

Chapter 7

Economic Development Element





Economic Development Element

Overview ⁷⁰⁰

THE ECONOMIC DEVELOPMENT ELEMENT ADDRESSES THE FUTURE OF Washington, DC's economy and the creation of economic opportunity for current and future District residents. It includes strategies to sustain the District's major industries, diversify the economy, accommodate job growth, maintain small businesses and neighborhood commercial districts, and increase access to employment for District residents. ^{700.1}

The critical economic development issues facing Washington, DC are addressed in this element. These include:

- Ensuring that prosperity is equitably shared by addressing the disparities and underlying barriers that exist across race and geography;
- Growing and diversifying Washington, DC's economy;
- Increasing career opportunities and the workforce development system's effectiveness for residents most in need;
- Expanding opportunities for small, local, and minority businesses; and
- Responding to the impacts of technological advancements on employment and businesses. ^{700.2}

Since the Comprehensive Plan was adopted in 2006, Washington, DC has achieved success in:

- Growing the tax base;
- Increasing jobs across a wide range of industries;
- Catalyzing economic development through reuse of large sites across the District;
- Improving the District's market position in the regional economy;
- Revitalizing commercial corridors;
- Expanding workforce development programs that prepare residents for in-demand occupations;
- Increasing support for entrepreneurs, including greater access to capital;
- Deploying creative placemaking initiatives that advance community building, urban design, and retail revitalization;
- Attracting, nurturing, and retaining growth in innovation-driven fields; and
- Growing local industries in the maker economy.

Data included in this Element precede the 2020 public health emergency. While the District's economic position may be substantially affected in the early 2020's, the District anticipates that economic trends highlighted in this chapter will hold in the long-term along with the policies contained in this chapter, which are designed to guide the District through both growth and recession cycles. ^{700.3}

Since 2006, Washington, DC's economy has expanded and diversified with growth in a range of sectors across the central employment area and along commercial corridors. Additionally, the District has been a national epicenter in the changing nature of work, where the increasing prevalence of teleworking, independent contracting, and gig work has increased commercial activity in both formal and informal workspaces. As a result, the District's economy has become strong, benefitting from sustained growth, which generates a tax base that balances costs with revenue. However, the District's economic growth has contributed to increases in property values that present challenging barriers for both established and emerging businesses, which can be particularly severe among small businesses. Additionally, more work remains to ensure that all residents have access to retail, commercial facilities and job opportunities with career pathways. The District is striving to ensure that all residents, particularly those from communities of color, are able to enjoy the benefits of economic growth in the District and the region. ^{700.4}

Economic development is about more than simply increasing the number of jobs and improving the District's finances. It is also about ensuring that all residents have opportunities to thrive economically. This means fostering good-quality jobs with career paths to higher wages and connecting more residents to those good-quality jobs through better preparation. This is especially true for residents who have traditionally faced greater challenges accessing the benefits of economic growth, such as communities of color and low-income residents. Economic development harnesses the benefits of the strong regional economy to grow the District's economy equitably. Economic development strategies are also critical to improving the quality of life in neighborhoods, and bringing retail, restaurants, and basic services to communities that are underserved by these amenities today. ^{700.5}

A racially equitable economy that ensures all residents, particularly those disadvantaged historically, can become economically secure is fundamental to the District's resilience and prosperity. While the District has experienced population and economic growth in recent years, poverty, child poverty, and income inequality have all grown, and disproportionately affect people of color. In 2017, 26 percent of the Black population lived below the poverty level, the highest among all racial and ethnic groups. While Blacks represent 45 percent of the population, Black-owned businesses make up less than 14 percent of total businesses. Labor force participation is lower among Black residents than white residents, and 72 percent of Black residents work full-time and earn less than \$75,000, compared to just 34 percent of their white counterparts. Significant racial disparities exist in household incomes, business ownership, and employment. These structural inequalities are present in earning gaps, homeownership rates, retirement savings, student loan debt, and uneven asset building strategies, all contributing to wealth disparities in the District. The District must commit to closing the racial wealth gap by reducing income inequality. Racially equitable economic development must mean intentionally disrupting systems that perpetuate income and wealth inequality. The policies

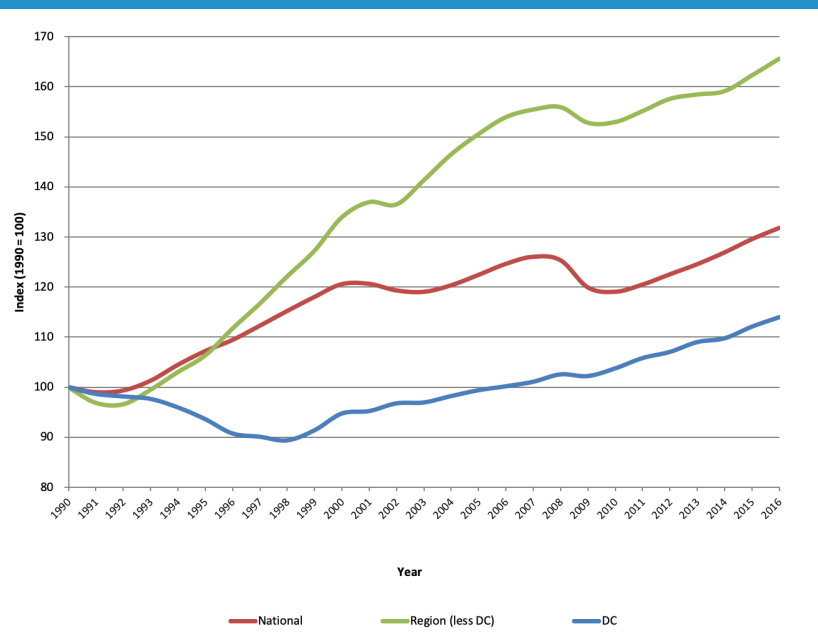
and actions in this Element must be applied recognizing this context, with the goal to reduce the racial income and wealth gaps and specific inequalities facing communities of color. ^{700.6}

Prior to 1998, the District faced chronic negative economic trends that limited its ability to meet the needs of many residents. These trends included population loss, job decline, high unemployment and poverty rates, fiscal insolvency, and the loss of spending power to the suburbs. As of 2019, Washington, DC, is financially healthy and experiencing sustained population and job growth. However, the historic east-west socio-economic divide in the District has become more stark. While many neighborhoods are becoming more diverse socio-economically, the lowest-income residents—who are predominately Black—have become increasingly concentrated in many southern and eastern communities. In addition, the same residents are more likely to have lower levels of education, which corresponds to much lower labor force participation and higher unemployment rate. ^{700.7}

In 1950, Washington, DC accounted for nearly 75 percent of the metropolitan region's jobs. By 2000, the District's share of the region's jobs had fallen to less than 25 percent. Figure 7.1 depicts a new wave of job growth that began in 1998. This wave increased the number of jobs in Washington, DC by 126,000—from 672,000 in 2000 to 798,000 by 2015. Much of this growth occurred in the recovery from the 2008 recession, when the District's net employment growth increased from an average of 7,000 jobs per year to over 10,000 jobs per year. As a result of this growth, the District has begun regaining a larger share of the metropolitan region's total employment. By 2018, Washington, DC accounted for approximately 30 percent of the metro area's jobs. This is an important economic shift following the 1980s and 1990s, when the District experienced little to no job growth. ^{700.8}

Figure 7.1

Employment in Washington, DC ^{700.9}



(Source: BLS, DC Office of Planning, 2016)

Note: Chart shows employment indexed to its 1990 value. Each subsequent value is a percentage of the 1990 value.

The District must commit to reducing barriers that disproportionately incarcerate, penalize and reduce opportunities within Black, Indigenous, and Peoples of Color (BIPOC) communities.

7

The District has more jobs than residents but still has an unemployment rate that is more than 50 percent higher than the regional average. Jobs in the District provide some of the highest wages in the country, but over 16 percent of the District's residents live below the poverty line. The region has had strong and sustained economic growth, adding an average of more than 41,000 jobs a year since 2000. Despite sustained job growth locally and regionally, many District residents, especially from communities of color, continue to face long-term unemployment due to structural barriers which lead to persistent inequities in skills and education. The District must commit to reducing barriers that disproportionately incarcerate, penalize and reduce opportunities within Black, Indigenous, and Peoples of Color (BIPOC) communities. Additionally, billions of dollars of income are generated in the District, the majority of which the District is unable to tax because its earners live in other states. This limitation adds to the District's challenge harnessing its economic growth to invest in residents with the greatest need. ^{700.10}

Some of the negative trends of the past have begun to reverse course. Washington, DC is reasserting its position at the center of the regional economy, which had the fifth greatest number of jobs in the country in 2017, with more than 3.2 million jobs. Since 1997, the District has seen significant private sector employment growth, particularly in industries that generate large amounts of secondary employment through business-to-business transactions that facilitate the delivery of goods and services to customers. The growth has occurred in industries that also have higher than typical average compensation, such as architectural and engineering services, advertising, and public relations. This generates notable indirect employment growth through consumer spending in sectors such as accommodations and food services. ^{700.11}

The District's rapid and sustained population growth has contributed to higher property values and increased personal wealth for many long-time homeowners. The growth has also alleviated the District's financial limitations through increased tax revenues. For example, adjusted for inflation, the value of all the commercial properties in the District more than doubled between 2006 and 2018, which contributed to an 85 percent increase in commercial property tax assessments over that period. ^{700.12}

In addition, downtown retail rebounded following steep declines in previous decades and neighborhood commercial districts like U Street NW, 14th Street NW, and Barracks Row also rebounded. After decades in which retailers shunned areas east of 16th Street NW, new retail and fresh food options are being developed in the eastern half of the Washington, DC, including in Wards 7 and 8; national/brand tenants are clustered in Columbia Heights and Fort Lincoln; and a thriving commercial and cultural district has emerged along H Street NE. ^{700.13}

Tourism also rebounded; in 2017 the District hosted nearly 23 million visitors. Those visitors were accommodated by a growing supply of hotel rooms, totaling 32,000 rooms in 2018, with 2,500 additional rooms under construction and another 6,100 in pre-development. The sustained expansion of hotel rooms is particularly notable because it has coincided with the introduction of short-term rental housing options, which significantly increased lodging options for visitors. ^{700.14}

By 2045, the District is projected to add 247,100 jobs. One of the most significant economic challenges will be filling more of these jobs with District residents. This will not only create wealth and opportunity within Washington, DC, it will offset commuter traffic, reduce social service expenses, and improve the quality of life for thousands of households. Confronting this challenge successfully will require a multi-pronged strategy to continue improving the educational system, increasing career training, strengthening workforce preparedness, growing partnerships with employers, and improving the regional transportation network to support job access. ^{700.15}

The overarching goal for economic development in the District is to drive inclusive economic expansion and resilience by growing the economy and reducing employment disparities across race, geography, and educational attainment status.

7

Economic Development Goal ⁷⁰¹

The overarching goal for economic development in the District is to drive inclusive economic expansion and resilience by growing the economy and reducing employment disparities across race, geography, and educational attainment status. ^{701.1}

Policies and Actions

ED-1 Defining the Economic Future ⁷⁰²

The District's economy is underpinned by a handful of core industries, including government (particularly federal government); educational services; professional, technical, and scientific services; administrative support services; religious, grantmaking, civic, professional, and similar organizations; accommodation and food services; arts, entertainment, and recreation; and health care and social assistance. These eight industries account for more than 85 percent of jobs in Washington, DC and distinguish the District's economy in the regional and national economies. Economic development strategies must explore ways to sustain these industries while leveraging them to attract new businesses and jobs. Diversifying the economic base through focused support of fields with high-growth opportunities can expand job opportunities for residents and can increase the District's resilience against economic downturns. ^{702.1}

The District's economy is diversifying, but it is still dominated by the government sector. More than 30 percent of the jobs are public sector

jobs, with the federal government directly accounting for approximately 26 percent of total employment, and local government jobs accounting for approximately five percent in 2016. The federal government generates many of the District's private sector jobs because it spends heavily on contracting and procurement from local businesses. ^{702.2}

In the 1980s, federal procurement spending emerged as a major component of the federal government's budget as an approach to reduce its workforce by outsourcing work to contractors on a competitive basis. Federal procurement spending in the metropolitan region increased steadily between 1980 and 2010, when it peaked at \$81.5 billion in 1996 after exceeding spending on the federal payroll. Since 2010, federal procurement in the region has declined by approximately 10 percent. However, most of the regional decline has been to spending in Virginia. As of 2016, procurement spending in the District has remained flat since 2010 at \$20.5 billion. Additionally, the federal government's employment in the District grew by only three percent, from 192,800 employees in 2006 to 199,300 employees in 2016. The DC Department of Employment Services' (DOES) industry projections indicate that the federal government is not likely to increase its employment in Washington, DC between 2016 and 2026. ^{702.3}

These trends of flat or declining federal employment and procurement in the District are significant, because historically federal spending and employment have accounted for the overwhelming majority of the region's economic growth. This shift marks a major economic transition following generations of sustained growth propelled by the federal government's operations. ^{702.4}

Figure 7.2 shows the District's top 20 private industries in 2017 ranked by numeric change in jobs between 2004 and 2017. Over this period, employment has grown dramatically but the same industries still dominated the District's economy, representing 60 percent of all jobs and 89 percent of private sector jobs in the District. ^{702.5}

Figure 7.2:

20 Largest Private Sector Industries in the District of Columbia: 2004–2017 Ranked by Total Employment Change ^{702.6}

NAICS Code	Industry	2004	2017	Numeric Change	Percent Change
722	Food services and drinking places	30,483	52,577	22,094	72.48%
541	Professional, scientific, and technical services	93,841	116,041	22,200	23.66%
813	Religious, grantmaking, civic, professional, and similar organizations	44,078	57,548	13,470	30.56%
611	Educational services	35,798	45,892	10,094	28.20%
621	Ambulatory health care services	10,215	20,479	10,264	100.48%
622	Hospitals	22,466	26,917	4,451	19.81%
561	Administrative and support services	41,415	46,387	4,972	12.01%
624	Social assistance	10,696	13,809	3,113	29.10%
238	Specialty trade contractors	5,963	8,490	2,527	42.38%
531	Real estate	9,301	11,661	2,360	25.37%
445	Food and beverage stores	5,483	7,917	2,434	44.39%
711	Performing arts, spectator sports, and related industries	2,759	4,936	2,177	78.91%
812	Personal and laundry services	5,915	7,965	2,050	34.66%
623	Nursing and residential care facilities	7,372	7,482	110	1.49%
814	Private households	4,315	5,216	901	20.88%
515	Broadcasting, except internet	4,374	5,234	860	19.66%
721	Accommodations	14,795	15,111	316	2.14%
999	Unclassified	6,106	2,151	-3,955	-64.77%
522	Credit intermediation and related activities	8,529	7,209	-1,320	-15.48%
511	Publishing industries, except internet	9,180	5,563	-3,617	-39.40%
All other private sector Jobs		54,339	56,188	1,849	3.40%
Total private employment		429,176	524,773	95,597	22.27%

(Source: U.S. Bureau of Labor Statistics, Covered Employment and Wages (CEW) series; DC DOES Current Employment Survey (CES) series)

NAICS = North American Industry Classification System

Note: Total retail employment (which is comprised of several NAICS industries) is estimated at 20,000

The Sharing Economy

The sharing economy, which includes businesses that provide shared-use goods and services such as mobility, housing, workspace, and equipment, is expanding and driving innovation in business practices across numerous industries. Its most visible impact has been on transportation through services, such as car sharing, on-demand ride hailing, and bike sharing. It also includes business cooperatives, community farms, and membership workspaces. ^{702.7a}

The sharing economy has the potential to reshape the District's built environment and infrastructure by shifting where work occurs and how people move. However, many of the people who deliver the goods and services in the sharing economy are employed as independent contractors, and there are significant concerns related to worker compensation, benefits, retirement planning, and career stability. ^{702.7b}

