

WASHINGTON, DC

Comprehensive Economic Development Strategy

Submitted to the Economic Development Administration August 2010



GOVERNMENT OF THE DISTRICT OF COLUMBIA
Executive Office of the Mayor
Office of the Deputy Mayor for Planning and Economic Development



August 12, 2010

Tonia R. Williams, CEcD
US Department of Commerce
Economic Development Administration
Philadelphia Regional Office
601 Walnut Street, Suite 140 South
Philadelphia, PA 19106

Dear Ms. Williams:

I support the submission of the District of Columbia CEDS that is included herein, and am confident that the document meets or exceeds all requirements. The CEDS is an involved, thorough approach economic development in the District of Columbia; it is both broad in scope and detailed in its application.

My office has participated in defining objectives and benefits for the CEDS throughout the process, and we know that this work will provide the District with a critical strategy for establishing goals and objectives, developing and implementing a plan of action, and identifying investment priorities and funding sources. Most importantly, the proposal will increase access to economic opportunity for all District of Columbia residents, especially in distressed or underserved areas of our City.

I would like to express my support for the CEDS, as well as my appreciation for your consideration of the District's submission.

Please do not hesitate to contact me if I can be of assistance.

Sincerely,


Valerie Santos

Deputy Mayor for Planning and Economic Development
Government of the District of Columbia

ADRIAN M. FENTY, MAYOR • VALERIE-JOY SANTOS, DEPUTY MAYOR



Washington, DC Economic Partnership

1495 F Street, NW | Washington, DC 20004 | www.wdcep.com

August 16, 2010

Tonia R. Williams, CEcD
US Department of Commerce
Economic Development Administration
Philadelphia Regional Office
601 Walnut Street, Suite 140 South
Philadelphia, PA 19106

Re: District of Columbia Comprehensive Economic Development Strategy

Dear Ms. Williams:

Enclosed please find the District of Columbia's completed Comprehensive Economic Development Strategy, submitted by the Washington, DC Economic Partnership on behalf of the Government of the District of Columbia.

The Washington, DC CEDS outlines a timely, innovative, and 21st Century strategy for the future of the District's economic development environment. This is a strategy based on a foundation of research and planning already undertaken; it is comprehensive in nature and specific to the issues and concerns relevant to DC and its emerging neighborhoods.

We very much look forward to working with you. Please do not hesitate to call if you have any questions about our CEDS document.

Thank you.

Sincerely,

Steve Moore
President & CEO
Washington, DC Economic Partnership
1495 F St NW
Washington, DC 20004

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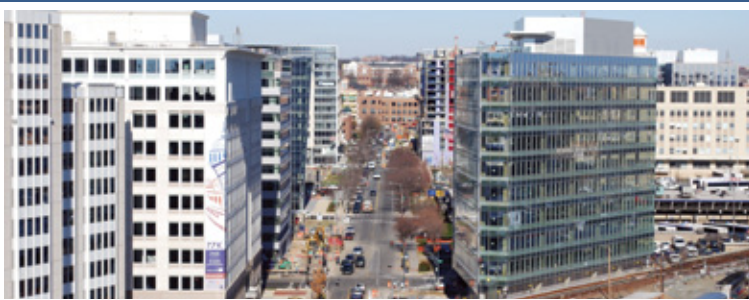
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Washington, DC CEDS Process Overview

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Process Overview

The District of Columbia Government began its planning process for the CEDS in the fall of 2009, with the intent to submit a phased CEDS document to the EDA as outlined below:

Phase I—Citywide Comprehensive Economic Development Strategy

Tasks:

- Formation of CEDS Strategy Committee
- Analysis of Economic Development Problems and Opportunities
- Strategic Projects, Programs, Activities and Plan of Action
- Performance Measures

Phase II—Targeted Economic Development Strategy for Emerging Neighborhoods & East of the River

Tasks:

- Analysis of Economic Development Problems and Opportunities
- Strategic Projects, Programs, Activities and Plan of Action
- Performance Measures

Final Report—Phased Study with Report Deliverables

The final report will be made available to the public for thirty (30) days for comment and reflection before submission to the EDA.

What is a Comprehensive Economic Development Strategy?

A Comprehensive Economic Development Strategy (CEDS) is designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen local economies. The CEDS should analyze the local economy and serve as a guide for establishing goals and objectives, developing and implementing a plan of action, and identifying investment priorities and funding sources. The CEDS sets forth the goals and objectives necessary to solve the economic development problems and defines the metrics of success.

CEDS Strategy Committee

A CEDS Strategy Committee was formed at the start of the District's process to assist in the development and review of the CEDS and to offer advice and counsel to the Project Team. This Committee represents main economic interests of the city. It includes private and public sector representatives, public officials, community leaders, representatives from workforce development, representatives of institutions of higher education, minority groups and private individuals. The CEDS Strategy Committee convened three times to review initiative deliverables and the project list for the CEDS, and will continue to convene yearly to guide the CEDS process.

“I view this strategy as a blueprint for the immediate future for economic and workforce development in the District. It reflects our current reality and provides a sound basis for moving forward with economic and workforce activities that have the potential to serve the broadest range of our city’s residents. It also serves to strike a balance between the new and emerging opportunities and the historic needs and challenges of our city.”

*C. Vanessa Spinner, Associate Dean, Workforce Development & Lifelong Learning,
Community College of the District of Columbia*

“The CEDS is a welcomed economic road map as to what projects offer the best return to the city in terms of job creation and economic benefits to the city, as well as, how the District Government should proceed with planning and implementing its economic development strategy for large government parcels of land. This strategy should ensure that the development of these sites will result in the utmost benefit to DC residents in terms of job training, jobs, retail goods and services, and to District businesses in terms of growth and economic vitality.”

Albert “Butch” Hopkins, Jr., President & CEO, Anacostia Economic Development Corporation

“This report shows how the District of Columbia can move beyond its current BLT (bureaucrats, lawyers and tourists) economy. The District has a variety of important tangible and intangible economic assets. The strategy shows how to build upon those assets to create a diversified economy and provide greater economic opportunities for District residents.”

Kenan Patrick Jarboe, President, Athena Alliance

“The leaders who guided the District of Columbia’s CEDS are to be applauded for being inclusive and responsive to direction and recommendations offered by representatives of our diverse community. The final document does an excellent job of synthesizing a diversity of perspectives into a set of unified and worthy economic development goals for our city.”

