



Washington DC's 
**Economic
strategy working
session**

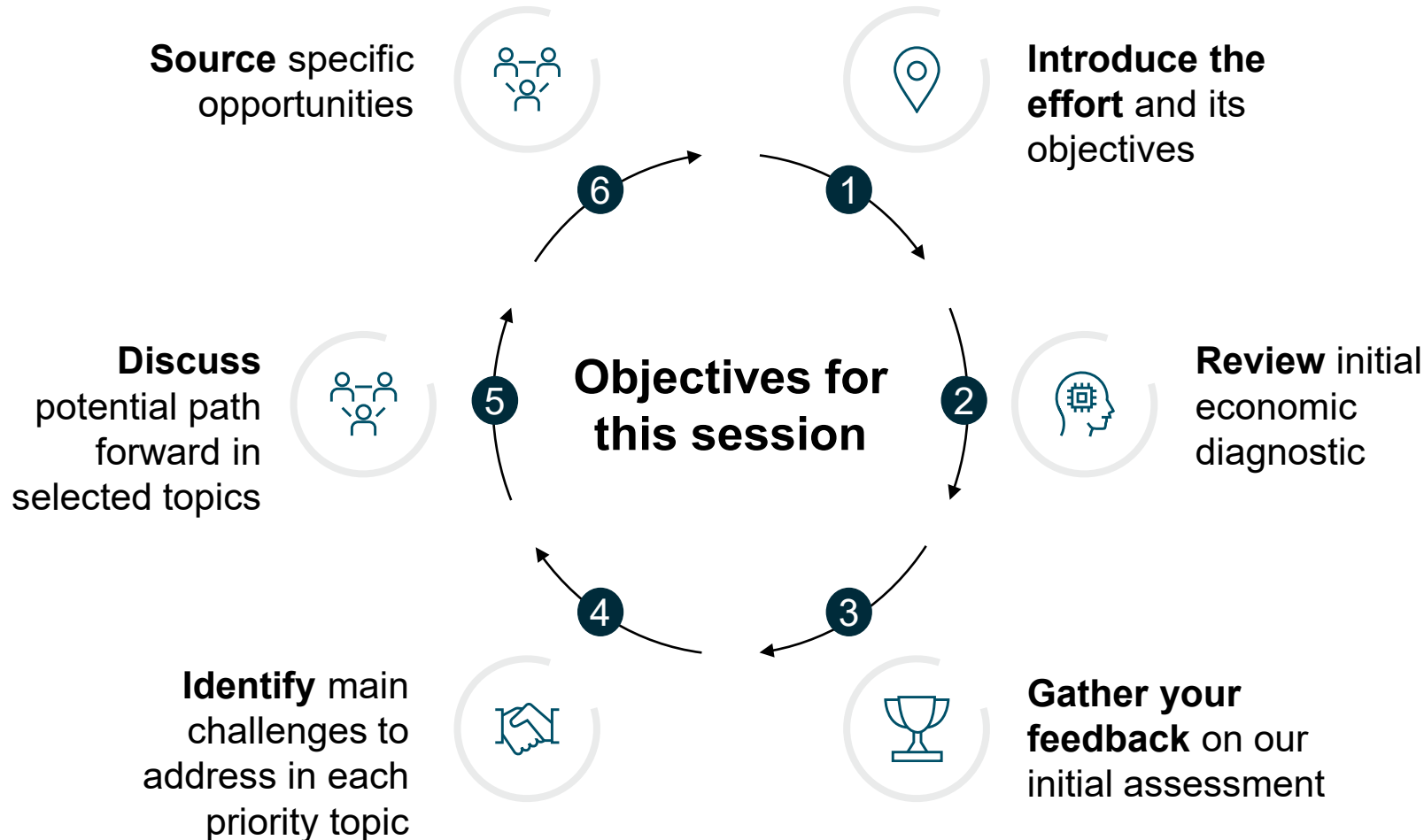
Takeaways

July 2022

★ **DMPED** ★
OFFICE OF THE DEPUTY MAYOR FOR
PLANNING & ECONOMIC DEVELOPMENT

★ ★ ★ GOVERNMENT OF THE
★ ★ ★ DISTRICT OF COLUMBIA
★ ★ ★ **DC** MURIEL BOWSER, MAYOR

We gathered ~50 stakeholders from the community including business leaders, government officials, and researchers to kickoff a discussion about DC's 5 year economic development strategy



In this document you will find...