Washington, DC's largest private sector industry is professional, scientific, and technical services, which accounted for approximately 30 percent of the District's private sector employment in 2017. This category includes lawyers, architects, engineers, and accountants. The second-largest category, religious, grantmaking, civic, professional, and similar organizations, includes the many industry, trade, and interest groups in the District. The food services and drinking places industry had among the greatest numeric and percentage increases in employment between 2004 and 2017. The industry added over 22,094 jobs, jumping from the District's fifth-largest industry by employment in 2004 to the third-largest in 2017. Other key sectors are educational services and ambulatory health care, which added 10,264 and 4,451 jobs, respectively. ^{702.7}

In 2006, forecasts by DOES and research organizations including the Center for Regional Analysis at George Mason University anticipated the District would add approximately 7,000 new jobs per year on average between 2005 and 2015. These forecasts accurately projected the total amount of jobs that were created across this period. ^{702.8}

The DC Office of Planning (OP) anticipates job growth to maintain a long-term average of approximately 9,000 per year through 2035. OP's long-term growth rates balance cycles of rapid growth against periods of economic contraction. DOES expects nearly all sectors of the economy to grow during the next decade, but certain retail segments closely connected to neighborhood commercial corridors—such as clothing, furniture, and electronics—are forecast to contract. These contractions are associated with the rise of online retailing. ^{702.9}

ED-1.1 Diversifying the Economic Base ⁷⁰³

The District can do more to leverage the strengths of its economy and the region's skilled, highly educated labor force. It already has an enviable mix of assets that includes the nation's capital, high-performing industries, numerous colleges and universities, amenity-rich neighborhoods, and a robust multimodal transportation system that links the entire metropolitan region. To increase its competitiveness, the District will need to further diversify its economy in sectors that have growth potential. ^{703.1}

The District's economic growth strategy emphasizes sustaining established industries as well as growing and supporting six cross-cutting industry clusters. Supporting and enhancing core industries facilitates future growth that strengthens the District's competitive advantage. Established fields include the federal government, professional services, universities, media and communications companies, hospitality and tourism providers, and design firms. ^{703.2}

Beyond the established fields, the District will also build economic resilience by supporting and growing cross-cutting industry clusters where the District has a competitive advantage nationally. Economic resilience is the ability for the District government, in partnership with businesses and the workforce,

Figure 7.3:

Cross-Cutting Industry Clusters Identified by the 2016 DC's Economic Strategy ^{703.4}

Impact Economy

Organizations and private entrepreneurs in the ecosystem of private companies, non-profits, and foundations whose missions involve addressing social and public sector challenges.

EXAMPLES

- Social enterprises
- Social impact consulting
- Philanthropic foundations
- Advocacy

Smart Cities & Civic Solutions

Innovation in urban infrastructure, transportation, sustainability, including "smart cities" technologies.

EXAMPLES

- Autonomous vehicles
- 'Smart city' sensors, integration, and data analysis
- Green building design and construction

Professional Services Innovation

Innovations, including technology, that augment or disrupt the professional services sector.

EXAMPLES

- Enterprise technology and integration of back-end functions
- Applications that improve client experience

Hospitality Innovation

Innovations, including technology, services and entrepreneurship, that augment or disrupt the hospitality sector.

EXAMPLES

- Hospitality apps
- Food trucks, food incubators
- Event tech

Security Technology

Cybersecurity technologies (protecting networks from attack and preventing unauthorized access to data), and physical access and identification technologies.

EXAMPLES

- Threat monitoring and detection
- Incident response
- Digital identification
- Physical identification

Data Science and Analytics

Big data analysis, management and policy, particularly in areas where data is sensitive.

EXAMPLES

- Electronic health record analysis
- Financial predictive analytics
- Credit data analysis

(Certified as the Comprehensive Economic Development Strategy or CEDS by the U.S. Economic Development Administration in August 2017)

to mitigate the impacts of chronic stressors (such as high unemployment) as well as shocks (such as the sudden loss of economic activity due to a recession or technology changes). The clusters include the impact economy, smart cities and civic solutions, professional services innovation, hospitality innovation, security technology, as well as data science and analytics. By supporting these forward-looking industry clusters, the District is seeking diversify its economy. ^{703.3}

See also the Infrastructure Element for additional information on smart cities.

The District is also a center of international business and foreign direct investment. The foreign missions and offices of global economic organizations, such as the World Bank Group and the International Monetary Fund (IMF), represent a major economic sector in their own right. The concentration of missions and institutions makes the District a unique place to conduct business for companies engaging in international investment or transactions.

^{703.5}

Figures 7.2 and 7.3 provide some indication of where the District's economy may be headed. Since 2004, four sectors—professional, scientific, and technical services; accommodation and food services; health care and social assistance; and educational services—have produced more than 80 percent of new private sector jobs in the District. Looking forward to 2026, the DOES 2016 industry projections indicate that these four sectors are likely to continue producing the vast majority of job growth over the next six years. Among these sectors, growth in the professional, scientific, and technical services segment is particularly beneficial because it is one of the District's strongest domestic and international export industries. Exports are important because they help drive higher rates of economic growth by capturing spending from other economies.

^{703.6}

Between 2016 and 2026, several high-growth industries—including computer systems design and related services; professional, scientific, and technical services; ambulatory health care services; and food services and drinking places—are anticipated to drive growth, offsetting stagnant federal government employment and procurement as well as losses in declining industries, such as travel arrangement and reservation services. ^{703.7}

The 15 industries listed in Figure 7.4 represent more than half of the job growth expected in Washington, DC during the 10-year period between 2016 and 2026. Some of the gains reflect continued growth of core industries like professional, scientific, and technical services; health care and social assistance; and food services and drinking places. Other gains are in emerging sectors, which show promise for even greater expansion. ^{703.8}

Figure 7.4:

Top 15 Projected High-Growth Industries, in the District 2016-2026 ^{703.9}

Industry	New Jobs Projected
Professional, Scientific, and Technical Services	14,450
Educational Services	7,283
Ambulatory Health Care Services	7,214
Administrative and Support Services	6,337
Management, Scientific, and Technical Consulting Services	5,438
Computer Systems Design and Related Services	5,433
Food Services and Drinking Places	4,886
Home Health Care Services	4,187
Social Assistance	3,680
Colleges, Universities, and Professional Schools	3,103
Elementary and Secondary Schools	3,084
Religious, Grantmaking, Civic, Professional, and Similar Organizations	2,138
Employment Services	2,109
Hospitals	1,943
Total Federal Government Employment	1,785

In 2018, the District's economy had been growing in employment and output for 20 years. Long-standing core sectors had propelled economic growth along two dimensions: expansion of established lines of business and the addition of new lines of business. Strength in established sectors had positioned the District to take advantage of growing segments in the nation's economy by specializing in rapidly growing technology-driven and enabled fields, such as cybersecurity and coworking. Through continued growth in core sectors and emerging industries, the District will continue building a resilient and inclusive economy. ^{703.10}

Opportunity Zones

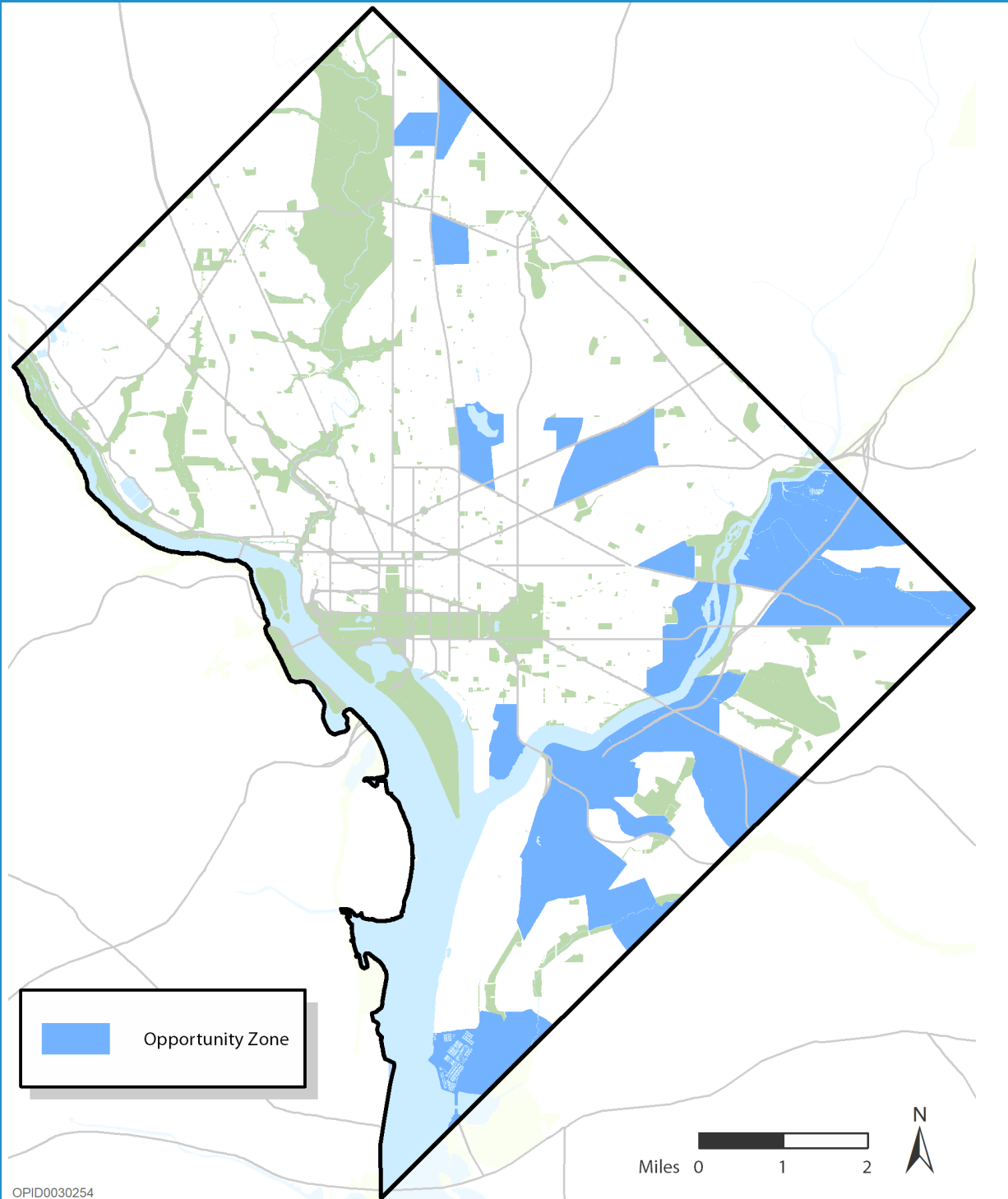
In 2017, a new federal tax law, the Tax Cut and Jobs Act, included a tax incentive program called Opportunity Zones. The program provides tax benefits for investors with capital gains that invest through Qualified Opportunity Funds in real estate and operating businesses located in Census tracts designated as Opportunity Zones. The tracts—nominated by each state, the District of Columbia, and U.S. territories—were certified by the U.S. Treasury Department as Opportunity Zones, which are eligible to receive investments from the Qualified Opportunity Funds. This program, although unproven, could be a useful tool in attracting investment in communities that have historically been overlooked by many investors. The District is focused on aligning Opportunity Zone investments with community priorities and supporting community-driven projects in leveraging the incentive.

^{703.10a}

Map 7.1:

Federal Opportunity Zones within the District ^{703.11}

Source: DC GIS, 2019



Note: As of 2019, the Opportunity Zone designations are set to expire December 21, 2028.

Policy ED-1.1.1: Core Industries

Continue to support and grow the District's core industries, particularly the federal government; professional, scientific and technical services; religious, grantmaking, civic professional, and similar organizations; postsecondary education; accommodation and food services; health care and social assistance; and administrative support services. 703.12

Policy ED-1.1.2: Economic Linkages

Leverage the potential of core industries to provide new employment opportunities, particularly the growth of businesses that supply essential goods and services to the government, universities, hospitals, law firms, hotels, nonprofits, and other major employers in the District. 703.13

Policy ED-1.1.3: Diversification

Diversify the District's economy by targeting fields with the greatest potential for growth, including the impact economy, smart cities and civic solutions, professional services innovation, hospitality innovation, security technology, and data science and analytics. Established industries with significant growth potential include retail, international business, infrastructure, and building construction. 703.14

Policy ED-1.1.4: Promote Local Entrepreneurship

Support District residents, including women-owned businesses and equity impacts enterprises (small, resident-owned Black and Brown business) seeking entrepreneurship opportunities through layered programs, including technical assistance, promotion of District products and services, and market development. 703.15

Policy ED 1.1.5 Build Capacity and Opportunities

Focus on building capacity and opportunities to participate in core and growth industries for minority- and women-owned businesses. Ensure under-represented entrepreneurs have access to business opportunities created through public sector spending, anchor institution spending, and corporate supply chains. Provide layered support through technical assistance, product promotion, and market development. 703.16

Policy ED-1.1.6 Competitive Edge

Maintain and enhance the District's competitive edge relative to the metropolitan Washington, DC region and U.S. markets in fields such as federal government, professional services, health care, postsecondary education, media and communications, and hospitality and tourism. Enhancing the District's competitive edge may require continued government support and performance-based incentives for economic development programs; government participation in local economic development projects and initiatives; strengthened capacity among local economic development organizations, community development corporations, and workforce development groups; well-maintained business fundamentals, including

transportation access; and support for and partnerships with communities of color. 703.17

Policy ED-1.1.7 Use of Large Sites

Plan strategically for large development sites to ensure that their unique potential is fully realized both as a source of economic dynamism and equity building, maximizing the sites' utility to the District. View the sites as assets to further the District's goals to diversify its economy and provide inclusive, equitable job growth, for housing and affordable housing production, and to bring desired amenities and services to neighborhoods. Sites with Metro access and priority transit access should be used to advance growth in emerging industries that diversify the District's economy. 703.18

Policy ED-1.1.8: International Assets

Draw on international business and institutional assets to develop businesses that specialize in international trade of goods and services. Expand cultural opportunities to residents and visitors, and create links between the District and foreign cities, industries, retail, institutions, and markets. 703.19

Policy ED 1.1.9: International Tourism

Support efforts by Destination DC and the Metropolitan Washington Airports Authority (MWAA) to strategically expand direct flights and market the District as a tourism destination to foreign markets. International visitors generate particularly large amounts of tax revenue that benefit District residents. 703.20

Action ED-1.1.A: Economic Development Strategic Plan

Maintain an Economic Development Strategic Plan that lays out in greater detail the steps the District must pursue to maintain and grow its economy. This plan should cover all economic sectors, evaluate competitiveness, and include strategies for workforce development, as well as business attraction and retention. It shall be developed through broad input from stakeholders, including those representing resident, industry, communities of color, and education interests. The Plan should identify approaches that provide recruitment and opportunities to participate by small and minority-owned businesses, and approaches to close the racial income and wealth gaps in the District. 703.21

Action ED-1.1.B: Data Tracking

Maintain and regularly update statistical data on employment in core sectors, wages and salaries, forecasts by sector, and opportunities for future employment growth. Where possible, the District should consistently track, collect, and disaggregate data by race. 703.22

Action ED-1.1.C: Monitoring and Updating Data to Support Recovery from 2020 Public Health Emergency

Monitor and update appropriate data to support 2020 public health emergency response and recovery efforts. Such data will include a wide range of economic indicators and drivers, such as jobs, population, and housing, and where possible, should track, collect, and disaggregate data by race. 703.23

