people by training residents for higher-skilled jobs, in the immediate future we can begin by preparing many of our youth and young adults for entry-level jobs that are available right now. Today, Washington, DC has more low skill jobs located in this city than residents who hold them. Many



of these modestly paid positions are currently being filled by workers who commute from Virginia or Maryland.

Unfortunately, the city's current workforce development system has not yet been able to turn this trend around. The problem here, as in much of the country, is that the numerous public and private organizations working in this field have not yet formed a comprehensive, well-coordinated system.

For example, a study conducted last year by the Technical Assistance and Training Corporation found that job training programs offered by the Department of Employment Services were generally ineffective in addressing the complex needs facing the city's workforce. Many of the existing programs are not tied directly to employers and their hiring and promotion demands and practices, although some recent nonprofit community-based efforts, such as the Foundation for Educational Innovation's DC Link and Learn, the United Planning Organization's Bridges to Work, and Capital Commitment, are better tailored for producing results by placing people in decent jobs well-suited to the regional economy.

The urgent necessity for such services will increase in the coming years as mechanisms to stimulate job growth in the city are put in place and as many more employment opportunities are created by the Industry Networks.

THE STRATEGIC SOLUTION

The goal of this strategy is to create a world class workforce development system for Washington, DC. Based on our analysis summarized above, we know that the city must do a better job of preparing its workforce for the 21st century economy. We must link people seeking work with real jobs and employers throughout the metropolitan region, and connect employers — especially those that are growing jobs in Washington, DC — with qualified workers who fulfill their business and organizational needs. To do this effectively, we must provide more opportunities for genuine, career-oriented education and employment training at the high school level and beyond, in college and at job training and placement centers. The recommendations that follow accomplish just that.

The first action is focused on turning the soon-to-be-established Workforce Investment Board into a genuine clearinghouse and public-private partnership coordinating a more effective workforce development system that brings together employers, such as the Industry Networks, with educators, community-based service providers, public agencies, and most importantly, people who need and want good jobs.

ACTION 14

Establish the Workforce Investment Board as a Clearinghouse Establish the Workforce Investment Board (WIB) as a publicprivate partnership in Washington, DC serving as a central clearinghouse and network to link education, community-based support services, skills training, and job placement with employers and industry associations. The WIB should promote and enforce standards of accountability and performance by job training providers, and spearhead management reforms in the Department of Employment Services.

The next action, strongly recommended by many employers, is to strengthen the role of the University of the District of Columbia in granting Associate Degrees for one or two-year career-oriented programs directly tied to employment opportunities in metropolitan Washington.

ACTION 15

Expand the role of the University of the District of Columbia Build the capacity of the University of the District of Columbia (UDC) to meet the needs of the Industry Networks and other major employers by expanding Associate Degree programs to complement the existing four-year curriculum.

The third action takes a similar approach for the public schools and public charter schools. They need to expand their links to employers by designing effective teaching methods to train students for careers in the work world, in hospitality, information technology, automotive engineering, culinary arts, telecommunications, performing arts, media, health care, law, finance, international trade, association management, marketing, geographic information systems, aerospace, and many other promising fields.

ACTION 16

Support Public "School-to-Career" Programs and Charter Schools

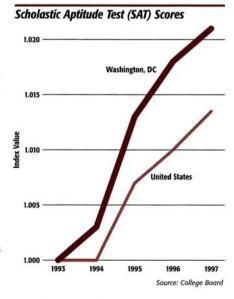
Provide resources for public "school-to-career" programs and public charter schools to train students for jobs in growing industries such as hospitality and information technology.

The last action recognizes that there are many job opportunities in the city that should be available for local residents, but that we should lift our sights beyond our borders and assist city residents in gaining access to suburban jobs, at the same time that we actively encourage suburban residents currently working in Washington, DC to buy a home and live in our city.

ACTION 17

Connect Washington, DC Residents to Metropolitan Jobs

Enable the city's residents to obtain good jobs throughout metropolitan Washington by supporting the Regional Jobs Initiative, Bridges to Work, and similar partnership activities linking suburban employers with city-based providers of job training and placement, transportation, child care, and related support services.



Latin American Festival

ATTRACTING AND RETAINING RESIDENTS

THE CURRENT SITUATION

As noted throughout this report, Washington, DC is a city with tremendous resources, but it has recently been hampered by a negative image. The impact of that image can be measured in dollars and cents, in the numbers of business and job opportunities lost, and in the decline of the city's population over the past few decades. Companies and organizations have been less inclined to locate or remain in the city, and people have been less likely to move here or stay here. The two things go hand in hand. To reverse one cycle, we must reverse both. Successfully retaining and attracting businesses and jobs is interwoven with the need to retain and attract residents.

Business leaders from the Industry Networks told us that the city's past image made it difficult for them to attract talented young executives and managers to work here and that this was a significant constraint on their prospects for expansion within the city. Some people simply have not wanted to live in a place with the tarnished reputation of Washington, DC. Our job is to change their perception for the better.

Between 1950 and 1990, while the population of the metropolitan region grew by nearly two-and-a-half times, the population of Washington, DC consistently declined. Although a loss of population has been typical for most central cities in the northeastern United States, the impacts on Washington, DC have been particularly harsh.

Due to the unusual nature of Washington, DC's economy – a city surrounded by two separate states but with no reciprocal tax-sharing permitted for the city – a Washington, DC resident with a local job is worth much more to the city than a local job held by a non-resident. A recent study by McKinsey and Company showed that employing 100 Washington, DC residents in jobs located within the city, produces 84 percent more in income and sales tax revenue compared to 100 jobs in the city held by suburbanites, who pay no city income or wage taxes, and who spend far less on city sales taxes because they and their families do most of their shopping near their homes and schools. Currently only one-third of the nearly 615,000 jobs located within Washington, DC are held by city residents.

Clearly it is beneficial for the city to attract new residents, starting with the 410,000 people who work here every day but do not live here. Our challenge is to find out how this can be accomplished. We analyzed the past and present exodus from the city to better understand why people leave, why others stay, and how we can effectively use this information to encourage both stability and growth.