1. Overarching themes for discussions throughout the day
2. Synthesis of takeaways across:
 - Underlying strengths the strategy should be built upon
 - Key challenges that need to be addressed through the strategy
 - Important opportunities to develop and invest in
 - Potential definitions of success and goals for the strategy
 - Big ideas and potential actions to consider

We embarked a process to build our economic development strategy, aimed at promoting sustainable inclusive growth through three lenses



1 Tax base and revenue

Tax base must be bolstered by economic development efforts in order to reliably provide public services and amenities which residents and businesses depend on

2 Resident economic mobility

Residents must have the opportunity to afford a home in a safe and vibrant neighborhood, get a high-quality education, and find a job with a family-sustaining wage and access to benefits.

3 Business vitality

Businesses must be able to access the talent, the resources, the climate, and the ideas required to compete in a rapidly evolving economy subject to disruptive trends

Executive summary of economic strategy kick-off (1/2)

Approach



Address race and long-time residents: The strategy must speak sharply about how it addresses historic residents of the District, and how its strengths, weaknesses, and opportunities are explicitly being addressed in its communities of color, to ensure the plan is seen as one for long-time, not just recent residents



Answer varied perceptions of DC: DC has multifaceted and mixed perceptions. Some have outdated views about the quality of schools, the tax burden compared to neighbors, or its status as solely a federal town. There is an asset in the authentic local DC to be celebrated



Authentically engage residents throughout the process: Meet residents where they are, engage them seriously. Incorporate them into the process as thought partners so the “voice of the resident” is at the center of the strategy

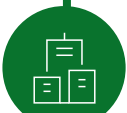
Tax base



Resident retention is paramount, and housing, affordability and access to amenities are key: Among most common reasons for residents leaving DC are housing affordability and public education options.



Growth of tax base to fund investment priorities: Given the central role residents and resident income plays in enabling growth and investment, the strategy must consider how to continue to grow population and resident base



Shift to hybrid work threatens Downtown and the tax revenues it produces: Hybrid work is here to stay; revitalizing Downtown will involve a variety of approaches, including bringing back traditional office users, transitioning legacy office space to new uses, attracting residents and visitors, and creating more vibrant public spaces.

Recap of key themes from the Economic Strategy Kick-off (2/2)

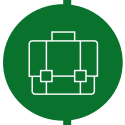
Resident mobility



Education can be key to addressing opportunity for mobility: In DC, Black and Latino students are 25-50x more likely to drop out of high school than White students; opportunities exist for improvements in education that will address these disparities



Talented workforce comprised of many out-of-state workers and students, opportunity to improve post secondary and workforce pathways for residents: DC attracts many out-of-state workers; there is an opportunity to develop programs and education pathways that make District residents highly attractive and competitive in the workforce



Equitable access to services is essential: Given stark racial disparities, providing support and services for residents at key points of a life path facilitates mobility, yet can be uneven or siloed across the city

Business Vitality



Target a focused set of high growth sectors: Develop a deliberate and proactive approach to gain greater share in high growth sectors like life sciences and tech, including cultivating talent to attract these businesses



Improve the ease and cost of doing business (and development): While there has been progress, focused effort is required to address the cost and improve the ease of doing business. Streamlining processes and reducing red tape will reduce burden on residents, developers and business owners








Develop city-wide small business strategy: Coordinate agencies to support and reduce costs for small businesses, particularly targeting minority business owners







Define beneficial relationship with federal government and regional neighbors : Deepen understanding of federal government as an asset with a deliberate approach to strengthen the relationship, yet build greater resilience and reduce reliance. Recognize and create a deliberate approach to the unique dynamic among regional peers