Action ED-1.1.D: Business Support Structures

Work collaboratively across District agencies to streamline processes and create a more centralized system that assists businesses in meeting regulatory requirements quickly and efficiently, with a particular focus on serving small and local businesses, equity impact enterprises, businesses that show the promise to create many jobs, and businesses that help the District meet goals, such as its commitment to reduce greenhouse gasses. Centralize information and assistance to small and local businesses on starting a new business, the business permitting processes, zoning, fees and regulations, incentives, financing, unique programs, and opportunities. Create and maintain a fast-track permits and approvals system for businesses interested in opening or expanding in priority, underserved neighborhoods. 703.24

Action ED-1.1.E: Improve Access to Capital and Financing Opportunities

Support collaboration between District agencies and private organizations that facilitate increased access to capital for District entrepreneurs. This includes strategic grantmaking, facilitating small business access to capital, and facilitating new forms of investment, such as social impact investing and Opportunity Funds. 703.25

Action ED-1.1.F: Identify Underused Sites

Explore the feasibility of identifying underused commercial sites using techniques such as parcel-based development capacity analysis. This identification would inform land-use planning and economic development. 703.26

Action ED-1.1.G: Monitor Opportunity Zones

Monitor effects of the federal Opportunity Zones incentive in DC's Qualified Opportunity Zones to ensure that these programs benefit communities and to identify and address adverse community impacts, particularly to communities of color. If significant impacts are identified, recommend program and policy changes to mitigate the impacts. 703.27

Action ED-1.1.H: Stabilize Business Occupancy Costs

Explore program and policy alignments that stabilize or reduce commercial occupancy costs in the District, especially for historically disadvantaged businesses. Potential options include alignment with the District's

Not only does the federal government buffer the District's economy from cyclical boom-and-bust cycles, it generates significant private employment.

sustainability programs to reduce energy costs, increased awareness of small business capital programs, and agreements for the reuse of public lands. 703.28

Action ED-1.1.I: Increasing Exports

Seek opportunities to increase domestic and international exports of goods and services produced by District-based organizations through cost-effective strategies. Examples include high-visibility pop-ups that introduce DC brands to new markets, and foreign trade missions that help build new business partnerships. 703.29

ED-1.2 Sustaining the Federal Presence 704

Although the number of federal jobs declined between 1990 and 1998 and continued to decline as a percentage of all jobs through 2017, retaining federal employment is an important part of the District's economic development strategy. Not only does the federal government buffer the District's economy from cyclical boom-and-bust cycles, it generates significant private employment. 704.1

The "60/40" Rule

The 60/40 policy refers to a federal guideline on the distribution of federal jobs within the Washington, DC metropolitan area. The policy was first established in 1968 by NCPC as a symbolic commitment to retain the District of Columbia as the seat of the federal government during a period when many jobs and residents were leaving the District for the suburbs. A goal was set to retain at least 60 percent of the region's federal jobs within the District, and thus allow no more than 40 percent of the federal jobs to locate in the District suburbs. 704.3a

The District's share of federal jobs in the region dropped below 60 percent in the 1970s and currently stands at about 49 percent. Pressure to relocate federal jobs to the suburbs continues to be strong due to factors such as security and a desire to be closer to the District's suburbs. In recent decades, the region's federal employment in the District has hovered in the 50 percent range, and now NCPC is expected to transition away from the longstanding 60/40 policy. 704.3b

However, the District encourages the federal government to recommit to Washington, DC as the seat of the federal government. The District is uniquely positioned to serve this role because of its constitutional status, unparalleled access to a specialized workforce, and its supportive infrastructure including the Metrorail system's core. 704.3c

Washington, DC's status as the nation's capital and seat of the United States government is intrinsic to the local economy. In 2016, the federal government employed 199,300 workers in the District, and federal activities accounted for almost 34 percent of the District's economic output. It accounts for one in every four jobs in Washington, DC. The continued presence of the federal government and related uses is a key source of the District's preeminence in the region. Supporting this presence is important to maintaining the District's central position in the metropolitan economy. 704.2

Decentralization of federal jobs from Washington, DC has been a concern since the 1950s. The combination of interstate highways, suburbanization of the workforce, lack of available land, and national security issues resulted in the relocation of many federal offices to Maryland and Virginia in the 1950s and 1960s. Historically, the National Capital Planning Commission's 60/40 policy encouraged centralization of the federal government's regional workforce within the District of Columbia. 704.3

In addition to regional decentralization of federal employment, recent federal policy has encouraged greater national distribution of federal employment. This policy increases the District's competition for hosting federal jobs. 704.4

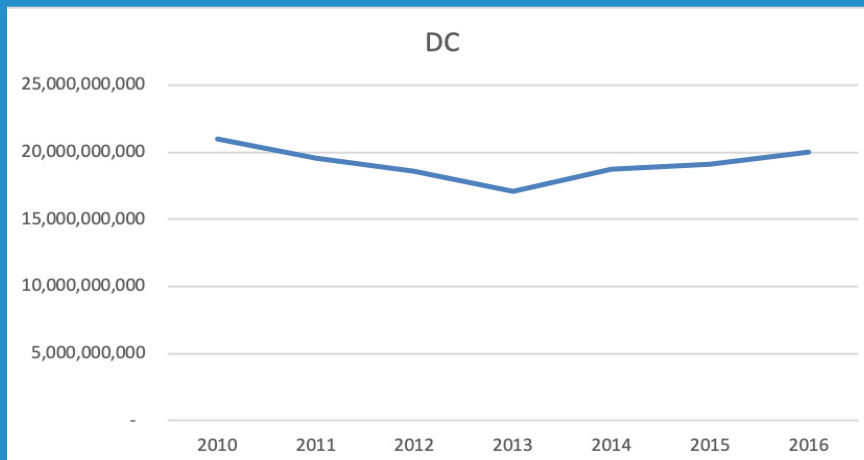
One of the factors driving both regional and national decentralization of the federal workforce is the relatively high cost of office space in the District. In response, the General Services Administration (GSA) has been working to decrease the space per employee in federal offices within the District in order to reduce the total amount of space the government owns and leases. Together, these trends have been contributing to an elevated level of office vacancy in Washington, DC through increasingly compact facilities and the ongoing decentralization of the federal government, which is by far the District's largest industry and employer. ^{704.5}

Looking forward, the District should continue to retain as much federal employment as it can. Federal jobs have historically provided tremendous job opportunities for District residents, ranging from entry level and clerical jobs to advanced managerial and highly skilled positions. ^{704.6}

Even greater opportunities lie in federal procurement. Procurement in the metropolitan region surpassed direct federal spending on wages in the mid-1990s and has remained a leading category of federal spending ever since. A substantial amount of procurement spending—more than \$20 billion in 2016—already occurs within the District, as shown in Figure 7.5. Additionally, the District has the potential to grow its economy by capturing a greater portion of federal procurement, which exceeded \$72 billion regionally and \$432 billion nationally in 2016. ^{704.7}

Figure 7.5:

Federal Procurement Spending in the District 2010-2016 ^{704.8}

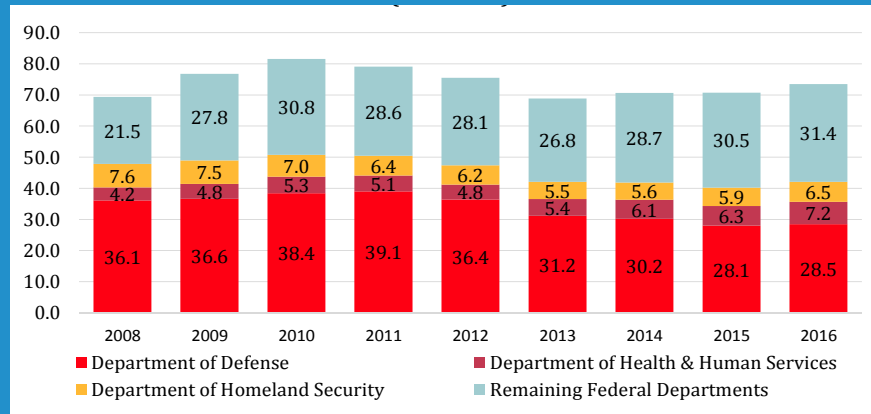


Source: Stephen S. Fuller Institute 2017

More concerted and strategic efforts should be made to help companies capture contract services in the future, leveraging the District's already strong presence in computer systems design; engineering; cybersecurity; and management, scientific, and technical consulting services. ^{704.9}

Figure 7.6:

Federal Procurement by Federal Agency in the Washington, DC Region (\$ billions), 2008-2016 ^{704.10}



Source: Stephen S. Fuller Institute 2017, *Federal Procurement Spending in the Washington Region 2008-2016*

Policy ED-1.2.1: Sustaining the Federal Workforce

Advocate for the retention of the federal workforce within the District, consistent with the Federal Elements of the Comprehensive Plan. ^{704.11}

Policy ED-1.2.2: Federal Workforce Growth

Support the growth of the federal workforce in Washington, DC, particularly in leased office space whose owners pay District property taxes. Consistent with the Federal Elements, ensure that federal expansion plans support the District's neighborhood revitalization and job creation programs. ^{704.12}

Policy ED-1.2.3: Procurement and Outsourcing Opportunities

Improve the District's competitive position for capturing federal procurement and outsourcing dollars. The District should help local businesses take advantage of procurement opportunities and should employ strategies to increase the number of local minority businesses that qualify, while working to attract new firms that can also take advantage of these opportunities. The District should work closely with local and regional economic development agencies to formulate attraction and retention strategies for such businesses, including tax and financial incentives. ^{704.13}

Policy ED-1.2.4: Retaining Federal Employment

Work with NCPC, Maryland and Virginia to retain federal employment in the national capital region including a strong majority of federal jobs in the District. ^{704.14}

Action ED-1.2.A: Retention and Recruitment Programs

Work with private sector economic development organizations and through the Office of Federal and Regional Affairs (OFRA) to discourage federal jobs and agencies from leaving Washington, DC, and to enhance the District's ability to capitalize on federal procurement opportunities. ^{704.15}

Action ED-1.2.B: Technical Assistance

Through the Department of Small and Local Business Development (DSLBD), provide local firms with technical assistance in bidding on District and federal procurement contracts so that the District's companies and workers may capture a larger share of this economic activity. Periodically evaluate the success of local technical assistance programs, and make adjustments as needed to achieve higher rates of success. When practical, collect data and publish informational resources detailing opportunities to participate in District and federal government contracting. ^{704.16}

Action ED-1.2.C: Study Federal Employment

Conduct a study in coordination with NCPC to identify updated approaches to retain and attract federal jobs as well as related federal activities in Washington, DC. This study should respond to the changing needs of the federal workplace, identify federal uses best aligned with the District's workforce and economic development priorities, building types and locations compatible with those federal activities. ^{704.17}

ED-1.3 Supporting Innovation in the Economy ⁷⁰⁵

The District's long-term economic strength depends on fostering continual growth and diversification. Historically, the federal government has driven the vast majority of the District's economic growth. Looking forward, it is likely that an increasing amount of growth will be driven by the private sector. ^{705.1}

Fortunately, Washington, DC is uniquely positioned to support economic innovation driven by technology businesses, technology-enabled businesses, and businesses that use new models. These new and expanding businesses are growing from the foundations of the District's leading fields, such as issue-driven advocacy, hospitality, regulation management, and government services. ^{705.2}

Economic innovation is taking many different forms, ranging from new industries created by regulatory reform to experiential retail models and technology-oriented service delivery. The common thread among these businesses is that innovation draws on forward-looking and diverse sources of inspiration that are connected to changes in the business environment. These changes are often driven by increased information access, communication, and global commerce. They are also propelled by

In 2017, DC's Economic Strategy identified six opportunity areas for innovation: the impact economy, smart cities and civic solutions, professional services innovation, hospitality innovation, security technology, and data science and analytics. Each of these fields presents opportunities for economic expansion through entrepreneurship and career development.

the District's robust arts and cultural environment, which injects valuable sources of creativity. These forces align to leverage emerging growth opportunities created by increasing access to low-cost goods and services, which has increased demand for human interaction and products that are authentic to a place or community. ^{705.3}

In 2017, DC's Economic Strategy identified six opportunity areas for innovation: the impact economy, smart cities and civic solutions, professional services innovation, hospitality innovation, security technology, and data science and analytics. Each of these fields presents opportunities for economic expansion through entrepreneurship and career development. They are also important safeguards against changes in federal policy that may impede the District's economic growth through increased national distribution of federal employment and reduced federal procurement spending. Supporting innovation in the District's economy helps ensure that the tax base continues expanding to finance critical investments, including affordable housing production, environmental protection and sustainability, and transportation improvements. ^{705.4}

Since 2006, innovations such as coworking, smartphones, and 4G telecommunications have changed work, travel, and social interactions. These changes are likely to intensify as new technologies such as autonomous vehicles, 5G telecommunications, and artificial intelligence become widely used. The net impacts of these technologies are likely to be positive, though businesses and many individuals in the workforce will face challenges adapting to shifts in the business climate and nature of work. ^{705.5}

The District is a leader in advancing equity and inclusion, particularly in technology-driven industries, through its educational, entrepreneurial, and business development programs. Technology-driven innovation is likely to be a leading facet of the District's economic growth. However, there are major equity challenges to address—namely, ensuring that business and workforce development programs employ comprehensive strategies to identify and eliminate institutional barriers, and are designed to eliminate structural inequities preventing District residents from attaining employment and business opportunities. An equity focus on business and workforce development programs is imperative because increased automation and legacy business disruption will likely result in reduced employment opportunities in some industries and occupations. ^{705.6}

In addition, Washington, DC's environmental sustainability leadership is another driver of economic innovation. In 2019, Washington, DC adopted the Clean Energy Omnibus Act, which is landmark legislation that will transition the District to 100 percent renewable electricity by 2032. This comprehensive legislation places the District of Columbia on the cutting edge of energy policy nationally. By taking this bold step toward greater resilience and sustainability, Washington, DC is also

catalyzing valuable opportunities for economic growth by stimulating innovation in architecture, engineering, and the construction trades, among other fields. ^{705.7}

Economic innovation is a critical component of building Washington, DC's economic resilience as national and global economics undergo a period of accelerated change. While the District advances these growth opportunities, it is also important to monitor and adjust job training to keep pace with changing employment opportunities and occupational requirements. ^{705.8}

Policy ED-1.3.1: Technology-Intensive Industries

Aggressively pursue technology-based and creative industries, such as computer systems design, information services, smart cities, clean energy, efficient building construction and renovation, and cybersecurity. Promote the development of space that is attractive for these industries, both in new and existing buildings. Such space should include buildings with good access to transportation, high-quality architecture, a mix of uses, and attractive urban design. ^{705.9}

Policy ED-1.3.2: Media and Design

Capitalize on the success of established broadcast media and design companies by continuing to grow these industries, and by growing related industries such as web design and multimedia content. ^{705.10}

Policy ED-1.3.3: Incentives

Provide performance-based incentives, marketing efforts, and workforce development tools to attract and retain technology and creative industries. Take full advantage of federal incentives, such as research and development tax credits to attract such firms. Link incentive performance to advancing equitable economic development and increased capital within communities of color. ^{705.11}

Policy ED-1.3.4: Leveraging and Adapting to Technological Change

The District supports economic resilience by aligning workforce development and small business development with economic development to ensure that residents, and particularly lower-income residents with less educational attainment, benefit from economic growth driven by technological innovation. ^{705.12}

Policy ED-1.3.5: Leveraging Environmental Policy for Economic Growth

Leverage the District's environmental sustainability policies for economic growth by aligning them with business attraction and workforce development programs. These efforts should focus on expanded opportunities for historically underrepresented populations, including communities of color. ^{705.13}

See also the Environment Element for more information about policies and actions that link environmental sustainability with economic and workforce development.