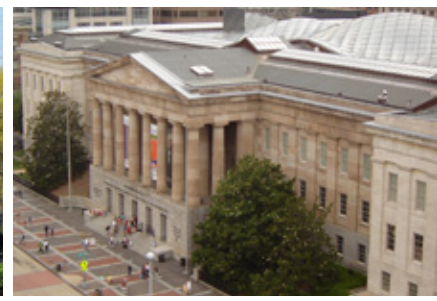
Ben Dupuy, President, D.C. Coalition for Capital

See Appendix 1 for a complete list of Strategy Committee members.

CEDS Project Team

The CEDS Project Team forms an integral part of the CEDS process and contributes to its success by ensuring that all parties are well represented and that the CEDS vision is in line with that of the District of Columbia Government. The Project Team includes representatives from the District of Columbia Government, specifically from the Office of the Deputy Mayor for Planning and Economic Development and the District Office of Planning. Additionally, the Washington, DC Economic Partnership a public/private partnership dedicated to facilitating economic development in Washington, plays a lead role in the management of the CEDS process acting in partnership with District Government.

Please see Appendix 2 for a complete list of Project Team members.



Phase I: City-Wide Comprehensive Economic Development Strategy

section two



Background

Washington, D.C., the nation's capital, serves as the economic hub for the Washington Metropolitan Area, a region that encompasses the cities and counties of Northern Virginia, Central and Southern Maryland. The population of the city is approximately 591,833¹, and the Washington Metropolitan Area is the eighth largest in the United States with more than five million residents.

On the surface, the District's economic picture seems fairly robust compared to other cities. There are more jobs than residents, and nearly three times more jobs than households. The presence of the federal government supports a stable employment and knowledge base, and has helped buffer the District, to some extent, against the downturn. There has also been growth in certain emerging sectors, such as the green and creative economies. Additionally, the District continues to target efforts towards supporting vibrant, walkable neighborhoods that have multiple transportation and housing options and provide an array of opportunities and amenities to residents.

However, the District faces some fundamental challenges with regard to taking advantage of what should be obvious assets, such as the federal government presence. There is a pronounced disconnect between the skills required to perform jobs, and the education and skill levels of residents, particularly those who are under- or unemployed. Only a third of jobs in the District are actually filled by District residents. This has resulted in growing economic disparities in the District, with entrenched areas of poverty in many neighborhoods. And, the District faces issues of diversification, as it must look beyond a reliance on the federal government base, and continue to promote a broader range of industries that can bolster activity across all neighborhoods and contribute to local vibrancy.

The District also faces issues of economic competitiveness as it tries to compete with surrounding jurisdictions where land and other costs of doing business may be less. Furthermore, the District's infrastructure system faces considerable pressure from the daily influx of commuters, who amount to a 72 percent increase over the resident population. This pressure points to a need for continued investment, even at a time when ridership is down and the District's finances are challenged.

Moreover, as with other cities, the District has not been immune to the financial downturn and the fiscal outlook is of concern. The downturn has impacted the implementation of economic development projects that were in the pipeline, including projects in underserved areas.

As it seeks to stimulate the city's economy and revitalize neighborhoods, the District looks not just to its areas of needs, but also to its areas of opportunity. Guided by the Comprehensive Plan and related planning and economic development initiatives, the District's approach can be categorized into four focus areas:

- A City with a Diversified and Accessible Economy
- A City of Distinctive and Robust Neighborhoods
- A Creative, Innovative and International City
- A Green and Sustainable City

These four focus areas play to the District's emerging strengths, as well as to the strategic investments or 'economic roadmap' that the city would like to undertake. The specific projects listed under each focus area have a role in moving forward a comprehensive economic development agenda that supports improved job, business, and industry opportunities as well as the development of vibrant neighborhoods. The overarching goal for economic development in the District is stated in the Comprehensive Plan (see below); the District proposes that the Comprehensive Economic Development Strategy builds on this foundation, taking into account new economic information and trends, and offering a strategy roadmap that can ultimately facilitate implementation of the Comprehensive Plan goal.

Comprehensive Plan Economic Development Goal

Strengthen the District's economy by sustaining its core industries, attracting new and diverse industries, accommodating future job growth, fostering the success of small businesses, revitalizing neighborhood commercial centers, improving resident job skills, and helping a greater number of District residents find and keep jobs in the Washington regional economy.

The District of Columbia: A Study in Urban & Regional Contrasts

Although over the past decade the District has seen job growth, increased real estate development and improvement across an array of economic measures, these improvements have not been experienced universally in the city; economic indicators point to growing geographic disparities, with areas in the northeast and southeast (including east of the Anacostia River), particularly disadvantaged. These entrenched challenges around education, income, unemployment and poverty levels continue to hamper the District's ability to take advantage of economic opportunities at the regional level. This entrenchment is due in part to chronic negative trends: for decades, the District experienced population loss, job decline, high unemployment and poverty rates, fiscal challenges, and the loss of spending power to the suburbs.

In contrast, the region's overall economic health remains fairly robust, as documented in the Greater Washington Initiative's 2009 Regional Report. Some key findings include:

- Greater Washington Region—4th largest economy in the U.S.
- Gross Regional Product of \$454 billion.
- Ranked #1 in net new job growth over the last decade.
- Most educated workforce in the nation.
- Professional and Business Services Sector account for 23 percent of jobs.
- Foreign born workers account for 22 percent of the workforce.
- Home to the most Inc. 500 fastest-growing companies in the U.S.—for 12 consecutive years.
- Nearly \$6.9 billion of venture capital invested in regional companies from 2002–2008.
- 7th Highest cost of living in the US and 107th highest in the world.

Growing Economic Disparities: Linkages Between Employment, Education & Poverty

The growing disparities between the District and the region—and also within the District—are evidenced through an unemployment rate that is the highest in the region (and often twice the regional rate). In October 2009, the District's unemployment rate reached 11.9 percent, a full two points higher than the national average. This is despite the fact that the District added 3,500 jobs at the end of 2009. This disparity points to an increasing gap between the qualifications needed to perform jobs, and the skills levels of residents. With many residents not being adequately qualified or prepared to fill jobs in the city, two-thirds of the jobs are instead filled by non District residents.

Moreover, the District's unemployment rate, driven in part by residents' poverty and poor educational attainment, is abnormally high in certain communities (see *Tables 1 and 2, page 11*). In May 2008, before the recent economic downturn, the citywide unemployment figure was 6.6 percent, but in Wards 7 and 8 it was 11.2 and 17.2, respectively, as compared with 1.7 percent in Ward 3, the city's most affluent Ward. Today, these numbers are even more telling. As of December, 2009, the citywide unemployment figure was up to 11.9 percent, but in Wards 7 and 8 it was at 19.9 and 28.7, respectively, as compared with 3.2 percent in Ward 3.