Small group discussion – Strengths

	Theme	Description	Quote
	Progress towards affordability	DC has made progress in tackling affordability challenges, including homelessness, through substantial investments in affordable housing; although there is still more work to be done	““DC does a good job providing affordable housing but not enough social services to help people reach self-sufficiency”
	Strong talent pool and educational attainment	DC has a highly skilled and educated workforce – leader among peer cities and MSAs in education attainment - driven by high in-migration from 18-24 year olds and out-of-state talent	““DC has one of the most diverse and educated populations in the country.”
	Equity is a priority	There is a shared commitment to addressing the racial, gender and geographic discrepancies in likelihoods of negative life events (e.g., dropping out of school, incarceration, unemployment) at highest level of government and leaders across DC	““Focus on equity at the highest levels of government – this is an asset for those who share that value”
	Anchor institutions: federal government and education	Anchor assets and organizations can be key tools to attract new businesses in high growth industries like life sciences, cybersecurity, policy innovation, and climate technology	““We have the best quantum resources such as the federal government and academia that can play central role to attract priority areas like cyber”
	Community assets: schools, library, rec centers	<p>The city is abundant in amenities that provide a high quality of life including walking paths, parks, green space, and attractive features</p> <p>DC has made significant investments into state-of-the-art physical school infrastructure, libraries, rec centers, and road infrastructure</p>	““The physical facilities of DC schools are a strength. Our rec centers are a strength. The library system we have is way above anything developed in the suburbs. These investment are made with expectation of meaningful promotion of economic development.”






Small group discussion – Challenges (1/2)

	Theme	Description	Quote
	Resident retention, – with affordability a key determinant	Resident retention is a key priority – and challenge – for future growth, and the strategy should consider how to get more people to live in DC, not just work here (e.g., adjusting incentives or costs to live in DC, responding to quality-of-life considerations). Housing and families are important considerations and drivers of these decisions	<p>““ “We need to understand the impact of our youth of why they want to leave DC”</p>
	Sector diversification and lack of high growth companies	DC is known for government and related agencies and this strategy should consider how to ensure diversification away from this reliance The number and share of high growth industries (tech) in DC should be increased; DC should strive to capture its fair share of growth in these areas	<p>““ “It feels like there's not a single school that has a computer science degree in DC and talent is a key for companies. DC creates engineers of color but then they aren't staying in DC”</p>
	Workforce, talent and community college system	Workforce and talent limit overall economic progress as there is a mismatch between in-demand talent and supply of that talent. DC's workforce pipeline is important for attracting future companies and growth Investment and performance in community college system and anchor institutions needs to improve Consider citizen and employee centric approaches, how to ensure more skills-based hiring and create alternative options for upward mobility (e.g., vocational education)	<p>““ “[As a business owner], hiring is hugely challenging. We have a hotline for if anyone finds roofers in DC and we never get calls--sometimes we'll hear about someone in Maryland”</p> <p>We don't have a strong community college; haven't supported UDC; jobs with pathways require strong community colleges as the anchor; UDC and community college need mention in the mobility action plan</p>
	Zoning and burden of development	The cost and ease of development can feel like a “burden” which requires going through multiple hoops, red tape, navigating penalties and incentives Zoning can limit development, particularly in lower income parts of DC with lower density, as restrictions on building size and number of units reduces supply of housing, commercial real estate, and amenity space	<p>““ “There's a lot of economic opportunity to up-zone to spark development in Wards 7 and 8, but zoning is often a limitation and as a result businesses there are still struggling”</p> <p>“You need density to support foot traffic to support retail”</p> <p>“Need to do an analysis on how you can support commercial success through density and foot traffic in wards 7 and 8”</p>

Small group discussion – Challenges (2/2)

Theme	Description	Quote
 <p>Cost and ease of doing business</p>	<p>Cost of doing business in DC vs. other neighboring municipalities is higher and causes companies to decide to locate in neighboring areas instead of DC</p> <p>DC is not thought of as business friendly and systems and policies need to be re-engineered to be more seamless and easier to navigate</p> <p>Cost and regulatory environment for start-ups can be challenging, overwhelming and unclear. While there is some progress recently, there's a long way to go</p>	<p>“You ask yourself every year – does it make sense to be here in the District?”</p> <p>“A member could no longer afford to sustain their business in DC and there was an SOS to help move their business outside of DC across the river to Silver Spring” – rent, labor, overhead</p> <p>In Virginia took 5-10 minutes to register for LLC; DC took much longer, night and day for how different it was; jump through many hoops</p>
 <p>K-12 and children's economic mobility</p>	<p>Education is viewed as a key determinant of economic mobility, and current system is not ensuring equitable mobility for children as too few students who are going through DC public schools are accessing high paying jobs/opportunities</p> <p>There's an opportunity to take a data-based approach to supporting children, their education, support and attainment, and child-centric view of mobility</p>	<p>“DC public education is a challenge because the school system is not improving fast enough. Would like to see ways to improve the K-12 system with tangible goals.”</p>
 <p>Access to services/silos within city</p>	<p>There are silos across the services and infrastructures accessible to residents. Despite significant recent investment in community and public assets, access is not equitable</p>	<p>“How do we not silos these things so that kids have the resources they need. Trying to link as a smart government to move this forward?”</p> <p>“The city has a ton of resources that are not utilizing technologies that bring in revenue and jobs. Give people technology to generate opportunities”</p>
 <p>Small business sector and start-up retention</p>	<p>There is a lot of startup activity going on that is under the radar and it needs to be expanded out</p> <p>Companies also need to be a retention target, particularly considering moves to high growth areas like Raleigh, Austin, and the loss of people that creates too</p> <p>There should be a focus on small business, including preserving culture and momentum for this segment</p>	<p>“Have similar tax breaks and incentives for SMEs and micro-businesses”</p> <p>“Many startups start here and then relocate elsewhere e.g. &pizza, Sweetgreen. We need to figure out why they leave and keep more of these businesses here</p>