Policy ED-1.3.6: Equitable Opportunities in Industries Enabled by Regulatory Reform

Facilitate opportunities for locally owned small businesses and historically underserved populations to participate when new industries are enabled by regulatory reform. ^{705.14}

Action ED-1.3. A: Branding Washington, DC as a Creative Hub

Maintain and grow a marketing and branding campaign that establishes a stronger identity for the District as a center for creativity and innovation, capitalizing on established institutions, such as museums, think tanks, arts establishments, universities, and media industries, as well as the District's rich local history and culture, such as Go-Go music. ^{705.15}

See also the Arts and Culture Element for policies on arts and the economy, and the Educational Facilities Element for policies and actions on educational partnerships.

Action ED-1.3.B: Link Federal Research and Enterprises

Launch a program that connects District entrepreneurs with technology transfer and commercialization opportunities associated with the federal government's research institutions in the metropolitan region. ^{705.16}

Action ED 1.3.C: Support Emerging Entrepreneurs

Directly, or through partnerships with private entities, establish a fund or funds to help local entrepreneurs grow investment-ready businesses. To reduce existing inequities, take steps to build capacity in entrepreneurs of color and women to be investment-ready, and ensure access and transparency in any grant processes or procurement opportunities. Emphasize increasing access to capital, particularly among lower-income entrepreneurs in emerging fields, such as the impact economy, urban innovation/smart cities, hospitality and professional services innovation, data, and security tech. ^{705.17}

Action ED 1.3.D: Foster Technology Careers for District Students

Create programs that help District students connect with careers in technology fields. These should include targeted training and opportunities for internships that provide direct experience in technology businesses. ^{705.18}

Action ED 1.3.E: Support and Promote Inclusive Technology Business and Workforce Opportunities

Support and promote inclusivity in the District's technology economy through workforce development, business development, and public-private

sector collaboration. These efforts emphasize increasing the diversity of the workforce serving technology industries, as well as the ownership of technology-oriented businesses. ^{705.19}

Action ED 1.3.F: Planning for Technology-Based Businesses

Explore the benefits of aligning business attraction for technology-based firms with next-generation information technology infrastructure, such as 5G telecommunications networks. ^{705.20}

Action ED 1.3.G: Monitor Changes in Technology

Monitor changes in the technology industry and its impact on jobs, commerce, and workforce development. Washington, DC will use this information to update workforce development approaches to respond to these impacts. ^{705.21}

Action ED 1.3H Gig Economy Workers

Analyze the characteristics of the District's workforce that is employed in the gig economy, which refers to the portion of the workforce that connects a series of on-demand employment opportunities to form a significant source of individual income. The analysis should make recommendations to increase awareness of the limitations, costs, and responsibilities of this type of work. It should also make recommendations to increase access to programs and support resources, such as health insurance. Additionally, explore approaches to reduce worker misclassification. ^{705.22}

Action ED 1.3.I Assess Incentives

Assess existing and proposed incentives for performance and efficacy. In particular, assess tax and other incentives intended to benefit historically underserved or low-income residents or communities of color to determine if they are advancing equitable development. ^{705.23}

Action ED 1.3.J Racial Equity Toolkit

Develop a racial equity toolkit to assist in reviewing existing small business and workforce development programs through a racial equity lens. ^{705.24}

ED-2 The Spatial Impacts of the Job Market ⁷⁰⁶

The forecasted addition of 247,100 jobs between 2015 and 2045 will create demand for office, retail, hospitality, institutional, and industrial space. Estimates of floor space needs for the 30-year period vary from around 50 million to 94 million square feet, depending on the mix of jobs and space utilization trends. This real estate development will take place across the District with a variety of building types. However, accommodating this growth will require more challenging real estate development techniques, including lot assembly and/or extensive redevelopment of existing facilities, because the District is a mature city. ^{706.1}

The forecasted addition of 247,100 jobs between 2015 and 2045 will create demand for office, retail, hospitality, institutional, and industrial space. Estimates of floor space needs for the 30-year period vary from around 50 million to 94 million square feet, depending on the mix of jobs and space utilization trends.

Different sectors of the economy will generate the demand for different types of space. The federal government, professional/technical services, and member associations will drive the demand for office space, especially in Central Washington. However, shifts toward hoteling and telework are changing when, where, and how employees work. The education and health care sectors will drive demand for institutional space, typically on campuses. In other areas, growth of the maker economy is generating demand for production, distribution, and repair space. The arts, education, and recreation sector and the accommodation and food services sector will rely on retail, hotel, and cultural space in Central Washington and elsewhere. ^{706.2}

The following sections of the Economic Development Element explore the impact of projected job growth on each of these market segments. The policies and actions are intended to accommodate long-term economic growth needs by coordinating land use and transportation decisions and to make the District's economy more inclusive and equitable by maximizing access to employment for residents. These policies are supplemented by the job training and development policies that appear later in this element, and by the commercial and industrial land use policies in the Land Use Element. ^{706.3}

ED-2.1 The Office Economy ⁷⁰⁷

The District has one of the largest inventories of office space in the nation. In 2006, there were 112 million square feet of office space, which grew over the next 10 years to over 142 million square feet. Among American cities, only Manhattan has a larger inventory of Class A office space within a central business district. By most indicators, the District's office market is performing well. Its vacancy rate is competitive with other growing office markets but historically high at 11.4 percent in 2018. The average asking rent was above \$60 per square foot, which is among the highest in the nation, only trailing the New York City and San Francisco Bay Area office markets. ^{707.1}

Central Washington includes a number of submarkets, each providing different amenities and locational advantages. The largest of these submarkets are downtown (traditionally defined as the area east of 16th Street and south of Massachusetts Avenue) and the Golden Triangle (extending from 16th Street west to Foggy Bottom and north to Dupont Circle). Smaller office districts exist in Georgetown, on Capitol Hill, along the avenues of Upper Northwest Washington, and around L'Enfant Plaza. The fastest growth rates within the District's submarkets has occurred in the Capitol Riverfront and North of Massachusetts Avenue (NoMa) areas. The large geographic expanse of the District's office market has been driven at least partially by building height limits and the sizeable area dedicated to federal uses and open space in the heart of Washington, DC. ^{707.2}

Washington, DC's long established business districts, such as downtown and the Golden Triangle, are entering a phase of remodeling and redevelopment. As a result, office development is pushing east toward Union Station and NoMA areas, and south into Capitol Riverfront. Almost five million square feet of office space is now under construction in Washington, DC, much of it in these areas. ^{707.3}

See also the Central Washington Element for more information on the Golden Triangle/K Street Area.

Although the District's commercial land supply is adequate to accommodate forecasted job growth through 2045, the market faces a number of challenges to its continued high performance. Absorption has been modest with an average of 635,000 square feet per year between 2011 and 2016. Over this period, office space has become more intensively used with less dedicated space-per-employee, less on-site document storage, and fewer in-building facilities, such as legal libraries. Denser office configurations are driven by demand for trophy-class office space by businesses seeking newer office formats that feature higher-quality interior architecture and more generous shared space. These newer office configurations accommodate significantly more people per square foot than their predecessors. As a consequence, these new office building formats are contributing to higher vacancy rates, as the District's office market accommodates significantly more employees while adding modest amounts of net new office space. Telework trends, accelerated by the work-from-home restrictions of the pandemic, are also reshaping office space needs. ^{707.4}

At the same time, some of the existing space in Central Washington has reached the end of its economic life and is in need of renovation or replacement. The Base Realignment and Closure (BRAC) program, which has generated new office districts such as Capitol Riverfront, has been one of the most significant drivers in the District's office market since 2006. Going forward, there will be a need for strategies to retain existing office tenants and to attract new tenants through creative marketing. ^{707.5}

The Impact of Base Realignment and Closure (BRAC)

The Department of Defense periodically reorganizes America's military infrastructure to more effectively and efficiently support its operations. This may result in the redeployment of personnel to new sites, the development of new facilities, and the closure of military bases across the United States. The latest round, announced in 2005 closed the Walter Reed Hospital campus, located between Georgia Avenue NW and 16th Street NW. Additionally, operations at Washington Navy Yard and Bolling Air Force Base were significantly realigned. ^{707.5a}

The indirect impacts of BRAC have been even greater than the direct impacts. Specifically, updated Department of Defense security standards required millions of square feet of space in Arlington and Alexandria to be vacated; contractors and federal tenants moved to secure facilities at Fort Belvoir and elsewhere. ^{707.5b}

These closures have had a destabilizing impact, but it is also clear that they will generate positive impacts. For example, land transferred from federal ownership to the District is creating new economic development opportunities for the District at sites such as the former Walter Reed campus. Additionally, in 2018, Amazon announced that it would locate its second headquarters in Crystal City, where it will repurpose buildings vacated by BRAC to host at least 25,000 employees. Securing the second headquarters in Northern Virginia is expected to strengthen the region's economic diversification by attracting, growing, and retaining technology-oriented businesses. ^{707.5c}



Gallery Place has become a major shopping, entertainment, and dining destination, drawing a mix of tourists, workers, and residents.

7

Policy ED-2.1.1: Office Growth

Plan for an office sector that will continue to accommodate government agencies and growth in government contractors, legal services, international business, trade associations, and other service-sector office industries. The primary location for this growth should be in Central Washington and the adjoining office centers, including NoMa, Capitol Riverfront, Buzzard Point, St. Elizabeths, and Poplar Point. ^{707.6}

Policy ED-2.1.2: Corporate Headquarters

Promote the qualities that favor the District as a headquarters or branch setting for multinational corporations, including its economic, social, political, and locational attributes. Focus on companies that contract with the federal government but are currently headquartered elsewhere and companies that would benefit from proximity to regulators. Construct performance-based incentive packages to encourage large corporations to locate and maintain their offices in the District. ^{707.7}

Policy ED-2.1.3: Signature Office Buildings

Emphasize opportunities for build-to-suit/signature office buildings in order to accommodate tenants and users such as corporate headquarters that require premium office space. ^{707.8}

Policy ED-2.1.4: Diversified Office Options

Diversify the tenant base by attracting premium, mid-range, and low-cost office space users, and by supporting a range of office space types. Recognize that many firms may prefer low-cost space over premium office space. ^{707.9}

Policy ED-2.1.5: Infill and Renovation

Support the continued growth of the office sector through infill and renovation within established commercial districts to more efficiently use available space while providing additional opportunities for new space. ^{707.10}

Policy ED-2.1.6: Local-Serving Office Space

Encourage the development of small local-serving offices and coworking facilities within neighborhood commercial districts throughout Washington, DC to provide relatively affordable locations for small businesses and local services (such as real estate and insurance offices, accountants, consultants, and medical offices). ^{707.11}

Policy ED-2.1.7: Lower-Cost and Flexible Office Space

Support innovations such as shared office space, hoteling, and incubators as methods to support lower-cost office space and reduce office vacancy rates. Consider techniques such as tax incentives and regulatory flexibility. ^{707.12}

Action ED-2.1.A: Marketing Programs

Implement marketing strategies for the District's commercial space, working collaboratively with local economic development organizations such as the Washington, DC Economic Partnership, Greater Washington Partnership, Federal City Council, Greater Washington Board of Trade, and DC Chamber of Commerce. The program should be conducted on an ongoing basis, focusing on companies that are headquartered elsewhere but conduct extensive business with the federal government, including legal firms, national membership organizations, technology-intensive industries, and the domestic offices of international firms. ^{707.13}

Action ED-2.1.B: Support Low-Cost Office Space

Explore the feasibility of financial or regulatory support to encourage the development of lower-cost office space, including coworking space for small or nonprofit businesses in underinvested commercial districts outside downtown. ^{707.14}

Action ED-2.1.C: Supporting Entrepreneurship

Facilitate entrepreneurship, including through mentorship, technical assistance, incubators, and pro bono partnerships that will help aspiring entrepreneurs access resources and increase the likelihood of establishing a successful small business. ^{707.15}

Action 2.1.D: Anchor Commercial Expansion

District agencies leasing new space will give priority to locations in Wards 7 and 8, where they can anchor commercial development, including fresh food retail. OP and the Deputy Mayor for Planning and Economic Development (DMPED) should support the location of District facilities in these areas through analysis of land use plans and public lands. ^{707.16}

ED-2.2 The Retail Economy ⁷⁰⁸

The retail sector has generated significant tax revenue that provided employment and income for residents, enhanced the vitality of Washington, DC, and improved shopping, dining, and entertainment choices for District neighborhoods. In recent years, the range of retail options in the District has been increasing. Between 2006 and 2017, nearly six million square feet of retail space has been constructed, with another one million square feet under construction, and an additional six million square feet in the development pipeline. ^{708.1}

New and remodeled retail space has been a leading component of community revitalization throughout Washington, DC, including in CityCenterDC, Gallery Place, Columbia Heights, Logan Circle, Barracks Row, Brookland, H Street, NE, and U Street NW, which have reemerged as major shopping, entertainment, and dining destinations. At the same time, established

New and remodeled retail space has been a leading component of community revitalization throughout Washington, DC, including in CityCenterDC, Gallery Place, Columbia Heights, Logan Circle, Barracks Row, Brookland, H Street, NE, and U Street NW, which have reemerged as major shopping, entertainment, and dining destinations.

retail districts such as Friendship Heights, Dupont Circle, Cleveland Park, Georgetown, and Adams Morgan are drawing fewer patrons, as the District's retail landscape continues to diversify by expanding south and east across the District. Importantly, this expansion is returning retail to Washington, DC's eastern quadrants, where residents without automobiles have had significantly reduced access to household goods. Some of the communities in the eastern quadrants undergoing retail growth include Fort Lincoln, Fort Totten, Anacostia Gateway, and Skyland. ^{708.2}

The retail economy is important to the tax base, and new retail options are anticipated to capture more consumer spending from residents, workers, and visitors, which strengthens the tax base. Retail expansion has occurred in numerous neighborhood commercial areas across the District and in the Central Employment Area. Since 2006, District-wide retail growth has dramatically reduced the District's retail leakage as a proportion of resident spending, which was estimated at \$1 billion per year in 2006. Between 2009 and 2016, retail sales and use taxes were up 36 percent, and retail employment was up 28 percent. ^{708.3}

In the District, strong retail growth has been driven by robust demand from the food and beverage segment. Nationally, the retail economy is experiencing major shifts in durable goods retailing, due in part to growth in online retailing. These changes are likely to reshape the regional retail landscape and may yield a mix of benefits and challenges for retail in the District. DOES anticipates that non-store retailers, which include online retailers, will be the fastest growing component of retail trade through 2026. This is a major shift that is anticipated to drive new retail business models that will change how retailers connect with customers and likely impact traditional brick-and-mortar stores. ^{708.4}

Efforts are underway to expand retail choices and strengthen existing retail businesses, in both Central Washington, DC and in District neighborhoods. Continued planning and market assessment will help retail areas across the District adapt to changing market conditions. Since 2006, OP has conducted two major retail initiatives: the Retail Action Strategy and Vibrant Retail Streets Toolkit. These initiatives provide a foundation for communities and retailers to adapt to the changing retail landscape, where new retail formats that are experiential and blended with online sales are imparting major changes in retail business models, trade areas, and marketing techniques. These studies identified market potential for numerous retail areas and strategies to attract neighborhood-serving uses, such as grocery stores, home furnishings, and home improvement stores that are missing or underrepresented today. Additional studies may assess the potential for new retail formats, such as shared spaces that are paired with administrative and technical support that make entrepreneurship more accessible by efficiently using limited and expensive land. If the full market potential of retail is

tapped starting in 2006, as much as seven to 10 million square feet of floor space might be accommodated by 2026. ^{708.5}

Policy ED-2.2.1: Expanding the Retail Sector

Pursue a retail strategy that will allow the District to fully capitalize on the spending power of residents, workers, and visitors, and that will meet the retail needs of communities across the District and particularly in underserved communities. ^{708.6}