The jobs-skills mismatch also contributes to a widening wage gap and elevated poverty level; the gap between the bottom 20 percent and top 20 percent income earners is now the widest it has been since 1979, and nearly 25 percent of D.C.'s residents were below 125 percent of the federal poverty level².

Table 1: Historical DC Poverty Data (Poverty Rate Historical DC Poverty Data (Poverty Rate %))

| Year | Ward 7 | Ward 8 | Average | Low | High |
|------|--------|--------|---------|-----|------|
| 1980 | 22 | 27 | 19 | 7.7 | 27 |
| 1990 | 19 | 27 | 17 | 6.5 | 27 |
| 2000 | 25 | 36 | 20 | 7.5 | 36 |

Source: <http://www.neighborhoodinfodc.org/wards/wards.html>

Table 2: Historical DC Unemployment Data (Unemployment Rate %)

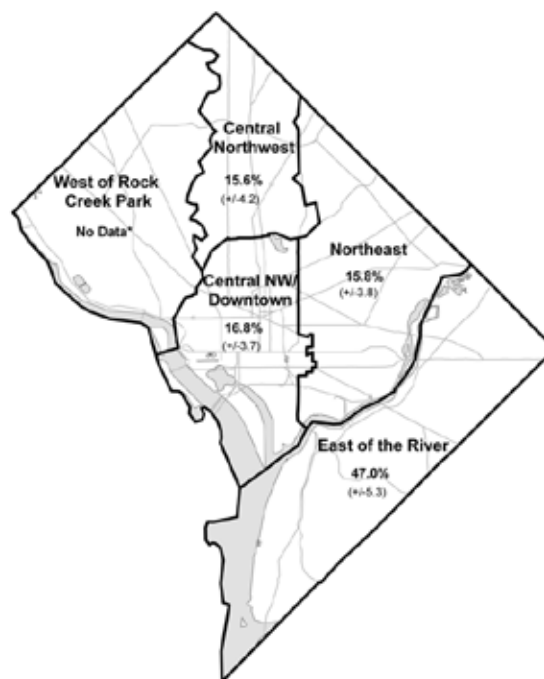
| Year | Ward 7 | Ward 8 | Average | Low | High |
|----------|--------|--------|---------|------|------|
| 1980 | 8.6 | 10 | 6.8 | 3 | 10 |
| 1990 | 8.1 | 13 | 7.2 | 2.4 | 13 |
| 2000 | 14 | 22 | 11 | 6.6 | 22 |
| FEB 2010 | 19.7 | 28.5 | 12.1 | 28.5 | 3.2 |

Source: <http://www.neighborhoodinfodc.org/wards/wards.html>

Most of the District's poverty is geographically concentrated within specific neighborhoods and geographic locations in the Central Northwest, Central Downtown, Northeast—and most notably the region located across from the boundary of the Anacostia River, identified as East of the River (see *DC Poverty Map*, page 11). This region is not only geographically isolated but isolated in terms of the physical infrastructure and educational attainment levels of its residents. The percent of residents that fall below 200 percent of the federal poverty level³ East of the River is nearly 50 percent⁴. In most other regions of the city the poverty rate is between 16 and 17 percent. The national poverty rate is 13.2 according to the most recently available data⁵.

East of the River, commercial and social service delivery is also below District averages due to inadequate private and public investment, contrary to the widespread economic renaissance enjoyed by other parts of the city. Such investments include the downtown urban corridors and EDA's recent investment in the Eastern Market Restoration Project.

In the District, entrenched poverty and educational attainment are substantial problems, though they are

DC Poverty Map⁴

not always apparent in a region with above average educational attainment and income. For example, the District of Columbia suffers from one of the lowest adult literacy rates in the country. According to *The*

State of Adult Literacy report published by the D.C. State Education Agency in March 2007, 37 percent of the District's total adult population reads at the lowest levels of functional literacy. Although adults at this level are represented in all city wards, functionally illiterate adults are most likely to live in Wards 5, 7, and 8, with percentages close to 50 percent east of the Anacostia River. This population is unable to fill out a job application, read to a child, or decipher a medical prescription. Furthermore, the District has consistently reported one of the highest high school dropout rates in the country. In 2002, the State Education Agency estimated that more than 130,000 adult residents (22 percent of the population) lacked a high school diploma or a General Equivalency Diploma⁶. These low educational indicators are mirrored by the District's poverty indicators⁷:

- Six out of ten public elementary school students in the District were eligible for free and reduced price lunch in the 2006–2007 school year.
- In six out of eight wards more than half of public school students were eligible for free and reduced lunch price.
- In Ward 8, the percentage of free or reduced lunches was 75 percent, the highest of any ward.

Economic Competitiveness

The District's economic sense of itself is in transition. The once one-dimensional government town now claims green, creative and innovative programs, events and businesses as unique to the city. This broadening of the District's identity and offerings has aided the District's emergence as the strong and resilient economy illustrated by \$27.1 billion worth of development projects completed since 2001 and the \$4.3 billion currently under construction.⁸

Investors are increasingly attracted to DC. The District is ranked as the #1 national and #2 international investment market among foreign investors⁹ and the #3 retail investment market in the nation¹⁰. The District is adding new jobs. With an employment base of more than 700,000, DC has averaged 7,100 new jobs per year for each of the last 15 years. Looking forward, the District is projected to create over 30,000 in the next five years.¹¹

The District of Columbia has had success over the past decade in attracting residents, talent and businesses. This is due in part to the District's competitive advantage over the surrounding suburbs in Maryland and Virginia, such as the following outlined below.

DC has access to the greatest number of potential employees in the region (train, highway, subway and buses). Transportation plays a key role in the District, and the quality of the regional work force is key to DC employers as they are in the center of the market and can attract workers from Baltimore, Frederick and Richmond via train access. The Washington region has the best educated population in the nation, and the District itself is among the top 10 cities for new college graduates. The District also has a burgeoning technology and entrepreneur sector.¹²

Another competitive advantage for Washington is its business amenities and quality of life. For those that locate in the District, proximity to the federal government, access to public transportation, less traffic than in the suburbs (and less commuting time), cultural amenities such as the Smithsonians, and DC's vibrant theatre district, the city's world class restaurants, entertainment, private schools and a lower carbon footprint are all advantages.

However, the cost of doing business is higher in DC than in the suburbs. DC's rents are higher partially due to market forces and not tax rates (DC's tax rate is 30 percent to 85 percent higher, and DC's market values are 20 percent to 50 percent higher), with government policy choices furthering the problem.¹³ Additionally, the public school system is seen as a disadvantage, and improving the educational attainment of District residents remains an ongoing challenge. Increasing regional congestion also impacts the District's competitiveness.