Small group discussion – Opportunities (1/2)

	Theme	Description	Quote
	Address perception challenges to DC	Opportunity to improve perception of the city by creating more high-demand job opportunities (i.e. nursing) for disadvantaged groups; forming new creative avenues through open street organizations, converting vacancy space into cultural venues, and growing businesses in non-government-related sectors	<p>““ Perception that government is the antithesis of business”</p> <p>“DC attracts a lot of people that want to make change in the world - one of the greatest levers for change is government”</p>
	Ed system and data to track progress	Track outcomes throughout the education pipeline from early childhood, to K-12, through post secondary education to better identify and target gaps and people in need	<p>““ Other geographies have programs tailored to producing talent companies need that we could look to replicate”</p> <p>“We need to build an educational eco-system to track children in DC. Not enough is done along a continuum.”</p>
	Access to resources at key life moments	Given stark racial disparities, providing support and services for residents at key points of a life path facilitates mobility, yet these services can be uneven or siloed across the city making it difficult and costly for residents to access	<p>““ Needs to be more connection between education and workforce. Initiatives could look to support children along the continuum of awareness and experience of the job market.”</p> <p>“We don’t think of education as economic development traditionally, but we should begin integrating education into our development strategy.”</p>
	Downtown vitality	Reinvigorating Downtown’s streets as an accessible cultural and entertainment destination is important to urban vitality and property tax base	<p>““ It’s important to maintain vitality in downtown with entertainment and a destination with easy transportation”</p>
	Grow and attract innovation sectors	<p>Trying to bridge the gap between high growth industries and the lack of opportunities. Cultivate young innovators and STEM talent to attract high growth innovation companies and increase job opportunities for the youth</p> <p>Leverage global city status to attract international companies and markets</p>	<p>““ So many young innovators in high school, need to engage young people and young entrepreneurs in their comfort zones; meet them where they are”</p> <p>“Climate is the biggest threat we’re going to be facing in the District”</p> <p>“Why don’t we encourage global companies to have offices in DC?”</p>





Small group discussion – Opportunities (2/2)

	Theme	Description	Quote
	Focused investment east of the river	Work on supporting residents throughout the lifecycle to achieve self-sufficiency Involve residents in the process, focus on building trust and easing barrier of entry to getting loans and starting businesses as existing barriers disproportionately disadvantage businesses starting in Wards 7 and 8	“Walk people from “emergency” through “stability” – DC does a good job providing affordable housing but not enough social service helping people reach self-sufficiency” “The community needs to believe in change”
	Regional approach – one MSA?	We compare too much to Virginia and Maryland, people don't care much about boundaries. Should instead compare ourselves to other regions Are there opportunities to participate in strong sectors in Virginia and Maryland like life sciences/defense?	“Can we have the mindset of not competing against our neighbors and think of ourselves together and be competing against say NY, or SF?” “Talent doesn't know borders; businesses don't know borders”
	Generational differences and work preferences	Young people have new work and living preferences. How can DC leverage its assets to attract and retain a new generation that emphasizes mobility and work-life balance?	“Is Gen Z going to be as interested in living in cities as millennials or will remote work shift their preferences?” “Has remote work created more opportunities for small businesses in non-mainstream areas?”
	Greater focus on education (K-12)	Education has significant downstream effects on later life outcomes and should be integrated into an economic development strategy. Amenities like public education and safety affect people's location decisions, underlying drivers for racial disparities	“Education was missing. We talk about it as a reason for mobility but didn't see any panels talking about our schools... Lack of coordination around schools, community centers, etc. Need to discuss crime-it's a major factor in where people live. Was struck by the likelihood of Black and Latinos in DC dropping out of school. We need to look at why Black residents are so much more incarcerated. This all deals with mobility and taking one's place in society.”
	DC's brand	Perceptions of the city have changed over the years and may need to be addressed; residents should feel pride in the culture, economy, society, and city of DC	“Are we missing brand loyalty in DC?” “Are folks proud of being a DC resident or proud of being a “DMV” resident?” “In 2000, I moved here and stayed here. People took pride in the city and wanted to stay in the city. I think that's less true now.”