Policy ED-2.2.2: Downtown Shopping

Strengthen Downtown Washington, DC as a regional experiential retail destination in order to capitalize on its status as a transit hub and its historic role as the crossroads and central marketplace for the Washington, DC metropolitan area. Downtown should be tenanted and promoted as a regional experiential retail destination of choice, with multiple traditional and nontraditional retail anchors, a variety of consumer goods retailers, specialty shops, retailers unique to the Washington, DC region, and a wide variety of restaurants and entertainment venues. ^{708.7}

Policy ED-2.2.3: Neighborhood Shopping

Create and support additional shopping opportunities in Washington, DC's neighborhood commercial districts to better meet the demand for basic goods and services. Reuse of vacant buildings in these districts should be encouraged, along with appropriately scaled retail infill development on vacant and underused sites. Promote the creation and growth of existing locally owned, nonchain establishments because of their role in creating unique shopping experiences, as well as in generating stronger local supply chains that facilitate community wealth building. ^{708.8}

Policy ED-2.2.4: Support Local Entrepreneurs

Support the efforts of local entrepreneurs who enhance the District's economy by manufacturing and retailing goods within Washington, DC, which increases the local employment and tax revenue generated by consumer retail spending. ^{708.9}

Policy ED-2.2.5: Business Mix

Reinforce existing and encourage new retail districts by attracting a mix of businesses, including local companies, regional chains, and nationally recognized retailers. ^{708.10}

Policy ED-2.2.6: Grocery Stores and Supermarkets

Support and incentivize the development of new grocery stores and supermarkets, and prioritize stores in neighborhoods with existing food deserts, where residents currently travel long distances for food and other shopping services, and neighborhoods most affected by hunger and poverty to improve access to healthy, affordable food. Because such uses inherently require greater depth and lot area than is present in many commercial districts, consider adjustments to current zoning standards to depth and lot area to accommodate these uses, and explore new models like co-ops. ^{708.11}

Policy ED-2.2.7: Planning For Retail

Coordinate neighborhood planning efforts with the District's economic development planning and small business development programs to improve retail offerings by leveraging the Vibrant Retail Streets Toolkit. Evaluate techniques, such as consolidating retail near highly trafficked locations along major corridors (particularly near transit station areas). Consider strategies to increase a retail area's market position, including by coordinating promotion. ^{708.12}

Policy ED-2.2.8: Innovative Retail

Identify and implement innovative retail strategies. This could include supporting pop-up or mobile retailers in neighborhoods with insufficient or unproven market demand for new stores. These strategies can help new businesses become established, or introduce new products and concepts, provide seasonal merchandise and services, and fill commercial buildings during short-term vacancies. ^{708.13}

Policy ED-2.2.9: Clustered Retail at Transit

Cluster retail around areas of high foot traffic, including Metrorail stations, bicycle facilities, high-capacity transit stops, and other multimodal meeting points. Create strong, vibrant retail nodes of to effectively link retail and transit. ^{708.14}

Action ED-2.2.A: Update Retail Action Agenda

Update the District-wide Retail Action Agenda. The agenda should include an evaluation of the current and projected amount of market-supportable retail, strategies for increasing retail offerings in historically underserved communities, submarket-specific retail positioning strategies, and an analysis of how changing retail trends and technologies, such as online retailing and automation, are likely to impact retail businesses and employment in the District. ^{708.15}

Action ED-2.2.B: Retail Ceiling Heights

Determine the feasibility of developing zoning amendments that would permit higher ground floor retail ceiling heights in neighborhood commercial areas.

Through processes including ZR-16, many zones have been revised to better accommodate the national standards for retail space, which has higher ceiling limits than typical office or residential uses. However, there may be an additional opportunity to make similar adjustments to zones used in neighborhood commercial areas. If these adjustments are feasible, better accommodating national retail space standards would help improve the District's economic resilience. ^{708.16}

Action ED-2.2.C: Update the 2005 Retail Leakage Study

Conduct an analysis of the District's retail economy to assess the impacts from online retailing and opportunities to capture resident retail spending. The study should also assess opportunities to attract additional retail spending by visitors and residents of nearby jurisdictions. ^{708.17}

As of 2017, hotels, bars, and restaurants directly provide more than 67,000 jobs in the District.

ED-2.3 The Tourism and Hospitality Economy ⁷⁰⁹

The District is a premier tourism, convention, and special events destination. Its array of attractions and cultural venues, particularly national museums and federal monuments, rivals that of other great cities around the globe. With 22 million annual visitors in 2017, the District is a leading destination for domestic travelers and foreign visitors. Away from the National Mall, an increasingly rich and diverse set of visitor amenities has been developed, including theaters, galleries, restaurants, nightclubs, historic trails, and historic home museums, which are enjoyed by visitors and residents alike. Added to this are the District's expanded convention facilities and the associated increase in convention travel. ^{709.1}

The economic impact of tourism includes both direct employment in the hospitality industry and spending by tourists and business travelers during their stays in the District. As of 2017, hotels, bars, and restaurants directly provide more than 67,000 jobs in the District. New hotels, such as the 1,150-room Convention Center Marriott Marquis, have added to the lodging choices in the District. ^{709.2}

Future growth is expected in both the tourism and convention sectors. Attractions such as the National Museum of African American History and Culture and the U.S. Capitol Visitors Center will draw new visitors and repeat visitors to the capital. The MCI Center, now called Capital One Arena, anchored revitalization of Chinatown when it opened in 1997. Then Nationals Park opened in 2008, where it helped catalyze reuse of the Anacostia waterfront. Building on the momentum of Nationals Park, the new Audi Field and Entertainment Sports Arena at St. Elizabeths East are

expected to draw more visitors and spending to historically underserved communities near and along the Anacostia River. In addition, features such as the African-American Heritage Trail; the Civil War Defenses of Washington, otherwise known as the Fort Circle Parks; the National Arboretum; Kenilworth Aquatic Gardens; and the Frederick Douglass Home offer an opportunity to explore Washington, DC beyond the monuments while also supporting neighborhood businesses and providing a better understanding of Washington, DC's history and culture among visitors. ^{709.3}

Meeting the increased demand for visitor services will require sustained efforts to expand the hospitality workforce, upgrade transportation capacity, increase awareness of the District's public safety, and maintain public access to key attractions and amenities. It will also require proactive measures to address neighborhood concerns about motor coaches, parking, and other tourism impacts. ^{709.4}

Policy ED-2.3.1: Growing the Hospitality Industry

Develop an increasingly robust tourism and convention industry, which is underpinned by a broad base of arts, entertainment, restaurant, lodging, cultural and government services. Strive to increase the total number of visitors to the District, the number of visitors staying in the District, and longer visitor stays in the District. Promote the District not only as the preferred base for exploring Washington, DC's attractions, but also the preferred overnight base for visiting regional attractions. ^{709.5}

Policy ED-2.3.2: Visitor Attractions

Encourage new and enhanced visitor attractions and entertainment venues in the District, particularly attractions that complement the traditional museums and monuments and draw more international visitors and young adults to Washington, DC. New attractions should create a clear identity for the District as the region's major entertainment center. ^{709.6}

Policy ED-2.3.3: Amenities Beyond the Mall

Promote the development of cultural amenities beyond the Mall in an effort to more fully capitalize on and distribute the economic benefits of tourism. ^{709.7}

See also the Arts and Culture Element for policies on culture in every neighborhood, and the Historic Preservation Element for policies on heritage tourism.

Policy ED-2.3.4: Lodging and Accommodation

Support the development of a diverse range of hotel types, serving travelers with varying needs, tastes, and budgets. New hotels should be encouraged both within Central Washington and in outlying commercial areas of the District, particularly in areas that are underserved by hotels. ^{709.8}

Policy ED-2.3.5: Federal Coordination

Continue to work with federal entities in the planning of visitor attractions, including new federal museums and memorials, so that the District can plan for complementary amenities and incorporate these features into its marketing programs. The District should also coordinate with the federal government to address security measures that may affect the accessibility and appearance of visitor attractions. ^{709.9}

Policy ED-2.3.6: Gallery Place/Convention Center Entertainment District

Support the continued clustering of entertainment uses in the Gallery Place/Convention Center area to create a stronger and more visible destination for visitors, workers, and residents. Manage noise, lighting, signage, and event activity to appropriately address impacts on surrounding neighborhoods. Improve streetscape and transportation connections between this area and the National Mall to foster its continued growth. ^{709.10}

Policy ED-2.3.7: Visitor Information Services

Provide effective visitor information services, including information on visitor attractions and services, transportation, lodging, dining, cultural, and entertainment options. ^{709.11}

See the Transportation Element for additional information on improved signage to attractions and destinations within the District.

Policy ED-2.3.8: Spin-Off Industries

Promote the development of hospitality-supply industries and technological innovations within the District to capture a greater share of the employment and income benefits associated with this labor-intensive sector. Presently, many of the industries that provide supplies to local hotels and restaurants are located outside of the District. ^{709.12}

Policy ED-2.3.9: Hospitality Workforce Development

Recognize the potential for the hospitality sector to generate entry-level jobs and opportunities for upward mobility for District residents by promoting career and job training and job placement initiatives in this sector, and by working with local hotels, the District of Columbia Hotel Association, the Washington Convention and Tourism Corporation, unions, and others. ^{709.13}

Policy ED-2.3.10: Waterfront Destinations

Promote the Anacostia and Potomac waterfronts as destinations for District residents and visitors in an effort to capitalize on the amenities and economic benefits of tourism in neighborhoods adjacent to the rivers. ^{709.14}



The District's institutional anchors—including colleges, universities, and hospitals—make a significant contribution to the local economy. As of 2017, colleges, universities, and professional schools accounted for 52,900 jobs in the District.

7

Action ED-2.3.A: Promote Unique Assets

Investigate opportunities for further promotion of Washington, DC's more esoteric attractions so that visitors may be drawn to new destinations in the District, thereby extending their stays and creating more economic benefits for Washington, DC. For example, consider tour packages that include "Undercover Washington" (featuring the FBI Building, the Watergate Hotel, the International Spy Museum, etc.), "Naturalist's Washington" (featuring the C&O Canal, Dumbarton Gardens, the Anacostia River, Rock Creek Park, and the National Arboretum), "Washington, DC the Port City" (featuring the District's reimagined ports at Georgetown, the Wharf, and Navy Yard), and "Washington, DC at War" (featuring the Fort Circle Parks and the war memorials). ^{709.15}

Action ED-2.3.B: Economic Development Financing Tools

Review the potential of expanding commercial revitalization programs, such as tax increment financing, to include adjoining underused and historically disadvantaged commercial districts with an emphasis on areas in Wards 7 and 8. ^{709.16}

Action ED 2.3.C: Test Challenge-Based Procurement

Test the feasibility of challenge-based procurement, which is a technique for procuring a solution rather than a specified product. Challenge-based procurement starts with defining a challenge in a request for proposals to prospective contractors who then propose solutions. This is a significant departure from traditional procurement where the solution is determined prior to procurement for predefined goods and services. This model has helped identify innovative solutions to public-sector problems that use technology-driven and evidence-based approaches. ^{709.17}

See the Arts and Culture Element for additional actions relating to tourism.

ED-2.4 The Institutional Economy ⁷¹⁰

The District's institutional anchors—including colleges, universities, and hospitals—make a significant contribution to the local economy. As of 2017, colleges, universities, and professional schools accounted for 52,900 jobs in the District, representing nearly five percent of total employment. Of the District's top 20 private organizations with the most employees, universities comprise a quarter of the largest employers, including the two largest employers, Georgetown University and George Washington University, according to

DOES reports. DOES indicates this sector is likely to gain about 3,103 jobs between 2016 and 2026. ^{710.1}

Several of the District’s universities also have affiliated teaching hospitals. These include Washington Hospital Center (a private teaching hospital affiliated with several DC universities), Georgetown University Hospital/Medstar Health, Howard University Hospital, and the George Washington University Hospital. These four institutions are the third, seventh, 13th, and 14th largest private employers in the District. Hospitals accounted for approximately 28,400 jobs in 2017, representing five percent of private-sector employment. ^{710.2}

In addition, the University of the District of Columbia (UDC), including its community college, is the District’s public university, serving residents affordably through multiple points of entry, including workforce training; professional certifications; associate degrees; and bachelor, graduate, and law degrees. ^{710.3}

Policy ED-2.4.1: Institutional Growth

Support growth in the higher education and health care sectors. Recognize the potential of these institutions to provide employment and income opportunities for District residents, and to enhance the District’s array of cultural amenities and health care options. ^{710.4}

See also the Educational Facilities Element for additional policies related to colleges and universities.

Policy ED-2.4.2: Secondary Benefits

Promote the development of local businesses and enterprises that rely on the concentration of universities and health care institutions in the District, including both firms that provide supplies to these industries and firms that benefit from their knowledge and research capacity. ^{710.5}

Policy ED-2.4.3: Higher Education and Health Care Linkages

Encourage continued linkages between the higher education and health care industries through incubator facilities co-located with medical schools, teaching hospitals, and medical research centers to generate new spin-off businesses from these institutions. ^{710.6}

Policy ED-2.4.4: Public Higher Education for District Residents

Support UDC in its role as the District’s public institution of higher learning. Recognize that the community college and university expand employment and income opportunities for District residents. In addition, elevate the university as an important resource for building a workforce for growth industries that require highly trained employees. ^{710.7}

Policy ED-2.4.5 : Partnerships with Anchor Institutions

Enhance partnerships with anchor institutions, such as universities, hospitals, and other institutions, to generate business and employment growth in the research and development sectors, and to continue technology transfer programs for District businesses and entrepreneurs. ^{710.8}

See also the portions of this element on Supporting Innovation in the Economy and Increasing Access to Employment for additional policies and actions relating to higher education. Also see the Educational Facilities Element for information on higher education facilities.

Action ED-2.4.A: Institutional Spin-off Business

Encourage District-based institutions, such as hospitals and universities, to establish or expand business incubators and accelerators that enable students and employees to develop and commercialize insights gained through the pursuit of an institution's mission. Leading examples include the MedStar Institute for Innovation and the Sheik Zayed Institute for Pediatric Surgical Innovation at Children's National Hospital. ^{710.9}

ED-2.5 The Production, Distribution, and Repair Economy ⁷¹¹

Production, distribution, and repair (PDR) areas in Washington, DC play an important role in District operations, in addition to preserving space for industries that make, distribute, and repair goods. PDR industries include the construction trades, utilities, transportation, publishing, manufacturing, wholesalers, and service providers such as commercial laundries. When these industries are assessed collectively, they account for approximately nine percent of the District's employment. PDR employment in the District has been broadly stable since 2006. Declines in some industries, such as publishing, have been offset by growth in other industries, such as food and beverage production. ^{711.1}

PDR jobs are particularly desirable in the District, as they offer competitive wages to persons with limited education and academic credentials. An analysis by OP in 2014 found that the jobs created in PDR areas pay \$4 to \$7 more per hour on average than comparable jobs in retail, while requiring little to no training or education. In addition, they frequently provide opportunities for career advancement and on-the-job training. The ability to continue creating these types of jobs in the District is a key to growing inclusively. See the "Industrial Land Transformation Study" text box for more information. ^{711.2}

As described in the Land Use Element, the areas that historically accommodated many of the District's PDR jobs were the waterfronts and the railroad corridors. Since 1975, regulatory changes have allowed residential uses on nearly a third of Washington, DC's industrial lands.