To better understand the city's business environment and the issues businesses in DC face, the District of Columbia recently undertook an analysis of the city's business sector. The study revealed that Washington, DC has 43,300 businesses that employ about 538,000 individuals¹⁴. Of the total number of businesses:

- Approximately 8,300 are small businesses (6 to 24 employees) that employ about 93,000 individuals. Small businesses' average annual sales volume is roughly \$1 million
- A total of 170 are registered as minority-owned businesses, employing about 2,000 individuals. Minority-owned businesses' average annual sales volume is roughly \$900,000.
- A total of 5,100 businesses are female-owned, employing about 31,000 individuals. Female-owned businesses' average annual sales volume is roughly \$500,000.

Businesses surveyed and interviewed in the Washington, DC Business Environment Scan cited access to capital and credit as a significant need in their business operations. Cash flow was mentioned as a significant barrier to success for small businesses, as were start up costs, which were identified as a significant burden, such as cost of equipment or compensating employees (offering competitive healthcare and benefits).

The most important factor in supporting business growth and expansion in the next few years for District business is an increase in clientele. Additionally limiting business growth and expansion is the lack of viable office space, and lack of affordable locations.

Structural Imbalance

The District also faces challenges with regards to the level of services and infrastructure that it needs to provide, as compared to its revenue capacity. According to a report by the General Accountability Office¹⁵, the District has a persistent structural deficit or shortfall, which when compared to the average level of services that other urban areas provide, is estimated at \$1.1 billion annually. The report discusses three key factors that contribute to this shortfall. First, the District does not have the same broad revenue-raising capacity that other cities enjoy, yet is expected to provide comparable services. Second, a congressional ban on taxing the income of non-residents means that the city cannot generate revenue from the two-thirds of District jobs

that are filled by nonresidents. Third, the presence of federal and tax exempt organizations such as embassies, international entities such as the World Bank and non-profit entities means that a considerable portion of property is off the tax rolls; according to the report, the federal government alone holds 42 percent of property in the District.

These factors mentioned in the preceding text combine to create a fairly unique challenge that places pressure on District revenue sources, with residents and businesses facing some of the highest tax burdens in the nation. Another outcome is that major investments in infrastructure and capital improvements have been deferred, a situation that has been exacerbated by:

- Decades of disinvestment and erosion of tax base that followed the loss of middle class residents and businesses to the suburbs.
- Riots that decimated key commercial corridors the city in the wake of Dr. Martin Luther King's assassination.

The District's fiscal situation will continue to influence land and economic decisions and act as a key driver for redevelopment of sites that offer tax-generating uses and housing. Revitalizing emerging and distressed areas across the District into attractive and active neighborhoods that can support existing residents as well as attract new residents and businesses is a critical strategy for the District as it grows its tax base.

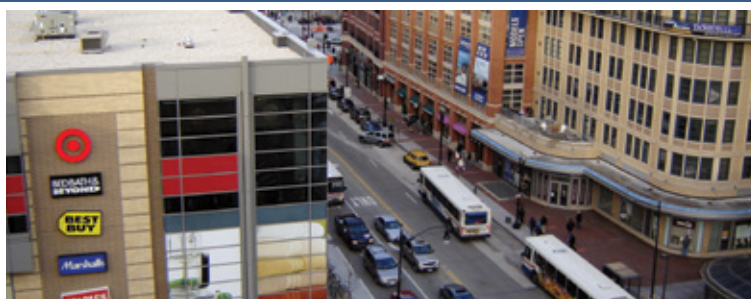
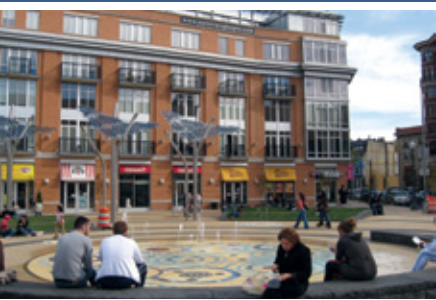
Increasing Costs: Infrastructure, Health & Environment

As with many other cities, the District faces challenges related to aging infrastructure systems, particularly related to transportation, sewer and water. However, the District faces a fairly unique challenge with respect to the daily influx of hundreds of thousands of commuters, and the impacts these commutes exert on the transportation system. According to the Census Bureau, the District's daytime population is estimated at 982,853. The influx of over 410,000 workers into Washington on a normal business day comprises a 72 percent increase

of the capital's normal population, representing one of the largest percentage increases of any U.S. city and possibly the second largest net increase, behind New York City. The metro system faces challenges due to its aging equipment and infrastructure, as well as capacity issues; the ability of the city to continue and grow as the regional hub of employment and business is tied to an efficient and well-managed transportation system.

This increased daytime population also exerts pressure on the water and sewer systems in the District. With many portions of the system built more than 100 years ago, improvements are needed to sustain growth and development in the District. This is particularly pressing given that Downtown is almost fully built out, and it is the emerging business areas such as the NoMA (North of Massachusetts Avenue) neighborhood and the southeast waterfronts that can accommodate growth and help the District remain competitive within the region and the nation. These emerging areas have key infrastructure needs that must be addressed in order to support the levels of commercial development projected over the long term.

The District also faces a set of challenges with regards to health outcomes, particularly in disadvantaged areas. The leading cause of death in the District is heart disease, and the incidence of this disease has increased by 10 percent between 2002 and 2006, despite the death rate in the country decreasing by more than 15 percent¹⁶. A recent study estimated that at least 3 percent of District residents have HIV or AIDS, a rate that is on par with less developed countries, and far above the 1 percent threshold that constitutes a "generalized and severe" epidemic. The disease affects the District's minority population disproportionately. Indicators for other health issues such as diabetes and obesity are also elevated, and point to the need for targeted approaches that range from improved access to primary care and to full service hospital care, including East of the River. Combined with the aging of the population, the District faces increasing health issues and costs that it must address if it is to provide healthy, active communities.