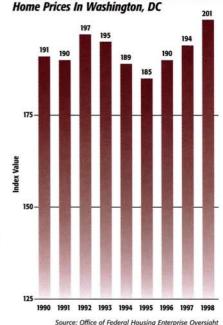
WHY THEY LEAVE AND WHY THEY COME BACK

Perhaps most surprising was the shift in the city's population by race and ethnicity. During the 1980s the biggest population losses occurred among African-Americans, with an average decline of over 1,000 households per year. The city's demographic profile was becoming smaller but more diverse, as the number of Hispanic households grew substantially and various other ethnic groups increased slightly.

Losses continued in the early 1990s at a rate nearly five times higher than the previous decade. While African-American households still accounted for the highest rate of people leaving the city – averaging 2,400 annual household departures – the number of white residents also declined by nearly 1,000 households a year, while Hispanic and Asian households continued to increase.

Data are not available on population changes in Washington, DC since 1996, but the high loss rates in the early 1990s indicate that the task of attracting and retaining residents should be a top priority. Our analysis also made clear that the city must try to retain and attract a wide variety of households, not simply middle- and upperincome families, in order to achieve the greatest overall economic success. Diversity makes good economic sense, because it generates a broader range of business activities and a more well-rounded workforce.

George Grier of the Greater Washington Research Center did a study for our Strategic Plan, conducting surveys on migration by asking households who moved into the city to explain the main reasons for their move. His report produced some useful insights. For white, Hispanic, and Asian households, the most common motivation for moving into the city was to be near their job, especially if it was a new job. That tells us it is worthwhile to encourage local employers to offer incentives for their workers to move into the city. The other main reason these people moved here was their desire to take better advantage of the general conveniences and attractions of city living. This underscores the importance of improving the quality of life in Washington, DC, especially the cleanliness and safety of streets and public spaces, efficiency of transportation and services, and availability of good housing and cultural amenities. For African-American households, proximity to family and friends was the reason most frequently given for their move into the city. This tells us that working closely with community institutions - churches, schools, universities, hospitals, banks - to promote homeownership and neighborhood reinvestment, will help keep African-American families in Washington, DC, bring them back from the suburbs, and attract them from other places.



THE STRATEGIC SOLUTION

The city can attract and retain households who represent a broad cross-section of income levels, racial and ethnic backgrounds, and



Ron Engle

other household characteristics. In order to truly prosper and live up to its potential as a world class city, Washington, DC must become a better place to live for all its current and future residents.

That means raising the performance of public schools, improving local government services by having public employees treat residents as their respected customers, strengthening the economy and the workforce development system, and making communities more secure, attractive, and livable.

Increasing homeownership is a central element of our strategy for success. Homeownership stabilizes and strengthens neighborhoods, boosts economic investment, and enables families to take better control of their lives and improve their financial well-being. When homeownership goes up, other remarkable things start happening to communities: Crime goes down. Streets are cleaner. Quality of life improves. Businesses thrive. Neighborhoods come alive.

The strategy is clear: retain and attract residents by increasing homeownership; making neighborhoods more attractive to current and potential residents of all income levels and diverse backgrounds; ensuring public safety for families and communities; improving access to cultural and recreational amenities; and getting businesses, community institutions, and faith-based organizations actively involved in expanding the human potential of the city.

The first action focuses on using major employers, churches, schools, and other community institutions to promote homeownership.

ACTION 18

Promote Homeownership with Employers, Churches and Schools Working through the Washington, DC Partners in Homeownership, recruit major neighborhood employers such as universities and hospitals, and key community institutions including churches and schools, to offer incentives for people moving to and living in Washington, DC's neighborhoods and generating 1,000 new homeowners annually.

The next action emphasizes creating a more exciting, 24-hour downtown that draws people in day and night, with far more people living, shopping, and having fun there.



Increase Downtown Housing and Mixed-Use Retail, Services, and Arts

Increase rental housing and homeownership in the downtown area east of 15th Street, NW, by making more publicly owned sites available for residential and mixed-use development including retail stores and services, by providing tax increment financing, and by offering land use incentives such as zoning modifications which grant commercial and retail density bonuses to encourage housing development. Construct or expand arts, entertainment,



and cultural activities and facilities in and near downtown, including a new national music museum.

The third action puts the spotlight on neighborhood arts, culture, and heritage tourism, bringing more prominently into public view what is now the best-kept secret of Washington, DC: the beauty and history of our many diverse communities.

ACTION 20

Support and Develop Neighborhood Arts, Culture, and Tourism

Provide increased public and private financial support for neighborhood tourism, historic heritage tours, arts festivals and cultural activities, and create a citywide Heritage Tourism Trail including the African-American Civil War Memorial and other sites. Establish a non-profit Cultural Development Corporation to build and/or manage arts, entertainment, cultural, and specialty retail activities and facilities in neighborhoods throughout the city.

This key action supports neighborhood reinvestment by eliminating blighted eyesores and pockets of crime that detract from quality of life, replacing them with new development that enhances the community environment.

ACTION 21

Demolish and Redevelop Blighted Properties

Condemn, acquire and demolish vacant and blighted buildings in Washington, DC's neighborhoods and make the land available to those who have a feasible plan for redevelopment. Grant the Condemnation Board the legislative authority to demolish property consistent with historic preservation guidelines.

The last action will make communities safer by providing a powerful tool for law enforcement officials to stamp out drug dealing, prostitution, and other harmful pursuits. Once the police start impounding cars driven by people engaged in illegal activities, visitors from the suburbs will stop using our neighborhoods as "drive-throughs" for obtaining illicit substances and services.

ACTION 22

Enhance Community Safety by Impounding Cars Used in Crime

Remove barriers to implementation of existing laws by developing a secured parking lot for motor vehicles used in criminal activities that are confiscated and impounded by police officers.

CONCLUSION

Washington, DC's greatest resource is its people. By focusing on workforce development and on attracting and retaining residents, our plan demonstrates that investing in people is the best strategy for growing our economy.

CHAPTER FOUR:

STRATEGIC AREAS

HILE THE PREVIOUS CHAPTERS of this report discussed ways that Washington, DC could become a better place to live and a more prosperous place to work at a job or own a business, this section will specifically address the neighborhoods, the city blocks, and the buildings where all of this positive change will actually take place.