Areas designated for PDR on the Future Land Use Map are some of the only parts of the District that exclude residential uses to facilitate municipal and private sector uses that are not well-suited for residential areas. Additionally, because PDR areas have restricted use, land values are typically lower than in other parts of the District, which supports uses that require larger spaces and that are cost-effective for PDR uses. Today, the demand for housing continues to grow, while the supply of PDR properties has become very tight, which is creating a tension between much-needed housing production and PDR activities in a land-constrained District. ^{711.3}

The PDR sector plays an important role in supporting government operations and the broader economy. Without PDR areas, many private sector services and municipal operations could become less efficient and more expensive. The District needs PDR areas for municipal services, including trash collection, street sweeping, fleet storage, vehicle repair, and snow removal operations. Utilities and authorities need PDR lands to house key infrastructure, as well as for conducting repairs and maintenance. These areas serve a wide range of distribution needs. For example, all the alcoholic beverages sold in the District are warehoused and distributed from PDR areas, and same-day delivery services are seeking fulfillment centers in close proximity to customers. Entrepreneurs use facilities in PDR areas to operate creative businesses, including video production, food preparation, and beverage manufacturing. Preserving PDR areas supports industries that provide important services and economic diversification. ^{711.4}

Currently, residential neighborhoods are emerging in and near PDR areas, such as Florida Avenue Market, Ivy City, Edgewood, and Buzzard Point. As of 2014, less than three percent of the District's future land use was dedicated to PDR, which is low in the context of comparable cities, such as San Francisco and Boston. Due to this limited supply, the District recognizes the importance of PDR uses, which facilitate economic dynamism and support the delivery of municipal and other services. These areas are a limited resource that is important to many facets of Washington, DC's economy, and they must continue to serve the needs of the District. ^{711.5}

PDR Uses in the District

PDR uses are evolving in the District. For example, in 2018 the District formed a partnership with Ford Autonomous Vehicles to pilot-test autonomous vehicle technology and begin training the workforce to support this new type of mobility. The partnership with Ford will develop a base of vehicle operations and maintenance in the District and establish a training program through the DC Infrastructure Academy to prepare residents for new jobs that will come with the broader introduction of autonomous vehicles. This partnership exemplifies how new types of technology-based businesses may transform PDR lands. ^{711.5a}

Ward 5 Industrial Land Transformation Study

In 2014, OP commissioned a detailed study of the District's industrial lands from a land use, economic, and market perspective. This work included:

- Outreach to industrial land use stakeholders, community engagement, field surveys, and mapping of land use patterns and physical characteristics of each industrial area;
- An opportunities and constraints analysis of the Ward 5 industrial areas based on outreach and analysis;
- An analysis of the role that PDR businesses and jobs play in the DC economy; and
- Identification of best practices and recommendations for key industries and submarkets.

The study also found that there is a limited supply of PDR land for municipal use, and that much of the District's industrial land is either undevelopable because it supports infrastructure (e.g., water treatment and transportation infrastructure), has been rezoned to include housing and other incompatible uses, or is becoming more valuable than many users can afford, as the demand for PDR lands persistently exceeds supply. ^{711.5a1}

The study provided recommendations regarding where industrial land should be preserved and how to better integrate PDR uses with residential communities by applying state-of-the-art environmental mitigation systems and well-designed buffers to reduce nuisances. Two groups of recommendations are provided. The first group are policy recommendations that provide guidance and protections for PDR businesses. The second group are place-based strategies for , nuisance abatement, municipal uses, and community amenities. Together, these recommendations provide clear expectations for how industrial facilities should be constructed and operated to minimize and offset adverse impacts on residential areas. These recommendations shape policies that balance the District's need for industrial business and municipal services with community needs. ^{711.5a2}

See also the Land Use Element for information on areas for PDR and industrial uses, the Environmental Protection Element for information pertaining to Environmental Justice and the Urban Design Element for information pertaining to buffering PDR facilities.

Policy ED-2.5.1: Support for PDR Areas

Support business attraction, business retention, and technical assistance targeted toward PDR areas. Partner with stakeholders to develop and implement initiatives. ^{711.6}

Policy ED-2.5.2: Improve Environmental Stewardship

Improve the environmental performance of PDR areas by capturing and treating stormwater on-site, generating renewable energy on-site, implementing energy efficiency upgrades, and improving air quality. ^{711.7}

Policy ED-2.5.3: Workforce Development

Encourage PDR businesses and training programs to link unemployed and underemployed residents to career pathways. PDR industries are particularly effective entry-level jobs for populations with barriers to employment. 711.8

Action ED-2.5.A: Industrial Business Association

Explore the formation of an Industrial Business Association, to promote industrial tenant attraction and retention. 711.9

Action ED-2.5.B: Municipal PDR Needs Study

Explore a study to gain a better understanding of the District's long-term real estate needs for municipal PDR functions. These functions include waste management, fleet storage, fleet maintenance, and infrastructure operations. The study should consider opportunities for co-location and the consolidation of municipal uses. 711.10

See also Land Use Element Section LU-3.1 for additional policies and actions related to industrial land retention and addressing impacts.

Action ED-2.5.C: Siting of Food Aggregation, Processing, and Production Facilities

Explore the feasibility of developing food hubs, central storage, and community kitchens to expand healthy food access, federal nutrition program participation, and economic opportunity in underserved areas. These sites should be co-located whenever possible with job training, business incubation, and entrepreneurship programs. 711.11

Action ED-2.5.D: Assess Innovations in PDR Uses

Explore how emerging trends in PDR uses—such as vertical distribution facilities, one-hour delivery, autonomous vehicle fleets, and maker businesses— are adapting to changes in urban PDR real estate markets. 711.12

ED-3 Supporting the Neighborhood Business Environment 712

The distinct characteristics of many of the District's neighborhoods are expressed in their local shopping areas. Neighborhood business districts often reflect the ethnic heritage, building patterns, and architectural and social history of the communities that surround them. They provide places to interact with neighbors and, in many cases, a public domain with active street life and character. 712.1

From an economic development standpoint, the District's neighborhood shopping areas generate property and sales taxes, provide jobs, and meet local needs for goods and services. The economic health of these areas varies widely across the District. In shopping districts that are thriving, the District promotes continued patronage, variety among retailers, and high-quality



Commercial districts such as U Street have re-emerged as walkable shopping areas, with new development reinforcing the traditional pedestrian pattern.

goods and services, while addressing issues such as aesthetics and access for suppliers, customers, and employees. ^{712.2}

In shopping districts that are underserved or underperforming, the District promotes a range of solutions, including concentrating retail areas and converting some retail spaces to office or services uses (e.g., coworking) to address chronic challenges such as boarded-up storefronts, concerns about public safety, and difficulty competing with stronger commercial districts. ^{712.3}

Small and local businesses have demonstrated strong capacity for anchoring community revitalization, which has been amplified through initiatives such as Made in DC and DC Main Streets, which have helped propel resurgence in the retail economy. However, many formerly economically thriving retail districts have experienced market position shifts from regional-serving toward neighborhood-serving as retailing has strengthened downtown and expanded eastward since 2006. To address challenges and target opportunities in retail submarkets, the District has conducted a series of studies—including the Retail Action Strategy, the Vibrant Retail Streets Toolkit, and the Great Streets program—that provide strategic guidance for the District, retailers, and community partners. ^{712.4}

ED-3.1 Strengthening Retail Districts ⁷¹³

Part of growing an inclusive District involves improving access to basic goods and services for all residents of Washington, DC. Currently, some areas of the District lack basic amenities such as grocery stores, hardware stores, drug stores, and dry cleaners. In other parts of the District, these services exist but are poorly sited and do not provide a strong sense of community identity. ^{713.1}

Commercial districts such as 14th and U Street NW have reemerged as walkable shopping areas, with new development reinforcing the traditional pedestrian pattern. Other commercial districts have not fared as well. This is especially true along long arterial streets, and in neighborhoods where certain commercial uses are in oversupply. The market feasibility of each commercial area is evaluated based on a number of factors, including architectural design and character, lot and block patterns, property ownership, surrounding uses, market competition, community support, accessibility, traffic and parking, and the mix of existing businesses. ^{713.2}

To sustain viable commercial centers, it is essential that the District provide the police and fire protection, street and sidewalk maintenance, lighting, sanitation, and code enforcement services necessary to ensure the health and safety of merchants, residents, and shoppers. Transportation accessibility improvements are particularly important for increasing retail districts' customer bases while minimizing neighborhood disruption. The

District operates a number of programs with these objectives. For example, the Great Streets initiative is a multi-agency commercial revitalization initiative to support existing small businesses, attract new businesses, and transform emerging corridors. In addition, the DC Main Streets Program supports small business development through technical support. ^{713.3}

Ultimately, the success of each neighborhood commercial district will depend on private investment, cooperation among merchants and property owners, and consumer support. Community-based organizations (e.g., Main Streets) and business improvement districts assist through the services they provide and the local business enterprises they support. The government assists by providing technical assistance, financial incentives, and support to merchant associations, and by coordinating its revitalization programs with those of the private and nonprofit sectors. ^{713.4}

See the Framework Element (Generalized Policy Map) for additional information about the District's commercial centers, including neighborhood centers, multi-neighborhood centers, regional centers, and Main Street mixed-use corridors.

See the Land Use Element for additional information about the District's land use and development policies in neighborhood business districts.

Policy ED-3.1.1: Neighborhood Commercial Vitality

Promote the vitality and diversity of Washington, DC's neighborhood commercial areas by retaining existing businesses, attracting new businesses, supporting a strong customer base through residential density, and improving the mix of goods and services available to residents. ^{713.5}

See the Housing Element for additional information about the District's housing policies.

Policy ED-3.1.2: Targeting Commercial Revitalization

Continue to target government economic development programs to areas of greatest need and historically neglected areas, including older business areas with high vacancy rates and commercial centers that inadequately serve surrounding areas. Commercial revitalization should focus on serving existing neighborhood residents and opportunities to support resident-owned businesses. Focus on equitably achieving critical mass to sustain viable neighborhood commercial centers, recognizing that critical mass may vary according to zoning and historical investments. ^{713.6}

Policy ED-3.1.3: Commercial District Associations

Encourage business improvement districts, merchant associations, Main Street organizations, and other commercial associations that enhance economic development and commercial revitalization efforts, particularly in underserved or rapidly changing neighborhoods. ^{713.7}

Policy ED-3.1.4: Assistance for Community-Based Development

Encourage a network of active and effective neighborhood-based community development organizations, particularly those serving communities of color. The District should assist these organizations in acquiring the necessary technical and financial skills to participate in neighborhood revitalization projects. It should integrate the work of such groups into the District's overall planning and economic development initiatives. ^{713.8}

Policy ED-3.1.5: Leveraging Private Investment

Leverage public resources to attract private sector investments through techniques including ground leases, design build contracts, maintenance and operations agreements, licensing agreements, and joint development on publicly-owned land and redevelopment in areas considered to be high risks by investors. Support the involvement of local community development corporations in commercial development and revitalization efforts within these areas. ^{713.9}

Policy ED-3.1.6: Revitalization Planning

Link commercial revitalization strategies to capital budget priorities and larger neighborhood and transportation investment plans, including programs to improve transit to neighborhood centers. ^{713.10}

Policy ED-3.1.7: Community Equity Investment

Provide opportunities for community equity investment in local economic development projects. This may include methods of business financing that provide District residents with greater opportunities to acquire equity shares in new development. Emphasize opportunities for residents and communities that have not previously been able to access equity investments. ^{713.11}

Policy ED-3.1.8: Neighborhood Retail District Identity and Promotion

Brand the distinct character of retail districts through signature promotional events, signage, streetscape, and district gateways. Additionally, encourage unique retail clusters where appropriate. ^{713.12}

Action ED-3.1.A: Neighborhood Commercial Revitalization

Expand commercial revitalization programs such as tax financing structures, Great Streets, and the DC Main Streets Program to include additional commercial districts, particularly in the northeast and southeast quadrants of the District. Use the commercial revitalization programs to increase the stability of small and locally owned businesses by helping them adapt to demographic and market changes. Review District Main Streets and Great Streets programs from a racial equity lens to consider where they are located and barriers to start-up; who is, and who is not, served by these districts; and for those districts serving communities of color, any funding, grant allocation, or structural barriers. ^{713.13}

Action ED-3.1.B: Integrating Cultural Events and Neighborhood Commercial Revitalization

Promote the vitality and diversity of the District's neighborhood commercial corridors through heritage and cultural tours, festivals, and other events. ^{713,14}

See also The Arts and Culture Element for additional information on placemaking.

ED-3.2 Small and Locally Owned Businesses ⁷¹⁴

Small goods and services businesses are an important part of what makes the District's neighborhood commercial areas work. They provide full- and part-time employment opportunities for Washington, DC residents and contribute to the District's tax base. They help sustain the diversity of neighborhood shopping areas and enable the marketplace to respond to changing business conditions and consumer preferences. Washington, DC's small business proprietors have initiated many of the District's commercial revitalization efforts, driven by a desire and commitment to upgrade their businesses, properties, and neighborhoods. ^{714.1}

Approximately 98 percent of the businesses in the District had fewer than 500 employees in 2015. These businesses represented 47 percent of the District's private-sector jobs and they are an essential part of its economic base. Sectors with high numbers of small businesses include construction, wholesale trade, retail trade, and food services. In fact, the average retail business in the District has about 12 employees, and the average food service business has 22 employees. ^{714.2}

The success of small businesses in these sectors and others is particularly important in Washington, DC's underserved or underfunded communities. Small businesses in these areas can catalyze neighborhood renewal and provide local jobs. The availability of working capital and other forms of financial and technical assistance is important to promote their success. ^{714.3}

One of the potential downsides of revitalization is the loss of small businesses as the cost of retail space increases beyond what many business models can support in the face of growing demand from new types of businesses, such as fast-casual restaurants that generate particularly high levels of revenue. This can result in the replacement of basic services with specialty retail and dining that is not affordable to as many residents. The District recognizes that neighborhood shopping areas should evolve in response to changes in consumer tastes and preferences, but it also recognizes the importance of avoiding displacement and economic hardship for the businesses that have anchored Washington, DC's shopping areas for years. ^{714.4}

Employee-Owned and Controlled Businesses

Employee-owned and controlled businesses, such as worker cooperatives, are one form of small business ownership that produces an array of economic benefits for low-income communities that can effectively reduce economic disparities on a long-term basis. Employee-owned and controlled businesses tend to provide higher wages, more opportunities for skill development, greater job stability, and better benefits. This type of business is a proven community development practice that can help build economic equity by promoting living wages and reducing income inequality. ^{714.5a}

Promoting employee-owned and controlled businesses is an opportunity to build community wealth and support workforce development in concert with other programs to continue building an inclusive District. Connecting prospective employee-owned and controlled businesses with small business financing programs can improve the successful creation, implementation, and expansion of worker cooperatives. ^{714.5b}

New programs may be needed to increase opportunities for residents to own businesses in thriving commercial areas. Measures could include income and property tax incentives, assistance to commercial tenants seeking to purchase their buildings, commercial land trusts (which buy local commercial space and hold it in perpetuity for the benefit of the community), and relocation assistance programs for displaced businesses. Zoning strategies, such as development incentives to preserve local-serving small businesses, should be considered. There are also federal programs like the Historically Underutilized Business Zone (HUBZone) and Small Business Administration (SBA) loans that can support local entrepreneurs. In addition, entrepreneurship training programs can help residents develop successful enterprises that have forward-looking business models that can become the next generation of local businesses that anchor communities. ^{714.5}

Policy ED-3.2.1: Small Business Retention and Growth

Encourage the retention, development, and growth of small and minority businesses through a range of District-sponsored promotion programs, such as Made in DC and 202 Creates, as well as through technical and financial assistance programs. ^{714.6}

Policy ED-3.2.2: Small Business Incubators

Support small business incubators that provide space for lease to small and emerging businesses at low cost with flexible terms, paired with business development advisory services. Encourage entrepreneurship and workforce development in maker industries, particularly for businesses of color. ^{714.7}

Policy ED-3.2.3: Access to Capital

Expand access to equity, debt capital (including small business loans and lines of credit), long-term debt financing, and grants for small and medium businesses to support new and expanded business ventures. These tools should be used to leverage private investment in facility improvements, streetscape improvements, and other investments that help revitalize commercial districts and generate local jobs. ^{714.8}