Phase I: Strategic Focus Areas

section three

3

Introduction

This section lays out strategic focus areas that emerged from various planning processes and analyses, and that have been identified as priorities by District Government. The District's Comprehensive Plan, which guides long term growth and development and related planning processes, provides the overarching framework for the CEDS. The District is committed to undertaking continued policy, planning, implementation and investment activities in support of these strategic focus areas. The four strategic focus areas are:

- A City with a Diversified and Accessible Economy
- A City of Distinctive and Robust Neighborhoods
- A Creative, Innovative and International City
- A Green and Sustainable City

Support for investments in these focus areas integrates the District's proposed CEDS with various economic development and planning initiatives recently undertaken or currently underway. Recent studies and initiatives undertaken by the District in support of these specific focus areas include a Green Collar Jobs Demand Analysis; a Green DC Agenda; a Technology Feasibility Incubator Study; a Creative DC Action Agenda; an Economic Development Strategic Diagnostic; *actionomics[dc]*, an economic jumpstart initiative; and numerous neighborhood small area plans and initiatives. Each initiative has included stakeholder engagement that has been specifically tailored to address the needs and opportunities of the sector or focus areas in question. For example, the Creative DC Action Agenda, an analysis of the District's creative economy, included many individual and industry focus group interviews, as well as a forum at where more than 150 creative stakeholders convened. Also, the Green Collar Jobs initiative has been guided by the Mayor's Green Collar Jobs Advisory Council, a coalition of private sector entities, non-profits, and government agencies that provides information, advice, and recommendations on issues related to

the development of green collar jobs and enterprises. These focus areas are also linked to the recent 'Indices' publication by the Office of Planning/ State Data Center, which provides a snapshot of District Government planning and operations.

It should also be noted that for its 2006 Comprehensive Plan, the DC Office of Planning undertook an extensive assessment of the District's economy and regional competitiveness. This assessment provided the analytical basis for the economic development element of the Comprehensive Plan, and included review of demographic, income, and employment trends; job and wage analysis; economic base and sector analysis; development capacity, fiscal impacts and revenue. The full economic development technical report can be found online on the DC Office of Planning's website.

Strategic Public & Private Investment:

The Key to Leveraging the District's Underutilized Human Capital, Intellectual Capital & Extending Economic Prosperity

With focused investments in the strategic areas outlined in the preceding text, in the form of infrastructure investments to support the development of a new medical facilities in underserved areas as well as access to affordable housing and post-secondary education facilities (including community college programs), and access to office space that will support job sectors and transform distressed neighborhoods, the District has the opportunity to empower its impoverished populations and mitigate the economic dislocations that occurred as a result of the current economic recession.

Listed on the next page (see Table 3, page 17) are the CEDS focus areas, types of investments in the various target industry and job sectors and the outcomes from these investments:

Table 3

| CEDS Focus Area | Types of Investments & Target Industries | Economic Development Outcomes |
|--|---|---|
| A City with a Diversified and Accessible Economy | <ul style="list-style-type: none"> NoMA water and sewer infrastructure investments: office sector, media hub St Elisabeth's site infrastructure improvements: intelligence/security, small business development Education, health/IT, cultural investments Health care: health information technology and nursing | <ul style="list-style-type: none"> Support for sector diversification, emerging centers of activity and potential for enhanced competitiveness through infrastructure and other investments Workforce development and job training Public and private sector support for biotech, information security commercialization, new company formation, increased job opportunities |
| A City of Distinctive and Robust Neighborhoods | <p>Infrastructure Investments in the following sites:</p> <ul style="list-style-type: none"> Hill East (health, retail) McMillan (health, retail) Saint Elizabeths (technology and biotech) Walter Reed O Street Market (office space, retail) RiverwalkTrail (tourism) Watts Branch | <ul style="list-style-type: none"> Increased access to job training and employment opportunities and improved utilization of human capital Redevelopment and revitalization of neighborhoods Providing amenities in underserved communities Reduced retail leakage from its current level of between \$30 and \$105 million in District neighborhoods. |
| A Creative, Innovative and International City | <ul style="list-style-type: none"> Sector investments <ul style="list-style-type: none"> Broadband technology, Broadcast Center One, Digital Capital International centers for policy, education and exchanges e.g. Center for Strategic & International Studies, university partnerships Art Place, Randall School, Arena Stage: arts and cultural hubs | <p>Business Incubator and Job Training Centers focused on:</p> <ul style="list-style-type: none"> commercialization & small business development shared workspace and incubation in underserved neighborhoods |
| A Green and Sustainable City | <ul style="list-style-type: none"> Updated infrastructure and development Combined sewer overflow, stormwater management / LID 'Riversmart' incl. green roof incentive program PACE—weatherization and energy retrofit 'Green Street' initiative Southwest Waterfront, McMillan infrastructure construction Restoration of wetlands, Kingman Island High quality, efficiently managed transportation system Street Car, Premium Bus Rapid Transit Green training / employment and business initiatives, e.g. E RIC | <ul style="list-style-type: none"> Green Collar Jobs training facility |

A City with a Diversified & Accessible Economy

The District acts as the center of the regional economy, providing a hub of employment and business opportunities not just to District residents, but also to regional residents. Maintaining and growing the city's economy is vital to the city and the region. For the District, a robust and diverse economy is also critical to supporting the fiscal stability of the city. Economic development strategies must explore ways to sustain the District's core industries while leveraging them to attract new businesses and jobs. A dual-pronged approach of diversifying the economic base as well as targeted workforce development can expand job opportunities for residents.

Issue & Need

Sector Diversification

To better understand the climate of need and economic opportunity in the District, it is important to evaluate the current and future industry clusters as well as the attendant employment need to clusters that exist in the District as well as the region (see *Table 4, page 18* and *Table 5, page 19*).

Table 4

Employment Projections for the District of Columbia and U.S. by Major Industry Group, 2002-2012

| Industry | 2002 | 2012 | 2002 Share | 2012 Share | Growth | Growth Rate |
|--|---------|---------|------------|------------|--------|-------------|
| Washington, D.C. | | | | | | |
| Total, All Industries | 723,977 | 791,735 | 100% | 100% | 67,758 | 0.90% |
| Natural Resources | 51 | 58 | 0.01% | 0.01% | 7 | 1.29% |
| Construction | 12,342 | 14,200 | 1.70% | 1.79% | 1,858 | 1.41% |
| Manufacturing | 3,048 | 2,098 | 0.42% | 0.26% | -950 | -3.67% |
| Wholesale Trade | 4,350 | 4,794 | 0.60% | 0.61% | 444 | 0.98% |
| Retail Trade | 17,168 | 18,808 | 2.37% | 2.38% | 1,640 | 0.92% |
| Transportation, Warehousing and Utilities | 12,151 | 11,859 | 1.68% | 1.50% | -292 | -0.24% |
| Information | 25,351 | 26,952 | 3.50% | 3.40% | 1,601 | 0.61% |
| Finance and Insurance | 19,624 | 21,437 | 2.71% | 2.71% | 1,813 | 0.89% |
| Real Estate and Rental Leasing | 11,216 | 12,611 | 1.55% | 1.59% | 1,395 | 1.18% |
| Professional, Scientific and Technical Services | 93,183 | 112,376 | 12.87% | 14.19% | 19,193 | 1.89% |
| Management of Companies and Enterprises | 2,211 | 1,528 | 0.31% | 0.19% | -683 | -3.63% |
| Administrative Support & Waste Mgmt Services | 43,783 | 52,284 | 6.05% | 6.60% | 8,501 | 1.79% |
| Educational Services | 45,606 | 53,157 | 6.30% | 6.71% | 7,551 | 1.54% |
| Health Care and Social Assistance | 54,155 | 58,081 | 7.48% | 7.34% | 3,926 | 0.70% |
| Arts, Entertainment & Recreation | 5,534 | 6,836 | 0.76% | 0.86% | 1,302 | 2.14% |
| Accommodation and Food Services | 42,675 | 48,290 | 5.89% | 6.10% | 5,615 | 1.24% |
| Other Services | 56,083 | 63,187 | 7.75% | 7.98% | 7,104 | 1.20% |
| Self Employed | 59,711 | 62,891 | 8.25% | 7.94% | 3,180 | 0.52% |
| Federal Government | 192,417 | 198,013 | 26.58% | 25.01% | 5,596 | 0.29% |
| State & Local Government excluding Education and Hospitals | 23,318 | 22,275 | 3.22% | 2.81% | -1,043 | -0.46% |