Place matters. It matters if we are going to grow businesses and jobs. It matters if we are going to attract and retain residents in the city. We must have real places – vibrant and welcoming places – where companies and associations can take root, where the Industry Networks can thrive, and where people can live and work and raise their families with dignity and opportunity. Successful development of the city's strategic areas will be a prime generator of economic vitality, and these areas will benefit from this accelerated growth.

The entire plan, and particularly this part of it, is about taking an economy that is working well for so many of us, and making sure that it works for each and every resident, worker, and visitor in Washington, DC.

We have an opportunity to gather the seeds of our current economic prosperity and use them to invest in our neighborhoods — our businesses and commercial districts, our homes and schools, our streets and transportation facilities, our parks and playgrounds, our libraries and museums, our art galleries and theaters. It all starts with jobs, and our plan is about creating better jobs for more people.

Our plan for the city's strategic areas is not a plan just for downtown, nor one that will benefit only the upper-income residents of the city. This is a plan for all people and communities; it was written by a broad cross-section of the city and it is designed to benefit everyone.

The actions detailed in this section, some of which are already being carried out, may seem self-evident. You may have heard a few of them discussed on previous occasions. Other actions are new ideas and have not been attempted before in our city. Either way, what is different here is the way they are knit together as part of a comprehensive economic strategy, and more importantly, this time the proposed actions will actually get accomplished.

We divide this chapter on strategic areas into sections on downtown and on neighborhoods. Traditionally in Washington, DC, downtown has been the main concern of economic development. In our report, many more key actions are focused on developing and improving neighborhoods.

DOWNTOWN

Downtown Washington, DC is a story of current success and abundant opportunity. The recent construction and opening of the MCI Center has dramatically set off a \$3.1 billion building boom that is transforming the city

center – particularly the east end of downtown – with new offices and hotels. Downtown Washington, DC has already shown a remarkable 75 percent increase in visitors and tourists. The new Downtown DC and Golden Triangle Business Improvement Districts (BIDs), with their smiling personnel in colorful uniforms bringing a "clean, safe, and friendly" ambience to the streets of our central business areas, have been a positive force for change. A sure sign of improvement is the real estate market, which leased over one million square feet of additional office space last year and has increased occupancy rates by one-third since 1992. Washington, DC now contains over 100 million square feet of office space, the third largest concentration of any city in the nation, exceeded only by New York and Chicago. Currently demand for office space is high, vacancy rates are low, and growth is evident on every corner.

OPPORTUNITY: DEVELOPING DOWNTOWN

However, downtown also once had seven major department stores and now has just one. Some large employers have moved workers to "back office" facilities in the suburbs, or simply moved out of the city altogether.

While the bulk of downtown Washington, DC is bustling with office space occupied by lawyers, lobbyists, consultants, federal agencies, and others, two-thirds of those people commute to work daily from Maryland or Virginia. Their incomes are not subject to any reciprocal taxation by the city.

This tells us something important. In addition to encouraging more of these workers to live in the city, we should increase opportunities for the downtown commuters to spend their money in the city at night. The best way to do this is to turn downtown into a lively mixed-use area; a 24-hour city of restaurants, entertainment, and arts, with more people on the streets, more demand for services, more retail stores, and more housing.

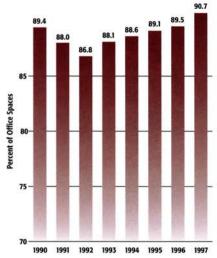
Some of the work is already being done through the BIDs, in partnership with many other public and private sector groups. By keeping the streets and sidewalks cleaner and safer, by marketing downtown to businesses, visitors, and shoppers, and by encouraging the improvement of public spaces and fostering the growth of cultural amenities, downtown is becoming more attractive and lively.

For many businesses, there still is no better place to locate than Washington, DC with its prestige and its proximity to the White House, Congress and other important federal institutions. The growing cost of office space and traffic congestion in the suburbs has recently become another factor in promoting renewed business and association interest in a downtown location.



Ron Engle

Washington, DC Office Occupancy Rates



Source: Goodman, Segar, Hogan, Hoffler

The opening of the Reagan Building with its International Trade Center, the great success of the MCI Center, the commitment to build a new \$650 million Washington Convention Center and the opportunity to redevelop the existing one, the planned development of Gallery Place, the success of the new BET Jazz Restaurant, and many other recent investments all point to a bright future for downtown.

The accelerating pace of change highlights the need to focus particular attention on a few key issues: expanding day and evening retail and entertainment activity, building a critical mass of downtown housing, and dealing with traffic congestion while promoting increased tourism. The key actions proposed directly address these three major needs. The first action focuses on creating a new F Street retail corridor that would include at least a portion of the historic former Woodward and Lothrop Department Store Building at Metro Center, which was going to be the new home of the Washington Opera but now is up for sale.

ACTION 23

Attract Retail Investment Downtown in the F Street Corridor

Attract investment to the F Street retail corridor and the Woodward and Lothrop building downtown through public-private cooperation.

The next action addresses the need to redevelop a city government-owned site on Pennsylvania Avenue, bringing in new revenue by constructing an elegant mixed-use building that will be an asset to the area, and increasing the supply of downtown housing. Action 19 in Chapter Four on Strategic Populations also emphasizes the need for more housing and retail stores to be built downtown. This action – redeveloping the Department of Employment Services (DOES) building – is also for neighborhoods. DOES would move to a brand new building constructed in a neighborhood near a Metro station. The new building would serve as a catalyst to help revitalize that community's commercial district, much as the Reeves Municipal Building helped revive business activity around 14th and U Streets, NW.

ACTION 24

Use Relocation of Employment Services to Enhance Development

Redevelop the Department of Employment Services (DOES) building at Sixth Street and Pennsylvania Avenue, NW, for mixed-use space, including housing, and build a new headquarters for DOES as part of a neighborhood development strategy.

The last action deals with encouraging more visitors and improving the quality of life in downtown and neighborhoods by getting tour and charter buses and trucks off the streets where they bring noise, congestion, pollution, and cause parking problems. A special parking facility would help mitigate these problems.