Small group discussion – Definitions of success

	Theme	Description	Quote
	A public education system people will move for	Improvements in K-12 education outcomes, particularly for racial minorities, to close later-stage outcome gaps (i.e. incarceration) Increasing enrollment and quality of UDC to enable DC residents to be more competitive in workforce	““Focus on higher education and get more students enrolled in UDC and then find a way for companies to hire UDC students.” “Make UDC a high-class public university and open to in-state tuition for MD and VA residents”
	Integrating education with post-education opportunities	Tying financial literacy and workforce opportunities with native residents going through the DC public school system Connecting education and workforce development to provide more alternatives for underserved residents	““How do we create opportunities for students and young adults and grow here? Learn, learn, and live”
	Startup and business friendly environment, particularly for minority owned businesses	Cultivating minority owned businesses is a way to support both growth and equity simultaneously New businesses and industries help reduce reliance on federal government	““The starts of small and minority owned businesses is measurable and impacts other growth and equity metrics”
	Equal opportunities for employment, wealth building, and mobility	Improved opportunities to create generational wealth, equity building, ease of access to jobs and key living amenities	““Affordability of housing and creation of generational wealth, it can't be a moonshot goal to improve on these metrics”
	Closing racial outcome gaps	Reducing the discrepancies in likelihoods of negative life outcomes (dropping out of school, incarceration, unemployment etc.) between racial minorities and the DC average	““We need to create systems and solutions for low-income people”
	A city that engages residents of all backgrounds	Instituting a culture of respect for residents of all backgrounds, as well as heavily engaging residents to ensure they have information and access to opportunities	““Together, make sure everyone is at the table no matter who you are, if you're in or working in DC”




Small group discussion – Actions and Initiatives

Theme	Description	Quote
 STEM education	<p>Promote and invest in STEM and technology talent programs, focusing on heavy sciences, life sciences and computer science</p> <p>4x DC's computer science production – in partnership with our anchor higher education institutions (e.g., Howard)</p>	<p>“We should quadruple Howard’s CS program, There are existing partnerships with Stanford and UCLA and we need to promote – and retain – more of the success of our higher ed [anchors]”</p>
 Affordable housing	<p>Reimagine vacant real estate space, particularly in Downtown class B and C office space into innovative residential spaces (look at Loudoun County prison project for an example)</p> <p>Systemize and increase affordable housing, especially for DC graduates, helping people build a family</p>	<p>“30% increase in housing wraparound services.”</p> <p>“Provide housing to students that graduate from DC universities and get jobs in DC”</p> <p>“Could create an incentive for every DC-based graduate to stay in the district (e.g., offer 6 months of rent paid)?”</p> <p>“Revisit the Height Act”</p>
 Expand access to education	<p>Reduce barriers for low-income residents to attend school, facilitating the job pipeline to make it more economically feasible</p>	<p>“Get DC universities to hire BIPOC residents”</p> <p>“Could [DC public school] students go to [college] for free?”</p>
 Support minority and small businesses	<p>Encourage new business formation and support the survival of those businesses, particularly amongst minority owners</p>	<p>“Increase entrepreneurship, particularly businesses that make it for five years.”</p> <p>“Integrate arts into the economic community.”</p> <p>“Expand minority supplier work across many sectors.”</p>