Source(s): DC Department of Employment Services (June 2005). District of Columbia Employment Projections by Industry and Occupation 2002–2012. Retrieved from <http://www.does.dc.gov/does/lib/does/info/ep2.62105.pdf>. For DC employment projection data, see: http://www.does.dc.gov/does/frames.asp?doc=/does/lib/does/DC_Occupational_Files_2006_2016.pdf

Table 5

District of Columbia
Wage and Salary Employment by Industry and Place of Work a/
(In Thousands)

| INDUSTRY | Dec. b/ 2009 | Nov. c/ 2009 | Net Change From | | |
|--|-----------------|-----------------|-----------------|-----------------|--------------|
| | | | Dec. 2008 | Nov. c/ 2009 | Dec. 2008 |
| TOTAL | 713.8 | 713.2 | 707.7 | 0.6 | 6.1 |
| Total Private Sector | 471.5 | 471.6 | 473.9 | -0.1 | -2.4 |
| Total Government | 242.3 | 241.6 | 233.8 | 0.7 | 8.5 |
| Total Goods Producing | 13.2 | 13.4 | 13.8 | -0.2 | -0.6 |
| Manufacturing | 1.3 | 1.3 | 1.4 | 0.0 | -0.1 |
| Mining, Logging & Construction | 11.9 | 12.1 | 12.4 | -0.2 | -0.5 |
| Total Service Providing | 700.6 | 699.8 | 693.9 | 0.8 | 6.7 |
| Trade, Transportation & Utilities | 27.5 | 27.0 | 28.3 | 0.5 | -0.8 |
| Wholesale Trade | 4.6 | 4.6 | 4.7 | 0.0 | -0.1 |
| Retail Trade | 18.4 | 17.9 | 19.0 | 0.5 | -0.6 |
| Transportation, Warehousing & Utilities | 4.5 | 4.5 | 4.6 | 0.0 | -0.1 |
| Information | 18.5 | 18.6 | 20.2 | -0.1 | -1.7 |
| Publishing Industries (except Internet) | 6.6 | 6.7 | 7.0 | -0.1 | -0.4 |
| Financial Activities | 26.8 | 26.9 | 28.2 | -0.1 | -1.4 |
| Finance and Insurance | 15.5 | 15.5 | 16.6 | 0.0 | -1.1 |
| Credit Intermediation and Related Activities | 7.6 | 7.6 | 7.8 | 0.0 | -0.2 |
| Real Estate and Rental and Leasing | 11.3 | 11.4 | 11.6 | -0.1 | -0.3 |
| Professional and Business Services | 152.6 | 151.6 | 151.6 | 1.0 | 1.0 |
| Professional, Scientific, and Technical Services | 101.9 | 101.1 | 103.1 | 0.8 | -1.2 |
| Legal Services | 35.0 | 34.9 | 36.2 | 0.1 | -1.2 |
| Scientific Research and Development Services | 11.9 | 11.7 | 12.1 | 0.2 | -0.2 |
| Administrative & Support & Waste Management & Remediation Services | 49.7 | 48.9 | 47.6 | 0.8 | 2.1 |
| Employment Services | 12.4 | 12.6 | 12.5 | -0.2 | -0.1 |
| Investigation and Security Services | 9.3 | 9.3 | 8.8 | 0.0 | 0.5 |
| Services to Buildings and Dwellings | 11.3 | 11.2 | 11.7 | 0.1 | -0.4 |
| Educational and Health Services | 109.2 | 109.3 | 107.0 | -0.1 | 2.2 |
| Educational Services | 50.9 | 50.6 | 50.1 | 0.3 | 0.8 |
| Colleges, Universities, and Professional Schools | 34.4 | 34.4 | 37.0 | 0.0 | -2.6 |
| Health Care and Social Assistance | 58.3 | 58.7 | 56.9 | -0.4 | 1.4 |
| Ambulatory Health Care Services | 13.7 | 13.8 | 13.3 | -0.1 | 0.4 |
| Hospitals | 25.7 | 25.6 | 25.3 | 0.1 | 0.4 |
| Nursing and Residential Care Facilities | 7.1 | 7.1 | 6.8 | 0.0 | 0.3 |
| Leisure and Hospitality | 59.3 | 59.7 | 58.7 | -0.4 | 0.6 |
| Arts, Entertainment, and Recreation | 7.2 | 7.3 | 7.3 | -0.1 | -0.1 |
| Accommodation and Food Services | 52.1 | 52.4 | 51.4 | -0.3 | 0.7 |
| Accommodation | 14.6 | 14.7 | 14.9 | -0.1 | -0.3 |
| Food Services and Drinking Places | 37.5 | 37.7 | 36.5 | -0.2 | 1.0 |
| Full-Service Restaurants | 19.3 | 19.2 | 19.0 | 0.1 | 0.3 |
| Limited-Service Eating Places | 10.8 | 11.0 | 11.1 | -0.2 | -0.3 |
| Special Food Services | 5.0 | 5.1 | 4.6 | -0.1 | 0.4 |
| Other Services | 64.4 | 65.1 | 66.1 | -0.7 | -1.7 |
| Religious, Grantmaking, Civic, Professional, & Similar Organizations | 57.5 | 58.2 | 59.1 | -0.7 | -1.6 |
| Business, Professional, Labor, Political, & Similar Organizations | 26.9 | 27.0 | 27.4 | -0.1 | -0.5 |
| Government | 242.3 | 241.6 | 233.8 | 0.7 | 8.5 |
| Federal Government | 202.7 | 202.1 | 194.8 | 0.6 | 7.9 |
| State Government & Public Transportation | 39.6 | 39.5 | 39.0 | 0.1 | 0.6 |
| State Government | 35.8 | 35.7 | 35.2 | 0.1 | 0.6 |
| Public Transportation | 3.8 | 3.8 | 3.8 | 0.0 | 0.0 |

a/ Not Seasonally Adjusted. Data may not equal totals due to independent rounding. Data reflect 2008 benchmark revisions.

b/ Preliminary.

c/ Revised.