ACTION 25

Create Parking Facilities for Tour Buses

buses, trucks, and other large commercial vehicles, in order to reduce downtown and neighborhood traffic congestion, noise and air pollution, and make downtown and neighborhoods more attractive to visitors. Provide convenient local transportation and other amenities at these sites to promote tourist use, and encourage bus companies to create more jobs in the city for local residents.

Establish centrally-located parking facilities for tour and charter

OPPORTUNITY: NOMA – NORTH OF MASSACHUSETTS AVENUE



Design of new Washington Convention Center

One of the newest near-downtown development opportunities is in the area north of Massachusetts Avenue, appropriately called "NoMa." This area, directly north of the central business district, will be anchored by the new Washington Convention Center on the west, Union Station on the east, and New York Avenue on the north. The excitement generated by the MCI Center nearby has sparked interest in the potential of NoMa as a vibrant mixed-use community. It can become Washington, DC's answer to New York's SoHo and San Francisco's South of Market — a multimedia and technology district that includes housing, arts and entertainment, and other attractions. Cable News Network, National Public Radio, Atlantic Video, and other media and technology companies already operate in the area, which stretches eastward from Mt. Vernon Square near downtown, along the New York Avenue corridor to the planned site of a new Metrorail station serving the Red Line at New York and Florida Avenues, NE.

NoMa is a future business and job generator for the city, especially for companies in the Information Technology/Telecommunications and Media/Publications Industry Networks. Its location near the Congress, excellent transportation accessibility, and availability of vacant land and underutilized industrial-type buildings and warehouses make it a prime candidate for economic investment. The Washington, DC Marketing Center is recruiting technology firms and promoting innovative development to attract small entrepreneurs involved with computer graphics, software, the internet, multimedia, fiber optics, and similar cutting edge products and services. As this New York Avenue gateway is served by both freight rail and trucking, it can serve as an ideal "inland port" and the city's major foreign trade zone for international commerce.

At the same time, housing is essential for NoMa to thrive. From traditional townhomes to unconventional live-work spaces, both newly built and renovated housing will help attract the type of young and energetic, high-quality workforce that is particularly drawn to a vibrant urban lifestyle. NoMa will be a magnet for performing and visual artists, and generate recreational and cultural activities ranging from restaurants and cafes to art galleries and studios.

ACTION 26

Develop NoMa as a Technology, Media, Housing and Arts District

Develop "NoMa" – North of Massachusetts Avenue – as a new mixed-use information technology, communications media, arts and entertainment, and housing district in the area from the new Washington Convention Center east to Union Station and north to New York Avenue. Create special financial incentives for technology firms in NoMa by abating or reducing all city taxes. The Department of Housing and Community Development should support a NoMa plan to identify major opportunities for private and public investment and development, including a new Metro station at New York and Florida Avenues, NE. Implement the foreign trade zone and establish an "inland port" in the New York Avenue corridor to promote international business activities and make use of federal foreign trade incentives.

NEIGHBORHOODS

Our city's neighborhoods are the crown jewels of Washington, DC, and one of our greatest assets. Overall, they compare quite favorably with urban communities in other cities around the world. Recently, many neighborhoods are on the rebound. Home prices and homeownership are increasing, with people and businesses moving back in, renovating stores, theaters, and houses. This year the Department of Housing and Community Development invested \$70 million in neighborhoods, leveraging an additional \$230 million in other public and private funds. This \$300 million community investment is creating 6,000 neighborhood jobs, 1,700 new and renovated homes and apartments, affordable homeownership opportunities for 1,500 families, 250,000 square feet of neighborhood retail and office space, the revitalization of 16 community business districts, and nearly 50 new or renovated neighborhood service centers — including health care and child care, arts and recreation, education and job training, parks and playgrounds.

Industry Networks need more than downtown office and retail space in which to do business. They also need places to conduct satellite operations. While most of this activity currently takes place in the suburbs, Washington, DC's neighborhoods can and should successfully compete for such space. Our neighborhoods are better served by public transportation, more centrally located within the region, less expensive in terms of office rents, and closer to major magnets such as the federal government and downtown Washington, DC. From Adams Morgan to Anacostia, and Columbia Heights to Marshall Heights, they all offer the charm of communities with historic character and spirited grassroots institutions.

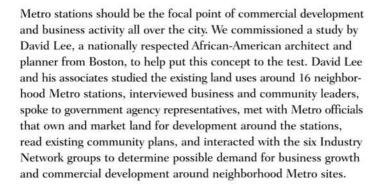
In addition to office space built primarily around neighborhood Metro stations, we now have an opportunity to bring large new retail stores into Washington, DC for the first time in decades. Dr. Michael Porter of Harvard Business School, who did a study for our Strategic Plan on how universities can help promote neighborhood businesses, predicted in his article on "The Competitive Advantage of the Inner City" that major retailers would soon begin moving back into urban areas. The trends he forecast are now coming

true in Washington, DC. The suburbs are currently overrun with retail chains, while many of the city's neighborhoods are underserved. Our residents frequently travel out to suburban shopping malls to make major purchases, an inconvenience to our citizens and a loss of jobs, business opportunities, and sales tax revenues for the city.

In the constant search for new markets to tap, retail chains are looking at the city with renewed interest. If large enough parcels of land are available at accessible locations, the opportunity currently exists to bring major retailers to neighborhood commercial sites across the city, on both sides of the Anacostia River. Safeway, Giant, Home Depot, Lowe's, Magic Johnson Movie Theaters, Shoppers Food Warehouse, Fresh Fields, and many other well-known retail businesses are considering making large investments by building new neighborhood stores in Washington, DC. Once developable land is fully assembled, financial incentives are packaged, and regulatory approvals expedited, the city's communities can look forward to better and more convenient shopping and services, with new jobs, business opportunities, and tax revenues to strengthen our economy. Currently, developers and retailers have their eye on several major sites. Most of these sites are near existing or planned Metro stations.