Policy ED-3.2.4: Partnerships with Major Employers

Promote collaborations and partnerships between small businesses and the District's major employers to increase contracts for small and disadvantaged businesses (including federal outsourcing contracts), create new training opportunities, leverage corporate social responsibility initiatives, or otherwise collaborate on inclusive economic growth initiatives. ^{714.9}

Policy ED-3.2.5: Innovation in Emerging Cross-Cutting Industry Clusters

Support ongoing efforts by the District's colleges and universities to promote innovation in emerging fields. Provide technical and financial assistance to help local entrepreneurs and small businesses with an emphasis on the

impact economy, smart cities, professional services innovation, hospitality innovation, security technology, and data science and analytics. These efforts should include small business clinics, incubators, and course offerings at institutions of higher education. These efforts should emphasize opportunities to serve women, communities of color, and low-income residents. 714.10

Policy ED-3.2.6: Commercial Displacement

Avoid displacement of small, minority, and local businesses due to rising real estate costs. Develop programs to offset the impacts of rising operating expenses on small businesses in areas of rapidly rising rents and prices. Also consider enhanced technical support that helps long-standing businesses grow their revenues and thrive in the strengthening retail economy. 714.11

Policy ED-3.2.7: Assistance to Displaced Businesses

While avoiding displacement where possible, assist small, minority, and local businesses that are displaced as a result of rising land costs and rents, government action, or new development. Efforts should be made to find locations for such businesses within redeveloping areas, or on other suitable sites within the District. 714.12

Policy ED-3.2.8: Certified Business Enterprise Programs

Expand opportunities for local, small, and disadvantaged business enterprises through programs, incentives, contracting requirements, and other activities. 714.13

Policy ED-3.2.9: Employee-Owned and Controlled Businesses

Support the creation and advancement of employee-owned and controlled businesses. Consider techniques such as public funding to support the formation of cooperatives, prioritizing worker cooperatives in competitive contracting and procurement opportunities, aligning preferences for cooperatives with workforce and economic development initiatives, training partnerships with workforce development programs, and providing technical assistance, including financial and legal services. 714.14

Policy ED-3.2.10: Local Business Operational Planning

Promote the development of business operational plans to assess and build capacity of local businesses to prepare for, withstand, operate, and recover from identified threats and risks. The intent of business continuity plans is to implement safeguards and procedures that minimize disruptions during and after disasters, and to eliminate threats that can jeopardize the financial solvency of the small business. 714.15

Policy ED-3.2.11: Small Business Capacity Building

Promote capacity building for small businesses, including equity impact enterprises, that expand awareness of financial management, strategic

Small and Minority Businesses

Minority business enterprises represent an important subset of small businesses in Washington, DC. Their growth and expansion remain a particularly high economic development priority, and efforts should continue to streamline processes and provide innovative assistance. The DC Business Center is a one-stop online center to streamline regulatory information and make payments. The DC Business Center and DSLBD's Center for Entrepreneurial Education and Development provide unified information from key agencies, including the Department of Consumer and Regulatory Affairs (DCRA) and the Alcoholic Beverage Regulation Administration (ABRA). 714.13a



According to employment projections prepared by the DOES, 61 percent of the jobs to be created by 2026 will require a bachelor's degree or higher. District students need to be equipped with the education needed for these jobs so they can fully participate and benefit from economic growth.

7

planning, inventory management, legal requirements and risk management, and proven marketing techniques. Expanding awareness of these techniques will help small, minority, and local businesses grow along with the District's economy. ^{714.16}

Action ED-3.2.A: Anti-Displacement Strategies

Complete an analysis of alternative regulatory and financial measures to mitigate the impacts of demographic and economic market changes on small, minority, and local businesses. Measures to be assessed should include, but not be limited to, technical assistance, building purchase assistance, income and property tax incentives, historic tax credits, direct financial assistance, commercial land trusts, relocation assistance programs, and zoning strategies, such as maximum floor area allowances for particular commercial activities. ^{714.17}

Action ED-3.2.B: Business Incentives

Use a range of financial incentive programs to promote the success of new and existing businesses, including HUBZones, the Inclusive Innovation Fund, Certified Business Enterprise set-asides, loans, loan guarantees, low-interest revenue bonds, federal tax credits for hiring District residents, and tax increment bond financing. ^{714.18}

Action ED-3.2.C: Temporary Retail

Support temporary retail opportunities that would enable entrepreneurs and small businesses to open a shop in vacant commercial space at reduced costs. ^{714.19}

Action ED-3.2.D: Small Business Needs Assessment

Conduct an assessment of small and minority business needs and existing small business programs in the District. The study should include recommendations to improve existing small business programs and to develop new programs as needed. ^{714.20}

Action ED-3.2.E: Neighborhood Commercial District Resilience Toolkit

Create a toolkit that builds on the Vibrant Retail Streets Toolkit to provide community-based economic development organizations tools to navigate changing markets. The toolkit will help organizations identify and leverage public space assets, build market strength, apply creative placemaking, and implement temporary uses. ^{714.21}

Action ED-3.2.F: Study Employee-Owned and Controlled Businesses

Evaluate employee-owned and controlled businesses' potential for inclusive economic growth. Research could include identifying successful programs and assessing the feasibility of support for employee-owned and controlled businesses through startup funding, technical assistance, and legal support. ^{714.22}

ED-4 Increasing Economic Equity ⁷¹⁵

At the heart of Washington, DC's economic development strategy is a goal to create good-quality jobs with livable wages and good benefits that are filled by residents. Good-quality jobs should offer stable employment with opportunities to advance. By improving the District's educational system and job readiness programs, more residents will participate in the workforce and unemployment will decrease. By taking these steps, the District can build a more equitable economy. ^{715.1}

According to employment projections prepared by the DOES, 61 percent of the jobs to be created by 2026 will require a bachelor's degree or higher. District students need to be equipped with the education needed for these jobs so they can fully participate and benefit from economic growth. ^{715.2}

The need to improve occupational skills, job training, and job placement is clear. In 2017, the region's 3.8 percent unemployment rate was lower than other comparable regions but its job growth rate of 1.4 percent was one of the slowest among large metropolitan regions. ^{715.3}

The District itself lags in key employment indicators. Its unemployment rate has been several percentage points above the region's, and often it is more than 50 percent higher. In addition, its labor force participation rates for residents who have not graduated from college are 30 to 40 percent lower than for college graduates. Labor force participation is important because the unemployment rate is drawn from residents who are in the labor force. Together, these figures show that in 2015, 55 percent of adult residents whose highest level of educational attainment was a high school diploma were not employed, while only 18 percent of college graduates were not employed. These indicators show that the District's residents have significant differences in their employment prospects. ^{715.4}

To address these issues, comprehensive action is needed on multiple fronts to increase employment, particularly among residents with lower levels of educational attainment who are significantly more likely to be from historically underserved communities. Continued efforts are needed to improve education, job training, and job readiness so that residents are equipped with the education and skills necessary to enter and remain in the workforce in jobs and careers that provide sufficient wages. Job readiness requires more than just reading, writing, and arithmetic skills; it also requires essential life skills such as problem-solving, interacting with others, behaving responsibly, and organizing time effectively. ^{715.5}

There is also a need to recognize that many of the job opportunities potentially available to District residents are located outside Washington, DC. In fact, 82 percent of the new jobs that are likely to be created in metropolitan Washington, DC between 2015 and 2035 are forecast to be in the suburbs.



Tutoring and mentoring programs support learning and achievement outside the classroom.

Many of these jobs will be service, repair, sales, and clerical positions suitable for entry-level employees or employees without advanced degrees. Thus, an important part of improving access to employment is improving access to the region's job centers. ^{715.6}

Equitable development can be built with greater access to career pathways. This access can be achieved through skill development and education programs that are tailored to the needs of growth industries with career pathways. These pathways link advancement to experience and skill development, enabling employees to earn increased levels of compensation as they progress. Some career pathways require higher levels of educational attainment to access, while others feature opportunities for on-the-job training or progressive certifications. Over time, education programs, workforce development programs, and investments in equitable development are expected to increase labor force participation and career opportunities for residents. The data, programs, policies, and actions described here must be developed in the context of addressing the significant challenges facing the District's low-income residents and communities of color regarding education and employment outcomes. The District can accomplish this by using a racial equity lens to guide investments, set and measure racially equitable outcomes, and employ innovative and proven best practices. ^{715.7}

ED-4.1 Linking Education and Employment ⁷¹⁶

Washington, DC is making progress toward improved educational outcomes, but the District continues to face serious challenges with respect to literacy, high dropout rates, low test scores, truancy, and unsatisfactory student performance. By 2017, the number of adults in the District lacking high school diplomas or equivalents had declined from nearly 75,000 in 2005 to just over 48,000. However, job seekers without a high school diploma significantly and persistently outnumber employment opportunities at that educational level, which contributes to increased economic vulnerability among residents with the lowest levels of educational attainment. Looking forward, one of the District's most significant economic development opportunities will be to improve its educational system to ensure that District residents obtain the skills necessary to secure and keep good jobs, especially in high-growth occupations. ^{716.1}

This opportunity includes higher education, which is required for many of the best paid career pathways. In order to increase economic equity, the District and its educational stakeholders must continue to close the literacy and education gaps that have inhibited many residents from attaining higher levels of educational attainment and obtaining many of the District's plentiful good-quality jobs. ^{716.2}

As noted in the Educational Facilities Element of this plan, the District's public schools have implemented extensive reforms to improve curricula and upgrade learning environments. Still, more far-reaching efforts are needed to create a supportive environment for learning outside the classroom, including strengthening services for families and resources for parents. Early childhood learning and development are critical, ensuring that the District's youngest residents have healthy, stimulating, and supportive preschool years. It is also important to support adult learning and higher education programs that create pathways to opportunity, including those that can empower older residents to increase their skills and education to better connect with workforce opportunities. In order to adequately support curricula updates and student needs, extensive reforms must continue to prioritize the progress of at risk and the most vulnerable students. ^{716.3}

In addition to strengthening basic curriculum and improving teacher quality, the District will support further efforts by the DC Public Schools (DCPS) and public charter schools to create career-oriented curriculum. As of 2017, DCPS has launched 19 Career Education Programs in 16 high schools. The programs provide distinct learning experiences, in some cases through business sponsorships, and give students a fast track into their chosen career. They emphasize achievement and performance, and encourage students to actively apply their skills and talents. ^{716.4}

Although the work environment in Washington, DC is perpetually changing, it appears certain that living-wage jobs in all industries will require higher skill levels in the future than they have in the past. The District's share of jobs requiring postsecondary education is among the highest in the nation at 70 percent, which is expected to increase to 76 percent by 2020. Conversely, positions requiring only a high school diploma currently represent 22.6 percent of the District's jobs, compared to 40 percent at the national level. These educational characteristics are similar to the region's occupational breakdown; the District's workforce development programs can also help increase residents' competitiveness for jobs regionally. ^{716.5}

The District's evolving economy requires increasingly advanced skills and knowledge, such as computer literacy, social media communications, and data analysis. Developing and implementing a 21st century workforce curriculum will be essential to meet these requirements. Although it may take years to completely close the Washington, DC's educational gap, the District and all of its workforce development partners are committed to a more comprehensive and integrated workforce preparation system moving forward. This will require more resources for adult education, certificate and associate programs, a strong UDC, related workforce programs, and tighter integration and coordination with DCPS and DC public charter schools, enhanced by public-private partnerships with colleges and universities, as well as resources for K-12 schools. ^{716.6}

See the Educational Facilities Element for additional policies and actions related to providing higher education facilities in every ward, including in Wards 7 and 8.

Policy ED-4.1.1: Educational Improvements

Continue collaborative efforts with the DCPS and DC Public Charter School Board to improve the quality of public education, increase graduation rates, and improve basic competency and skill levels among District youth. Every District child must have a safe and productive learning environment that promotes academic and personal achievement. ^{716.7}

Policy ED-4.1.2: Career-Oriented Curriculum

Engage employers to develop curriculum and preparation for school programs designed to result in a career upon graduation. These efforts must include input from industry leaders regarding curriculum design and program validation at both magnet and traditional schools. ^{716.8}

Policy ED-4.1.3: Certification and Associate Programs

Support the continued contributions of colleges and universities in providing career-building opportunities for District residents, including literacy and job training programs, as well as professional certificate and two-year degree programs. The District will strongly support the UDC as a public institution of higher learning, a place of continuing education, and a ladder to career advancement for District residents. ^{716.9}

See the Educational Facilities Element for additional policies and actions related to UDC and improving access to higher education.

Policy ED-4.1.4: Adult Education

Support adult education and workforce development, career, and technical training for unskilled adult workers of all ages. Continue to innovate with programs that blend adult education and basic skills remediation with occupational skills and work experience. ^{716.10}

Policy ED-4.1.5: Learning Outside the Classroom

Support greater opportunities for learning and student achievement outside the classroom, including tutoring and mentoring programs by the District's major employers, nonprofits, and volunteers, and a full array of after-school programs. ^{716.11}

Policy ED-4.1.6: Agency Coordination

Expand collaboration between Washington, DC's education, human services, juvenile justice, and workforce development agencies to better serve the District's youth, reduce barriers to employment, and connect students with education and training opportunities that align with career pathways. ^{716.12}

Policy ED-4.1.7 Interjurisdictional Professional Licensing Agreements

Encourage and support professional licensing boards/commissions to adopt interjurisdictional agreements that enable workers licensed in domestic jurisdictions other than the Washington, DC to reasonably obtain licensure to work in the District. ^{716.13}

Policy ED-4.1.8 Recognition of International Professional Credentials

Provide support to professional licensing boards/commissions for establishing equivalency between District licensing standards and foreign credentials. This support enables the District's professional licensing boards/commissions to more easily credential foreign workers. ^{716.14}

Action ED-4.1.A: Master Education Plan

Support implementation of a Council-approved Master Education Plan and the DC Public Schools Strategic Plan to improve the performance of Washington, DC schools and the expanded capacity of all District youth to successfully join the future workforce and access career pathways. ^{716.15}

Action ED-4.1.B: Expanded Youth Services

Expand collaboration between Washington, DC's education, human services, juvenile justice, and workforce development agencies to better serve the District's youth, reduce barriers to employment, and connect District students with education and training opportunities that lead to career-track employment. Expand the DOES year-round jobs program and other job center services to effectively serve youth customers. In addition, continue to support the Marion Barry Summer Youth Employment Program for youth and young adults up to 24 years of age. ^{716.16}

Action ED-4.1.C: Partnerships for Outside-the-Classroom Learning

Track the outcomes of mentoring, internship and tutoring programs offered by the District's institutional and nonprofit organizations to better understand where there may be duplication and where there may be gaps. Gather qualitative feedback, in addition to quantitative program results, directly from mentees, interns or program attendees to receive first-hand accounts on the needs for these programs. ^{716.17}

Action ED 4.1.D: UDC Certification as a Training Provider

Encourage UDC to be fully certified to provide workforce development training that will help more District residents gain the qualifications required to reach career pathways. ^{716.18}

Action ED 4.1.E: Expand Job Center Services for Youth

Expand DOES job center services to effectively serve youth customers. These expanded programs will help increase youth employment and long-term participation in the labor market. ^{716.19}



Job training programs should be assessed to track their effectiveness and, if necessary, modify and improve them.

ED-4.2 Increasing Workforce Development Skills ⁷¹⁷

A competitive and marketable workforce is crucial to the District's economic health. Workforce development strategies must combine public and private investment and initiatives to close the occupational skills gap that now exists in the District. The goal of these strategies should be to help District residents achieve economic self-sufficiency while providing a skilled labor pool that meets the needs of local employers. ^{717.1}

The District's Workforce Investment Council (WIC) is a private sector-led, 32-member board responsible for advising the Mayor, Council, and District government on the development, implementation, and continuous improvement of an integrated and effective workforce investment system. Members of the WIC include representatives from the private sector, local business representatives, government officials, organized labor, youth community groups, and organizations with workforce investment experience.