Data includes all full and part-time employees who worked or received pay for any part of pay period which includes the 12th of the month. Proprietors, self-employed, unpaid family workers, and private household workers are excluded.

Source: Prepared by the Department of Employment Services Office of Labor Market Research and Information in cooperation with the U.S. Bureau of Labor Statistics

Table 6: Gross Domestic Product by State (District of Columbia, in billions)

| Industry Category (by NAICS) | | 2004 | 2008 | Percent Change |
|---|--------|--------|--------|----------------|
| Government (Fed., State, Local) | | \$26.6 | \$31.7 | 19% |
| Professional and Technical Services | | \$15.3 | \$20.9 | 37% |
| Real Estate, Rental and Leasing | | \$7.3 | \$9.6 | 32% |
| Information (Publishing, Broadcasting and Telecomm) | | \$5.0 | \$5.6 | 12% |
| Health Care | \$3.5 | \$4.2 | 20% | |
| Finance and Insurance | | \$3.7 | \$4.0 | 8% |
| Accommodation and Food Service | | \$2.2 | \$2.9 | 32% |
| Retail Trade | \$1.0 | \$1.2 | 20% | |
| Construction | \$1.0 | \$1.1 | 10% | |
| All Other Industries | | \$12.3 | \$16 | 30% |
| Total | \$77.9 | \$97.2 | 25% | |

Source: Bureau of Economic Analysis, 2008

The District economy is underpinned by a handful of core industries, including government, professional services, information, health, hospitality and education. Based on the Gross Domestic Product (GDP) or the value of production by industry, a major driving economic force in the District is Federal and Local Government Services (see *Table 6 above*). Although the State GDP figures do not capture all government spending in the District, they do capture the growth trends in the most recently available time period.

The District's economy is heavily reliant on the government sector particularly in terms of employment, spending, and leasing activity. The pattern of federal spending, however, has shifted substantially in the last 25 years: spending has moved from salaries and wages paid

to employees of the federal government, to contractors paid via federal procurement activity. This shift has been shown to correlate significantly to the region's economic growth, with the region in fact achieving twice the growth in gross regional product as salary and wage spending¹⁷. This is likely due to the higher multiplier effect of procurement activity which involves an increased level of economic activity as opposed to direct payments to federal employees. Although the District has been a beneficiary of this shift, it has not shared equally with Northern Virginia and Suburban Maryland (see *Table 7 below*), which have received two-thirds of the federal procurement spending in the region (\$45 billion of \$60 billion spent in fiscal year 2007 and \$49 billion spent in fiscal year 2008).

Table 7: Federal Procurement by Geographic Location

| Type of Procurement | 2007 | 2008 | Percent Change |
|-------------------------|--------|--------|----------------|
| District of Columbia | \$15.4 | \$16.6 | 7.6% |
| Suburban Maryland | \$12.6 | \$14.0 | 10.7% |
| Northern Virginia | \$32.4 | \$35.9 | 11.0% |
| Metropolitan Area Total | \$60.4 | \$66.5 | 10.0% |

An issue relevant to the District's future prospects for more widespread economic improvement is how to capture a greater share of this federal procurement in the forms of both jobs and business establishments located in the District, as well as how to retain direct federal employment.

The dominance of the federal sector, and the District's reliance on it, also points to the need for DC to diversify its economic base by strengthening other core industries, such as Professional and Technical Services, Health Care, Education, Finance, Information and Tourism, and also fostering emerging industries such as the green, technology, innovation and creative economies. Many of these core and emerging industries are underperforming; strategies must target ways to sustain and grow industries, whilst leveraging them to attract new businesses and jobs. If the District is to increase its competitiveness within the regional economy, it will need to further diversify its economy.

Moreover, given the land constraints that the city faces, and the fact that Downtown is almost built out, any diversification strategy must be undertaken in concert with a place-based strategy. The District must create new centers of economic activity if it is to accommodate future growth and maintain its competitive position within the regional economy. Through its 2008 Center City Action Agenda, the District identified key emerging areas, including NoMA and the waterfront areas, and outlined the strategic initiatives and investments (such as infrastructure) needed to facilitate economic development. Currently, DC competes with suburban locations for new projects, office tenants and residents, with suburban locations acting as strong competition both in amenity and price. In contrast, DC's emerging areas need infrastructure and other investments in order to absorb new jobs and business clusters. Some areas remain highly underserved, with a lack of amenities, and high rates of poverty and populations in-need. These emerging areas are also perceived as disconnected from the downtown. Thus, while potential exists in these areas, they are at a disadvantage compared to suburban areas, and their development future remains somewhat uncertain. The need however is critical, both in terms of expanding the District's economic base and in terms of providing new opportunities to under- and unemployed residents.

Mismatch between Job Requirements & Job Readiness of Residents

The District faces a unique challenge with respect to economic development: more than half the jobs in the city are filled by non-District residents. This is one explanation for why DC's unemployment rate is often close to twice that of the region (December 2009 unemployment in DC stood at 11.9 percent as compared with 7.2 percent and 6.7 percent in Maryland and Virginia respectively). Unemployment becomes more pronounced moving eastward across the District, particularly East of the River (see *Wards 7 & 8 in Table 8 below*).

Table 8

| Ward | Unemployment Rate (December 2009) |
|------|-----------------------------------|
| 1 | 10.3 |
| 2 | 6.0 |
| 3 | 3.2 |
| 4 | 9.8 |
| 5 | 15.8 |
| 6 | 11.8 |
| 7 | 19.9 |
| 8 | 28.7 |
| DC | 11.9 |

A key factor in the high unemployment rate is that District residents do not possess the skills, education or training that the jobs in DC require. The District's share of jobs requiring post-graduate education is already triple the national average (9.9 percent compared to 3.3 percent). Conversely, positions requiring only a high school diploma currently represent 41 percent of the District's jobs, compared to 55 percent at the national level. The city continues to face serious challenges with respect to literacy, high student drop-out rates, low test scores and poor student performance. In 2005, the District's State Education Office reported that 37 percent of District residents functioned at or below a third-grade reading level. Nearly 130,000 District adults lack a high school diploma or equivalent (2002). High unemployment and poverty rates and low rates

of educational attainment are particularly pronounced in the northeast and southeast quadrants of the District, leading to geographic disparities in wealth and employment rates. The outlook does not point to an improved situation: 50 percent of jobs being created will require a college degree, which could mean decreasing opportunities for District residents, unless education and skill-levels are improved.