OPPORTUNITY: METRO STATIONS

After careful discussion and analysis in preparing this strategic plan, we have determined that the most important physical resource available to strengthen the economy of our city's neighborhoods are the Metro stations. Every Metro station – existing ones such as Anacostia, ones now under construction like Columbia Heights, and the one planned for construction at New York and Florida Avenue – can be an anchor, a magnet, and a gateway for expanding businesses and jobs to serve our city's neighborhoods and the people who live and work there.



The Washington Metropolitan Area Transit Authority (WMATA) owns considerable property around their Metrorail stations, plus additional land in our city's neighborhoods for the Metrobus system. While it makes sense to develop property around Metro stations, good development does not always occur. To date there has been no systematic citywide effort to make sure such development actually happens. This action will finally accomplish that vitally important goal.



Ron Engl

In each of the areas his team reviewed, David Lee found much room for improvement: uninviting streetscapes, unattractive retail storefronts, vacant lots and buildings, unanchored gateway locations, and historically significant sites that were not receiving the proper attention. He suggested many ways that negatives could be turned into positives in order to attract shopping and other businesses, turn historically significant sites into major tourist attractions like the landmark Frederick Douglass House in Anacostia, and make neighborhoods better places to live. Now, taking his report as a starting point, we can work together to turn these sites into economically thriving areas.



ACTION 27

Focus Business Activity Near Neighborhood Metro Stations Provide public and private incentives for investment in the areas around neighborhood Metro stations, targeting both existing stations like Anacostia and newly constructed stations such as Columbia Heights. These Metro stations will serve as the primary anchors for economic development in neighborhoods, with an emphasis on promoting community shopping facilities, banks, and related office, commercial, retail, and tourist activity to expand businesses, jobs and services.

To succeed in promoting neighborhood commercial districts, both around Metro stations and in other parts of the city, merchants need to be organized to provide cleanliness, safety, and a pleasing environment for shoppers, workers, visitors, and residents. The new Business Improvement Districts – Downtown DC, Golden Triangle, and now Georgetown – point the way to a new model of accomplishing this important task. The financing arrangements of the downtown model would not necessarily work well in many neighborhood settings, however, where too often both property owners and merchants do not have the resources to support a full-time BID.

Therefore, we need to develop "BID-like" organizations with a more mixed approach to financing, with additional resources from the city government, private foundations, and other sources to match the contributions of property owners and merchants. Also, community development corporations and community-based organizations should play a key role in neighborhood-style BIDs.

ACTION 28

Create Business Improvement Districts for Neighborhoods Create Business Improvement Districts (BIDs) or "BID-like" organizations, and provide support for Merchants' Associations in neighborhood commercial areas to offer increased cleanliness, attractiveness, public safety and security, streetscape improvements, and coordinated marketing campaigns.

One of the greatest potential development opportunities in the city is the New York Avenue corridor directly north of Union Station, where acres of developable land currently are underutilized, vacant, or abandoned. All of this will change virtually overnight once a Metrorail station is built on the existing Red Line at New York and Florida Avenues. It makes good sense to do this. New York Avenue is one the city's most heavily traveled thoroughfares, a federally designated highway, and a priority transportation corridor eligible for special federal funding for major improvements. The longest gap between Metro stations in Washington, DC is on the Red Line between Rhode Island Avenue and Union Station. New York Avenue is right in the middle of that gap.

Since the Metro trains already run on the tracks above ground, the New York Avenue station also would be above ground, and much less expensive to build than digging a new tunnel for an underground station. Once the Metro station is constructed, the NoMa initiative can attract technology businesses to the area, which is wired for fiber optic cable that facilitates high-speed internet access. Federal Express and the Capital Commerce Center on Eckington Place are the tip of the iceberg in terms of business demand for this well-located area, as the recent commitment of a major global internet firm, Qwest Communications International, to lease 100,000 square feet of space at 1500 Eckington Place for their a new "cyber center" clearly demonstrates. Also, the area is large enough to build new housing and make it a mixed-use, 24-hour community.

ACTION 29

Build a Metro Station at New York Avenue to Spur Development

Create a public-private financing mechanism to build a new Metrorail station on the existing Red Line near New York Avenue and Florida Avenue NE, enabling a large area of currently vacant and underutilized land and buildings to be developed for thousands of new jobs and housing opportunities.

To stimulate business activity around Metro stations in neighborhoods throughout the city, we must take full advantage of the business incentives available. The best tools in the city's incentive toolbox come in the form of the special Enterprise Zone designation the city received last year from the President and Congress.

Unfortunately, the formula used to determine the boundaries of the zone – high poverty census tracts – produced an oddly-shaped map that included some areas of the city but excluded many others that were equally deserving of assistance. The best way to remedy this unfair situation is for the Congress to pass legislation proposed by Congresswoman Eleanor Holmes Norton that would extend these incentives to cover the entire city.

ACTION 30

Have Federal Incentives Cover Every Neighborhood in the City

Encourage the Congress to pass Congresswoman Eleanor Holmes Norton's bill applying the special Enterprise Zone economic incentives to every census tract in Washington, DC.

Washington, DC Economic Incentives for Business Expansion

Revenue Bond Program Transactions

Fiscal Year	Total Dollars	Growth Rate
1996	\$121,890,000	-
1997	\$247,905,000	2.12%
1998	\$544,135,000	2.11%

Source: IRB Program

OPPORTUNITY:

TARGETED NEIGHBORHOOD ECONOMIC DEVELOPMENT

The Washington Navy Yard on M Street SE is a historic landmark and major tourist destination. It is also an active U.S. Navy facility that is in the process of doubling its size by bringing in 5,000 Navy jobs. Since the Navy's private contractors are required to be near the Admiral's office, thousands of additional jobs will locate in the vicinity, and two new private office buildings already are being planned for construction on M Street near the Navy Yard Metro station.

The opportunity to leverage the Navy Yard's expansion to promote economic and community development on both sides of the Anacostia River waterfront is too good to pass up. The Navy agrees, and it is actively working with community groups through Bridges to Friendship, an initiative involving many federal agencies working with non-profit groups such as Friendship House, Covenant House, and Ellen Wilson Community Development Corporation, to provide training, jobs, and business opportunities for people in the nearby neighborhood.