^{717.2}

In 2016, the WIC released the District's Workforce Innovation and Opportunity Act, Unified State Plan for 2016 through 2020, also known as the WIOA Plan. This plan is required by federal law, and it incorporates both strategic and operational planning to build an integrated workforce development system. The WIOA Plan details nine operational priorities that will be used to fulfill the plan's goals. They include (i) unified client intake and tracking, (ii) integrating the Temporary Assistance for Needy Families (TANF) Program into American Job Centers to improve service delivery, (iii) deploying a mobile one-stop job center, (iv) delivering improved job training, (v) forming interagency partnerships to reduce barriers to employment, (vi) improving opportunities for youth to pursue education and career goals, (vii) developing a unified business services plan, (viii) developing a vendor scorecard to help focus funding on programs with proven outcomes, and (iv) developing interconnected education and training pathways to help residents advance within high-demand sectors. ^{717.3}

In addition, the District manages a job bank designed to match employers with job seekers. The DC Public Library (DCPL) is also helping residents become more employable by expanding digital literacy with technology access and training, as well as skills and development programs. ^{717.4}

Despite these initiatives, there is room for improvement. Some of the District's job placement and training services continue to have low success rates. Feedback from employers shows that reading skills, math skills, career readiness, and computer knowledge of some residents are still not at the level needed by business. ^{717.5}

Presently, the District's workforce development programs are administered through more than 20 federal and District agencies, including DOES and the District Department of Human Services (DHS). Many of these programs

are operated through private and nonprofit organizations. The District itself operates a network of American Job Centers, each providing a range of job placement services. ^{717.6}

The District also has created programs to support the hiring of local residents and local firms, particularly for District government contracts. For example, the First Source Program is a cooperative effort between businesses and the District to ensure that District residents have the first opportunity to apply for and be considered for jobs (see First Source Program text box). In addition, DC Law 15-295 requires contractors who perform construction and renovation work with District government assistance to initiate apprenticeship programs through the DC Apprenticeship Council. Construction apprenticeships offer one of the most accessible career pathways to good-quality jobs. There are also programs to eliminate discriminatory hiring practices. ^{717.7}

Pursuing the District's goal to increase access to education and employment also includes providing opportunities for career advancement for residents. Many of Washington, DC's entry-level jobs have high turnover, low job security, and few benefits. However, these jobs offer important initial employment opportunities. In addition, workforce development programs are needed to increase opportunities for upward mobility to good-quality jobs. Workforce development programs should prepare as many residents as possible for careers in industries with strong advancement opportunities, including construction, health care, higher education, and federal employment. These programs, in concert with the District's planning and economic development efforts, help create good-quality jobs that enable more residents to earn living wages that support families and enable older adults to retire. ^{717.8}

Policy ED-4.2.1: Linking Residents to Jobs

Promote measures that increase the number of District jobs held by District residents. According to the Census Bureau's Longitudinal Employer-Household Dynamics Program, 67 percent of the jobs in the District were held by non-residents in 2016. While recognizing that some imbalance is inevitable due to the relatively large number of jobs and small number of residents in Washington, DC, the District should work to increase the percentage of resident workers through its job training and placement programs. ^{717.9}

Policy ED-4.2.2: Linking Job Training to Growth Occupations

Target job training, placement, and career programs toward core and growth sectors and occupations, such as hospitality, information technology, health care, construction, home health aides, and computer user support specialists. Seek opportunities to link the pipeline of potential employees from workforce development programs to small, locally owned businesses. ^{717.10}

First Source Program

The First Source Agreement Program assures District residents priority for new jobs created by municipal financing and development programs. It mandates that all projects funded in whole or in part with District funds, or other funds which the District administers, shall provide for increased employment opportunities for District residents.

Each employer in the program must sign an agreement ensuring that:

- All job openings created are listed with DOES; and
- 51 percent of new hires are District residents.

Employers who receive other District government benefits, such as Industrial Revenue Bonds, are also covered. The program:

- Provides employment opportunities for Washington, DC residents;
- Provides monitoring to ensure that employers are in compliance with the law;
- Helps employers hire qualified District residents; and
- Assists employers in meeting contractual commitments. ^{717.7a}

Policy ED-4.2.3: Focus on Economically Disadvantaged Populations

Focus workforce development efforts on economically disadvantaged communities, including communities of color, and particularly those with many unemployed or marginally employed residents. Assistance should also be focused on groups most in need, including persons with limited work skills, the LGBTQ+ community, persons with disabilities, single mothers, youth leaving foster care, returning citizens, and persons with limited English proficiency. ^{717.11}

Policy ED-4.2.4: Neighborhood-Level Service Delivery

Emphasize the delivery of workforce development programs at the neighborhood level. Continue neighborhood faith-based and community-based initiatives that deliver job training and placement services to unemployed and underemployed residents. Consider programs that align with Business Improvement Districts' clean and safe teams. ^{717.12}

Policy ED-4.2.5: Business and Labor Partnerships

Facilitate communication and partnerships between business, labor, commercial associations, and educational institutions to improve the skill levels of the workforce, improve job training and placement resources, and improve the labor pool available to major employers. These partnerships could result in apprenticeship programs, pre-apprenticeship programs, entrepreneurial skills training, mentorship agreements, customized on-site job training, and career training. ^{717.13}

Policy ED-4.2.6: Entry-Level Opportunities

Support the creation of entry-level career opportunities, particularly for lower-income youth and adults, and persons with disabilities. Recognize the need for complementary efforts to provide affordable child care options, transportation, counseling, and other supportive services. ^{717.14}

Policy ED-4.2.7: Living-Wage Jobs

Promote the attraction and retention of living-wage jobs that provide employment opportunities for unskilled and semi-skilled workers. Use marketing strategies and performance-based incentives to encourage the relocation of firms with such positions to the District. ^{717.15}

Policy ED-4.2.8: Limited English Proficiency and Literacy

Promote collaboration between Washington, DC's education, human services, juvenile justice, and workforce development agencies to better serve the District's English Language Learners (ELL) and Limited English Proficiency (LEP) populations, reduce barriers to employment, and connect residents with education and training opportunities that lead to successful employment. Encourage English as a Second Language (ESL) programs and literacy training for residents in need of such services in order to overcome barriers to employment. ^{717.16}

Policy ED-4.2.9: Upward Mobility

Encourage continuing education and career advancement programs to provide opportunities for upward mobility among the District’s workforce. Encourage the growth of businesses that have been shown to provide career advancement opportunities for employees. ^{717.17}

Policy ED-4.2.10: Market-Responsive Programs

Maximize the use of technology and labor market data to help District residents find suitable employment, training, and education. Examples of such applications include DOES publications such as the Hot Job Report and the Industry Profile Handbook. ^{717.18}

Policy ED-4.2.11: Innovation in Training

Support innovative training strategies to fill skill gaps in the local labor force, including partnerships with the private sector, industry associations, and individual government agencies. Examples of such strategies include the Cadet Training Program of the DC Fire and Emergency Medical Services Department, the DC Infrastructure Academy, and trade organization apprenticeship programs. ^{717.19}

Policy ED-4.2.12: Local Hiring Incentive

Maintain requirements for resident job training and placement for projects built or operated with any form of public subsidy/loan, grant, or other incentive. Support incentives for similar training and hiring programs for private sector facilities and businesses through mechanisms such as community benefits agreements. ^{717.20}

Policy ED-4.2.13: Equal Opportunity Compliance

Enforce compliance with the DC Human Rights Act, which makes discrimination illegal based on race, color, national origin, sex, age, marital status, personal appearance, sexual orientation, gender identity or expression, family responsibilities, political affiliation, and disability. Additionally, the law makes discrimination illegal against the following traits in some areas: matriculation, family status, genetic information, source of income, place of residence or business, status as a victim of an intrafamily offense, and credit information. ^{717.21}

Policy ED-4.2.14: Alternative Work Arrangements

Encourage increased opportunities for alternative work schedules, such as part-time employment, flextime, teleworking, and in-home employment to accommodate the needs of working parents and others with dependent care responsibilities or mobility limitations. ^{717.22}

See the Land Use Element for additional policies related to home-based business.

Policy ED-4.2.15: Involvement of Educational Institutions

Seek the involvement of DCPS and public charter schools, the Board of Trustees of UDC, District agencies, and other educational institutions in implementation of workforce development programs. Encourage these entities to support the District's training efforts through their basic and adult education programs. ^{717.23}

Policy ED-4.2.16: Digital Literacy

Support digital literacy by improving access to technology, including providing internet access and training, through the DCPL system and through other resources to address and further close the digital divide. Increased internet access and technological skills are critical to the District's workforce development programs. Prioritize the communities with the greatest need, including vulnerable populations and those with limited access to technology. Expand broadband access to the District's broadband and Wi-Fi network, prioritizing communities with the lowest connectivity rates. ^{717.24}

Action ED-4.2.A: Alliances with External Organizations and Entities

Use Memorandums of Understanding (MOUs) to develop alliances, networks, and other relationship building strategies that enhance the success of workforce development initiatives. Such MOUs currently exist with organizations like the American Federation of Labor and Congress of Industrial Organizations (AFL/CIO), Washington Metropolitan Transit Authority (WMATA), and PEPCO. ^{717.25}

Action ED-4.2.B: Labor Market Monitoring

Maintain accurate data on the job market to better connect job seekers with job opportunities in high-growth, high-demand sectors. Monthly data on employment, occupation, and income should continue to be compiled by DOES. ^{717.26}

Action ED-4.2.C: Employer Needs Assessments

Conduct annual surveys of employer needs, particularly in high-growth industries. Using this report, develop new workforce training services and strategies to respond to the changing needs of employees and employers. ^{717.27}

Action ED-4.2.D: Outreach to Residents and Employers

Distribute information on the District's job training, skill enhancement, and job placement programs, particularly in communities with high rates of unemployment. Ensure that outreach strategies provide for persons with limited reading proficiency. ^{717.28}

Action ED-4.2.E: Workforce Investment and Opportunity Act (WIOA)

Continue implementation of the WIOA, including programs for job training and placement systems. Measures to improve the coordination of job training

programs that strengthen the workforce development system and more effectively target resources should be identified and implemented. ^{717.29}

Action ED-4.2.F: Training Program Tracking

Track the effectiveness of job training programs. Use assessments of such programs to modify and improve them. ^{717.30}

Action ED-4.2.G: Good Practices Report

Assess good practices for success in job training and readiness, and use the findings to evaluate and improve the District's programs. Publish a good practices guide to hiring a diverse, inclusive workforce based on successful corporate and nonprofit models. ^{717.31}

Action ED-4.2.H: Incentive Programs

Continue to offer incentive-based programs that encourage District businesses to hire job seekers who are disadvantaged and have barriers to employment. ^{717.32}

Action ED-4.2.I: Wages and Working Conditions

Continue advancing programs, including apprenticeships and employer training, that help increase wages for lower-income residents while improving working conditions. ^{717.33}

Action ED-4.2.J: Employment Barriers

Continue to study the capacity, need, and participation in programs that reduce barriers to employment for disadvantaged populations such as returning citizens and residents who speak English as a second language. ^{717.34}

Action ED-4.2.K: Improved Training

Provide on-the-job training, customized training, incumbent worker training, and cohort-based training to promote existing employees, which produces new entry-level openings. ^{717.35}

Action ED-4.2.L: Increase Access to On-The-Job Training and Workforce Development

Assess opportunities to work with government or private sector stakeholders to increase access to on-the-job training and workforce development through internships, fellowships, and apprenticeships. The assessment should prioritize opportunities for youth and young adults, as well as older adults navigating career changes that increase economic equity by establishing career pathways.

^{717.36}

Action ED-4.2.M: DC Housing Authority Employment Opportunities

Explore opportunities to strengthen and expand employment opportunities for low-income and very low-income residents with the DC Housing Authority and its contractors through the federal Section 3 program. ^{717.37}



Sustained investments in the city's transportation system will improve access to jobs for District residents, particularly transit improvements between neighborhoods with high unemployment rates and the city's major employment centers.

ED-4.3 Getting to Work ⁷¹⁸

In 2016, 35 percent of all employed District residents worked in the suburbs. This percentage is fairly typical of large, older central cities. The comparable 2014 figures for Boston, Baltimore, San Francisco, and Philadelphia were 46, 53, 40, and 39 percent, respectively. However, the figure for the District was 22 percent in 1990, indicating fairly rapid growth in the number of reverse commuters in recent years. The District works diligently to connect residents with District jobs, which produces numerous benefits for individuals and the District. Fortunately, Washington, DC is part of a strong regional economy, and its residents are part of a regional labor pool where many find employment opportunities. For some occupations, entry-level and semi-skilled jobs in the Maryland and Virginia suburbs can be difficult to reach. ^{718.1}

The District's location at the center of the regional transportation network and Metrorail system provides good access to rail-served job centers like Bethesda and Rosslyn. However, there is limited transit service to some significant suburban employment centers, which increases financial pressure on lower-income residents who have less affordable and reliable access to employment in those areas. Even within the District, there are challenges to commuting resulting from crowded Metrorail trains and buses, congested roads, and costly parking for those who cannot conveniently use transit. ^{718.2}

The extension of Metrorail to Tysons and Dulles Airport will improve transit access to the region's job centers. Other solutions to improve access to regional employment centers that are not served by Metro include on-demand ride-hailing services, carpooling, and bus routes and shuttles. Such solutions must be forged through regional agreements and partnerships, working through entities such as the Greater Washington Board of Trade, WMATA, the DC Workforce Investment Council, and the Metropolitan Washington Council of Governments. ^{718.3}

Transit-accessible housing matching the needs of the workforce is imperative. As Washington, DC continues growing, its housing market is becoming more complex, characterized by increased segmentation of the market rate and affordable housing stock. As a consequence, this increased complexity necessitates closer alignment between economic development planning, housing planning, and transportation planning to ensure that growth is equitable and sustainable. ^{718.4}

Policy ED-4.3.1: Transportation Access to District Jobs

Improve access to jobs for residents through sustained investments in the transportation system, particularly transit improvements between neighborhoods with high unemployment rates and the District's major employment centers. ^{718.5}

Policy ED-4.3.2: Links to Regional Job Centers

Continue to seek inter-jurisdictional transportation solutions to improve access between the District's neighborhoods and existing and emerging job centers in Maryland and Virginia. These solutions should include a balance between transit improvements and roadway capacity improvements. They should also include transportation demand management initiatives, such as ridesharing and vanpooling. ^{718.6}

Policy ED-4.3.3: Regional Job Connections

Support regional efforts to reduce unemployment, including partnerships with the region's major employers and programs that link District residents to jobs in fast-growing suburban employment centers. ^{718.7}

Policy ED-4.3.4: Regional Access to Central Washington

Provide sustained investments to the District's transportation network to ensure that both District and regional workers can access the growing employment areas of Central Washington and the Anacostia Waterfront. ^{718.8}

Action ED-4.3.A: Regional Initiatives

Actively participate in regional employment initiatives that link suburban employers with District-based providers of job training and placement, transportation, child care, and related support services. ^{718.9}

See the Transportation Element for additional policies and actions on mobility, access to employment, and commuting to jobs.

Action ED-4.3.B: Increasing Access to Employment

Pursue opportunities to develop high-capacity transit corridors that connect low-income communities to major employment areas, both in the District and region. ^{718.10}

Action ED-4.3.C: Housing a Thriving Workforce

Study how job growth and the District's economic strategy will affect demand for market rate and affordable housing to inform the development of housing strategies that can meet the housing needs of a thriving workforce. ^{718.11}

Action ED-4.3.D: Align Housing and Transportation Planning Regionally

Explore opportunities to align the District's planning and policies for housing locations and employment access with regional initiatives, such as the Metropolitan Washington Council of Government's Visualize 2045 plan. ^{718.12}