Takeaways from post-it comments on Gallery Walk

	Tax Base and Revenue	Resident Economic Mobility	Business Vitality
 Strengths	<p>Income base is growing as taxable income of medium-high earners increases; parts of outmigration are due to success of residents</p>	<p>Quality of school infrastructure, rec centers and libraries, however these are not used by target populations and often public schools struggle with internal quality</p>	<p>Highly educated community</p> <p>Access to healthcare</p> <p>Local government engagement</p>
 Challenges	<p>Unreliable tax base: Overreliance on high income earners for tax base, can't count on capital gains</p> <p>Outmigration of residents recently out of college, either lack of job opportunities or newly formed families</p> <p>Drivers: Costs to produce housing in DC are high, perception of schools is weak, safety</p>	<p>Lack of economic opportunities East of the River</p> <p>The jail system in DC is punitive and incarceration leads to long term trauma, incarcerated individuals are not reintegrated</p> <p>Small businesses need stability and government support funds</p> <p>Racial gaps are stark and significant!</p>	<p>DC is overweight in service sectors – should invest in growing and new sectors like Life Sciences</p> <p>Need to support training for underserved residents to make workforce more competitive</p> <p>DC is not recognized as a startup hub, creating connective events for startup community is essential</p>
 Opportunities	<p>Focus on improving conditions in multi-small family housing</p> <p>Rebrand DC schools more positively</p> <p>Create opportunities for charters to co-locate with housing communities</p> <p>Residential conversions and non-federal base expiration</p>	<p>Guaranteed income program to bridge gaps and address benefits cliffs</p> <p>An integrated education system will influence long term trajectory for minorities</p> <p>Strong community college will disincentivize people from crime</p>	<p>Technical and vocational opportunity to skill build residents from K-12 away from automatable occupation</p> <p>Investing in UDC and state university system to facilitate integration into workforce</p> <p>Additional light manufacturing space to help SMEs scale</p>
 Questions	<p>Look at IRS change of address data</p> <p>Look at leases along with vacancy rates</p>	<p>What are the drivers of disparities? Why do people drop out and get incarcerated?</p>	<p>How can we prepare for automation and what additional programs need to be built to do so?</p>

Plenary group discussion – Ideas and recommendation (1/2)

Theme	Description	Quote
 <p>Provide targeted support to racial minorities and be proactive in communicating benefits</p>	<p>Targeted supports, such as cash transfers to single mothers, are an effective way to attack poverty among the populations that are most in need</p> <p>Removing benefit cliffs is effective because it would provide support to those most in need while reducing administrative burden on beneficiaries</p> <p>A proactive communication and out-reach strategy would maximize impact of our social programs</p> <p>District should help residents navigate available programs and analyze how programs affect their behavior</p>	<p>““” “There are many people in the District that have never heard of the assistance programs they can apply to. We need to improve the way we communicate with the neighborhoods in need”</p> <p>“People are making cost-benefit decisions and are choosing to leave a job or not get promoted because they would lose out on benefits. We need to understand how our social programs drive behaviors”</p>
 <p>Promote growth in underserved neighborhoods by supporting Black and Latino entrepreneurs</p>	<p>City should create more Black and Latino businesses because they over-index on hiring Black/Latino people</p> <p>DC should develop an enterprise-wide small business strategy focused on minority owned businesses. We can leverage some of the federal agencies that are located in DC.</p>	<p>““” “There is no better way to support Black communities than creating businesses owned by Black people. They know how to support each other”</p> <p>“The SBA is located in DC. We need to take advantage of our strategic location to better understand how the federal programs can support our local communities”</p>
 <p>Improved coordination across agencies is required to execute the strategy</p>	<p>There are several agencies working towards the same issues. Education and workforce development is one example – There is an opportunity to coordinate efforts!</p> <p>Every department across DC should be aligned on clear, bold goals</p> <p>The District needs a better strategy to engage with private sector. For example, large corporations could cooperate with small corporations to drive growth in local neighborhoods</p> <p>There are several programs that are available, but beneficiaries are not aware of them. District needs to do a better job in proactively reaching out to communities in need</p>	<p>““” “There are so many agencies working on training and workforce development programs with poor coordination and lacking a clear vision on what they want to achieve”</p>

Plenary group discussion – Ideas and recommendations (2/2)

Theme	Description	Quote
 <p>Provide education and workforce training programs to unlock opportunities for residents</p>	<p>Resident economic mobility programs should look at poverty and barriers for early education among native residents. It is one of the most effective interventions and the solution is in our own education system</p> <p>Education and training system should be better connected with employers, so training programs are relevant to the labor market and students have clear job opportunities after completion</p> <p>The District needs an integrated educational outcome tracking program</p> <p>UDC should be a flagship university in the District</p>	
 <p>Get closer to our communities – Listen to them when building solutions!</p>	<p>Important to get community feedback, and engagement, to talk and see the communities you want to uplift directly</p> <p>DC has one of the most diverse and educated populations in the country. The economic strategy can tap into this pool of talent to help with execution, bringing together public and private sector</p>	