This is just the beginning. Groups ranging from public housing residents to merchants on 8th Street SE are working together to use the Navy Yard expansion as a catalyst for positive economic change. A nonprofit development group, Manna, Inc., will prepare a waterfront area development plan to take full advantage of the economic momentum, including the recent Urban Land Institute (ULI) study of the Southwest Waterfront, and the M Street plan being developed by the National Capital Planning Commission. The opportunities are exciting.

ACTION 31

Use Navy Yard Expansion to Generate Local Business and Jobs Using 5,000 new jobs as leverage, expand the Washington Navy Yard by redeveloping the surrounding area and generating business activity and employment on both sides of the Anacostia River. In preparation, the Department of Housing and Community Development should provide funding for an economic development plan to attract new investment in the Southeast/Southwest waterfront area.

The Navy Yard expansion is tied to improvement of the Anacostia River waterfront on both sides of the river. The Department of Housing and Community Development and the Office of Planning are working with community groups and the three District of Columbia Council members representing Wards 6, 7, and 8, to plan for the future of East of the River neighborhoods. The plan will focus on opportunities to grow businesses and jobs around Metro stations and other key sites. Also, it will emphasize increasing homeownership and reducing the concentration of blighted apartment buildings. Currently there is a renaissance of single-family homeownership taking place East of the River, with over 1,100 new homes being developed for sale, competing in quality and price with houses in Prince George's County and other

suburban areas that have drawn away Washington, DC's families during the past two decades.

ACTION 32

Rebuild East of the River With Major Stores and Homeownership

Produce a comprehensive development plan for East of the River neighborhoods promoting community and regional retail and office space around Metro stations and other large sites such as Camp Simms, St. Elizabeth's, and the Anacostia River waterfront, combined with a strong focus on increasing homeownership, and reducing the concentration of blighted and vacant apartment buildings.



Frederick Douglass House

Another targeted strategic economic development area is the Georgia Avenue corridor, the longest continuous avenue in the city. This long commercial strip is in some difficulty, even though it is bordered on both sides by many attractive and stable neighborhoods. A partnership of the city government, local businesses and residents, and federal officials, is searching for ways to strengthen the corridor. The main emphasis will be on using the Metro stations as anchors, along with key sites such as Howard University, the new Washington Convention Center, and the Eastern Avenue gateway to the city. Increasing homeownership and preserving the quality of housing in the surrounding residential areas is also a vital part of the overall strategy.

ACTION 33

Invest in Georgia Avenue to Grow Jobs and Improve Neighborhoods

Focusing on key anchors such as Howard University, the new Washington Convention Center, two existing and two Metro stations under construction, and the Eastern Avenue gateway, build a public-private partnership to enhance business activity and create jobs by attracting new commercial investment and development along Georgia Avenue. At the same time, strengthen the quality of life, improve public works, public education, and public safety, and increase affordable homeownership by renovating housing and expanding home financing in adjacent residential communities, such as Fannie Mae and Howard University are doing in the LeDroit Park neighborhood.

Many of the targeted areas highlighted in our strategic plan were also included in the city's application for a federal Empowerment Zone, which can bring additional resources for economic and community development. The joint application, together with Prince George's County, represents unprecedented regional cooperation to address similar problems across a common border, and to connect Washington, DC's residents to suburban jobs and business opportunities. This cooperation is now happening, and it will continue whether we win or lose the nationwide competition for a federal Empowerment Zone designation.

ACTION 34

Use the Empowerment Zone to Increase

Community Investment

Take advantage of the city's joint Empowerment Zone application with Prince Georges' County as a means of enhancing economic investment in targeted neighborhoods

OPPORTUNITY:

COMMUNITY DEVELOPMENT CORPORATIONS

A report last year by the Local Initiatives Support Corporation (LISC) and the Center for National Policy, and a recent public television documentary called "Rebuilding Washington's Neighborhoods Block by Block," highlighted the role of Washington, DC's community development corporations (CDCs) and other nonprofit development groups in revitalizing our city's neighborhoods. Recently, CDCs have developed most of the shopping centers in the city, in Marshall Heights, Columbia Heights, H Street, and the new Good Hope Marketplace in Southeast. The city government provides support through federal Community Development Block Grant (CDBG) and HOME funds, with private sector funds coming from foundations, banks, corporations, and special assistance groups like LISC, the Enterprise Foundation, and the Neighborhood Reinvestment Corporation.

LISC has been the most active, helping to fund CDCs for 17 commercial and residential development projects worth \$27.5 million in total community investment during the past four years alone. LISC staffs the Community Development Support Collaborative, an effective Washington, DC institution that pools the resources of foundations, banks, and corporations to finance capacity-building for community development organizations. With all of the good work being done, much more support is still needed. It will make a major difference in implementing a successful economic strategy to strengthen our city's neighborhoods.

ACTION 35

Increase Support for Community Development Organizations

Increase public and private support for technical assistance provided to community development corporations and community-based organizations to expand their capacity to develop businesses, jobs, commercial and residential buildings, and promote homeownership.



OPPORTUNITY: BROWNFIELDS CLEAN-UP AND REDEVELOPMENT

Next to our people, the second most important resource the city has is land. Washington, DC is relatively small in geography, with no opportunity to expand its boundaries. As economic demand increases, space is at a premium. Businesses are constantly searching for sites on which to develop offices, stores, service centers, warehouses, wholesale markets, light manufacturing facilities, and other job-creating uses. We can expand our available assets by reclaiming land that is now environmentally hazardous or damaged, called "brownfields." Increasing the supply of developable land is not only good economics, it is good environmentalism. It will improve the quality of life in neighborhoods, because many of these sites are currently blighted and serve only as vacant junk yards or crime spots. Cleaning up and redeveloping brownfields also is another good opportunity to involve both the business community and neighborhood residents in planning together for sustainable prosperity.

ACTION 36

Clean Up and Redevelop Hazardous "Brownfield" Sites Clean up and redevelop environmentally hazardous "brownfields" sites, providing new business and job opportunities for environmentally sensitive activities, and expanding available land resources for economic development.

CONCLUSION

In focusing on Strategic Areas, as in the other chapters of this report, our plan proposes key actions that will grow businesses and jobs, improving prosperity and quality of life for families and communities. It does not deal with every single issue of concern to citizens, not does it propose every single good idea or program. Many major issues, from fixing the schools, to filling the potholes, to picking up the recycling, to policing the streets, are already being addressed in many other public and private contexts. While all of these and many more problem areas remain vitally important to the success of our economic strategy, we have stuck to our knitting and designed our key actions to be carried out in conjunction with these other ongoing efforts. We are not trying to reinvent the wheel; rather we are searching for the best way to do the job that we all need and want.

In downtown, and especially in our neighborhoods, the Strategic Economic Development Plan and the 40 key actions to be accomplished during the first year will get us part of the way to where we want to be. If we all keep working closely together, and take additional actions in the years ahead to keep the strategy moving farther and faster, we will most certainly succeed in creating a better city for every family and community.

CHAPTER FIVE:

IMPLEMENTATION

READERS OF THIS REPORT may be wondering if it will be any different from the many that have come before, reports that have done little more than collect dust on bureaucrats' bookshelves.

In fact, some members of our own steering committee were skeptical about this plan – at first. But they soon saw that their skepticism was ill-founded. This is not a discussion document, nor is it a wish-list prepared by well-meaning academics removed from the reality of how things really work and get done in our city. The full implementation of this strategy is built into the plan itself.

All 40 key actions set forth in this Strategic Plan will have a designated implementation body responsible for getting the job done. Many of these lead organizations have already stepped forward, and they are now hard at work and moving ahead with their initiatives and projects.

KEY ACTIONS

The final four actions are presented in this concluding chapter. They are designed to make sure that the other 36 actions are successfully realized, and that the overall economic strategy produces the results of growing business, jobs, people, and communities.

Two of these actions are structural changes in city government, and another is a structural change that implements a new non-profit corporation as a government-supported public-private partnership. These changes will make accountability and responsibility for plan implementation clearer and more effective.

The first proposal is to create a new position of Deputy Mayor for Economic Development. That person's responsibility would be to work with every government department and agency in carrying out the Strategic Economic Development Plan for Washington, DC.

ACTION 37

Provide Administrative Management and Leadership
Establish a position, such as a Deputy Mayor for Economic
Development, to serve as a main point of contact for businesses, and to coordinate economic development activities conducted by city departments and agencies, including the Department of Housing and Community Development. The Deputy Mayor's office would focus primarily on administrative and policy coordination, rather than on expediting large projects or negotiating development deals. For example, this office would design a comprehensive asset management strategy to more effectively utilize available surplus city-owned property designated for economic development. The Deputy Mayor

would be responsible for coordinating city government implementation of the Strategic Economic Development Plan for Washington, DC, working in collaboration with the new National Capital Revitalization Corporation, the private sector, and community groups.

The second initiative proposes the formation of a citywide economic development corporation. A public-private partnership, it will be a vital organization — similar to those that have proved beneficial in many other cities — whose mission will be to make sure that economic development moves forward.

ACTION 38

Implement the Citywide Economic Development Corporation Implement the National Capital Revitalization Corporation (NCRC) as a non-profit, citywide economic development organization to make loans or investments in projects and businesses, buy and sell land and buildings, perform additional development-related functions, and incorporate other public and private economic development activities and programs.

The third proposal is to establish a much-needed Office of Management and Budget. This entity would coordinate spending, taxes, and regulations across the city government, making sure they all fit together in order to carry out the economic strategy. Too often we have heard horror stories from people trying to do professional or personal business in the city, people who have been encouraged to do something by one city department, only to have another city department give them a costly fine, cause a needless delay, or even shut them down. We were told again and again that the lack of coordination in city government makes conducting daily business difficult and frustrating. Disorganization and lack of professionalism has driven away far too many businesses, jobs, and residents.

ACTION 39

Improve Budget Coordination and Regulatory Streamlining Create an Office of Management and Budget in the Mayor's Office to evaluate and monitor departments and agencies, and to coordinate budget, regulatory, and policy priorities with the goal of promoting a business and resident-friendly city. Adopt clearinghouse recommendations of the Business Regulatory Reform Commission that establish comprehensive evaluation and monitoring functions.

Finally, we have already enlisted a dedicated group of business, community, civic, and government leaders who are taking responsibility for making sure that we all do our job – turning the plan into a success for our citizens and neighborhoods.

ACTION 40

Establish Ongoing Monitoring to Implement the 40 Key Actions

Establish an ongoing Steering Committee of business, civic, community and government leaders to monitor on a regular basis the progress of the Strategic Economic Development Plan for Washington, DC, and particularly to implement the 40 key actions during the coming year. Both the Industry Networks and the Steering Committee will meet monthly to move forward all 40 action initiatives. They will delineate explicit goals and set measurable performance standards as benchmarks to monitor the results produced. Also, they will establish clear lines of accountability and responsibility for completing each project, and prepare quarterly progress reports covering each of the 40 actions. Implementation of each action will be led by an ad hoc group of key stakeholder organizations and individuals, meeting regularly to accomplish the most important tasks. One organization and one or more designated leaders will commit to bringing each of the 40 action groups together, focusing on successfully achieving important outcomes within the next 12 months.

CONCLUSION

These four actions taken together will move the process forward and provide a solid foundation and management structure for implementing the Strategic Economic Development Plan for Washington, DC. The last action – Number 40 – is what the plan really is all about: "By the People, For the People." People are the heart and soul of this enterprise. Four hundred people in the city created the plan, and thousands will work to carry it out. Most importantly, more than half a million will benefit from living and working in better, more prosperous city.

Our plan's title calls attention to "The Economic Resurgence of Washington, DC." Through various examples and statistics, we document the surprisingly robust comeback of our city from its recent difficulties. Behind all the positive numbers and graphs are the lives of real people, and many individuals and families have improved their circumstances compared to a few years ago. But others are still facing tough times, which is why our economic strategy is so important. People need jobs, and we can help improve their chances of finding and keeping one.

The third part of the plan's title is "Citizens Plan for Prosperity in the 21st Century." If "prosperity" is the goal, then "citizens plan" is the means. We now have a workable plan, thanks to the active involvement of so many citizens contributing their time, energy, wisdom, and resourcefulness. They – and you – have given us a direction to go forward, and told us how to get there. So let us begin together, taking the first steps on a journey to a brighter future for all the citizens of Washington, DC.

HAT AN EXCITING TIME THIS IS TO BE IN WASHINGTON, DC. With this plan, and the commitment that hundreds of people have made to seeing it through, real change is beginning to unfold. It's a change that reflects the strength of the city today as well as our dreams of what the city will become. It's a change for us to enjoy now and for our children to prosper from in the future. It's a change that's good for city residents, as well as for all those who live and work in, and visit, metropolitan Washington.

To those who doubt us - to those who are cynical about the future of Washington, DC, we have a very simple message: Just wait and see. You won't have long to wait.

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APPENDIX: 40 KEY ACTIONS

I. STRATEGIC INDUSTRIES

A. GROW INDUSTRY NETWORKS

ACTION 1: REDUCE TAXES TO ENCOURAGE BUSINESS USE OF NEW TECHNOLOGY

ACTION 2: CREATE A HOSPITALITY INDUSTRY PLAN FOR THE ENTIRE CITY

ACTION 3: INVOLVE UNIVERSITIES IN SUPPORTING ECONOMIC DEVELOPMENT

ACTION 4: STREAMLINE HEALTH CARE INDUSTRY REGULATIONS

ACTION 5: LAUNCH A MEDIA CAMPAIGN TO IMPROVE THE CITY'S IMAGE

ACTION 6: ESTABLISH A TECHNOLOGY COUNCIL TO ATTRACT AND EXPAND FIRMS

B. GROW BUSINESSES AND JOBS

ACTION 7: EXPAND THE MARKETING CENTER TO RETAIN AND ATTRACT FIRMS

ACTION 8: IMPLEMENT REFORMS IN CONSUMER AND REGULATORY AFFAIRS

ACTION 9: PROVIDE TARGETED INCENTIVES TO GROW FIRMS AND EXPAND JOBS

ACTION 10: ASSIST LOCAL FIRMS IN OBTAINING FEDERAL AND PRIVATE CONTRACTS

ACTION 11: INCREASE CAPITAL AVAILABILITY FOR COMMUNITY-BASED BUSINESSES

ACTION 12: PROMOTE METROPOLITAN COOPERATION FOR MUTUAL ECONOMIC BENEFIT

ACTION 13: STRENGTHEN ECONOMIC PARTNERSHIP WITH THE FEDERAL GOVERNMENT

II. STRATEGIC POPULATIONS

A. WORKFORCE DEVELOPMENT

ACTION 14: ESTABLISH THE WORKFORCE INVESTMENT BOARD AS A CLEARINGHOUSE

ACTION 15: EXPAND THE ROLE OF THE UNIVERSITY OF THE DISTRICT OF COLUMBIA

ACTION 16: SUPPORT PUBLIC "SCHOOL-TO-CAREER" PROGRAMS AND CHARTER SCHOOLS

ACTION 17: CONNECT WASHINGTON, DC RESIDENTS TO METROPOLITAN JOBS

B. ATTRACTING AND RETAINING RESIDENTS

ACTION 18: PROMOTE HOMEOWNERSHIP WITH EMPLOYERS, CHURCHES, AND SCHOOLS

ACTION 19: INCREASE DOWNTOWN HOUSING AND MIXED-USE RETAIL, SERVICES AND ARTS

ACTION 20: SUPPORT AND DEVELOP NEIGHBORHOOD ARTS, CULTURE, AND TOURISM

ACTION 21: DEMOLISH AND REDEVELOP BLIGHTED PROPERTIES

ACTION 22: ENHANCE COMMUNITY SAFETY BY IMPOUNDING CARS USED IN CRIME

III. STRATEGIC AREAS

A. DOWNTOWN

ACTION 23: ATTRACT RETAIL INVESTMENT DOWNTOWN IN THE F STREET CORRIDOR

ACTION 24: USE RELOCATION OF EMPLOYMENT SERVICES TO ENHANCE DEVELOPMENT

ACTION 25: CREATE PARKING FACILITIES FOR TOUR BUSES

ACTION 26: DEVELOP "NOMA" AS A TECHNOLOGY, MEDIA, HOUSING AND ARTS DISTRICT

B. NEIGHBORHOODS

ACTION 27: FOCUS BUSINESS ACTIVITY NEAR NEIGHBORHOOD METRO STATIONS

ACTION 28: CREATE BUSINESS IMPROVEMENT DISTRICTS FOR NEIGHBORHOODS

ACTION 29: BUILD A METRO STATION AT NEW YORK AVENUE TO SPUR DEVELOPMENT

ACTION 30: HAVE FEDERAL INCENTIVES COVER EVERY NEIGHBORHOOD IN THE CITY

ACTION 31: USE NAVY YARD EXPANSION TO GENERATE LOCAL BUSINESSES AND JOBS

ACTION 32: REBUILD EAST OF THE RIVER WITH MAJOR STORES AND HOMEOWNERSHIP

ACTION 33: INVEST IN GEORGIA AVENUE TO GROW JOBS AND IMPROVE NEIGHBORHOODS

ACTION 34: USE THE EMPOWERMENT ZONE TO INCREASE COMMUNITY INVESTMENT

ACTION 35: INCREASE SUPPORT FOR COMMUNITY DEVELOPMENT ORGANIZATIONS

ACTION 36: CLEAN UP AND REDEVELOP HAZARDOUS "BROWNFIELD" SITES

IV. IMPLEMENTATION

ACTION 37: PROVIDE ADMINISTRATIVE MANAGEMENT AND LEADERSHIP

ACTION 38: IMPLEMENT THE CITYWIDE ECONOMIC DEVELOPMENT CORPORATION

ACTION 39: INCREASE BUDGET COORDINATION AND REGULATORY STREAMLINING

ACTION 40: ESTABLISH ONGOING MONITORING TO IMPLEMENT 40 KEY ACTIONS



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