The geographic location of job growth has also worked against the District; in 1950, the District accounted for nearly 75 percent of the metropolitan area's employment. By 2000, it accounted for less than 25 percent, due to the growth of the regional economy. Looking forward, there is a need to connect District residents to the jobs both in the District and the region. In addition, although the work environment in the city 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. Absent from the list of high growth occupations in the District are those that simply require a high school diploma or equivalent and similarly for the top earning occupations (see *Table 9*).

Table 9: Top 3 Highest Wage Occupation Categories in the District

| Occupation Category | Wage |
|---|----------|
| Science, Technology, Engineering, Mathematics | \$87,178 |
| Information Technology | \$76,809 |
| Government and Public Administration | \$72,680 |

Source: Bureau of Labor Statistics 2008

The discrepancy between jobs and resident education levels in the District also points to the need to diversify the sectors that make up the economic base, along with the range of jobs that are available to District residents. More than one-third of the jobs in DC are in the public sector, with federal government employment accounting for approximately 28 percent of total employment and local government jobs. The government is also directly or indirectly responsible for many of the District's private sector jobs. The District's largest private sector industry is Professional and Technical Services, an industry that accounts for more than one in five private sector jobs. This industry includes lawyers, architects, engineers and consultants—occupations that require high skill levels

and advanced education. Increasing the employment opportunities for District residents is contingent upon residents entering into career tracks consistent with the opportunities available in the region's growing industry clusters and the wide spectrum of career tracks and jobs that these clusters provide.

In this respect, fields such as health care offer potential, given the entry level and career ladder opportunities; regional and national studies show that there are not enough qualified applicants to fill the health care industry vacancies at all levels. With the health industry and occupations such as home care aides expected to grow in the District, there is a need to create a pipeline of skilled health workers. Another core sector of interest that offers a range of jobs opportunities for District residents is the hospitality and tourism industry. As the nation's capital, the District's array of attractions and cultural venues, particularly the national museums and federal monuments, rivals that of other great cities around the globe. With more than 16 million annual visitors, the District is in the top five ranked destinations for domestic travelers and the top 10 for foreign visitors. The economic impact of the hospitality sector is significant, and includes direct employment as well as indirect spending. Meeting the demand for visitor services will require sustained efforts to improve both the hospitality workforce as well as facilities in order for the District to continue its unique role as a premier tourism, federal, convention and special events destination. Likewise, the education sector provides a variety of jobs ranging from entry level employment to senior administrative and full faculty positions. It also attracts a robust 'visitor' population; more than 90% of all students enrolled in District colleges and universities arrive here from other jurisdictions.

Opportunity

The District has an opportunity to strengthen its economic base by stabilizing and diversifying its economic sectors; targeting its economic development efforts towards emerging centers of activity; and improving workforce development and job training. The District has been making infrastructure and other investments in emerging areas, which can catalyze private development and improve the city's competitiveness. As detailed in the Center City Action Agenda (2008), the expansion of the central business district into emerging areas can support a more

robust economy that competes locally, nationally and internationally, and along with focused workforce development and training, can create jobs and income for District residents. This expansion is also critical to maintaining the fiscal stability of the District and in supporting services to residents throughout the city.

Economic Sector Diversification

Strengthening and diversifying its economic base will allow the District to compete more effectively. This strategy includes core sectors such as the government (federal), health, hospitality, professional services, and information, but also emerging sectors such as the green and creative economies. The District's emerging areas present a unique opportunity to facilitate this approach, with development capacity of more than 50 million square feet, along with the potential for significant job and income generation. It is these areas, along with the downtown core, and large area sites that can become the locations for new and expanding businesses; in doing so, development of these assets can be used to revitalize neighborhoods, diversify the District's economy over the long term, provide jobs opportunities for residents, and help fully realize the economic potential of the District.

The federal government base is clearly critical to the economic vitality of the District; emerging areas have had some success in attracting federal tenants, but there is potential to capture more of this activity, as there is with other sectors. A recent study by McKinsey and Company highlighted several industry clusters as providing opportunities for future economic growth in the region, including several that the District could leverage:

- **Defense/Intelligence/Security:**

The Departments of Defense and Homeland Security spent over \$11.8B on research in 2005 in MD, VA and DC. Much of this is spent in the Greater Washington Region, which is currently home to a wide range of federal labs including DARPA, the Army Research Laboratory, Naval Research Laboratory, and Naval Air Warfare Center. This network of federal laboratories is reinforced by a large network of private defense, intelligence and security oriented companies (e.g., Northrop Grumman, Lockheed Martin, ManTech, EDS), and university programs. The development of the new DHS facility at the former grounds of Saint Elizabeths provides a key opportunity for the District to stabilize

its federal government employment base, but also to grow a niche in the defense, intelligence and security fields. This niche could leverage the District's strengths in information (*as detailed in Table 7, page 20*).

- **Energy/Environment:**

In the next 4 years, local and federal initiatives (including the 2009 ARRA bill) will direct up to \$5 billion of funds to the Greater Washington area in total for energy and environment, including \$1 billion to green GSA-owned buildings. The District is also spearheading green legislative initiatives focused on building efficiency (DC Green Building Act, 2006; DC Clean and Affordable Energy Act, 2008). Local governments have also invested in home weatherization (DC Home Energy Audit program) and transit-oriented development.

- **Finance:**

In response to the financial crisis, the federal government has substantially increased its role in market regulation and stabilization. This centralization of power is shifting public financial services, activity and talent to the region, including the District. This shift could increase overall gross domestic product and employment tied to financial services. It will also likely change the allocation of jobs within the region's financial industry, given that most jobs (67%) in the finance sector are considered private. As federal regulatory entities such as the Security Exchange Commission ramp up their work under new regulatory laws, the District is ideally positioned as a base for the government's new and expanded mission. Together with government-sponsored organizations and multilateral finance institutions such as the International Monetary Fund, there is potential for the District to become a robust financial center that also leverages District strengths in the legal, technical and professional sectors.

- **Healthcare:**

The region is home to a heavy federal lab presence in biotech/healthcare with a core at the NIH (with over \$2.8B in annual local funding), that also includes the FDA, Naval Medical Research Center, Army Medical Research Institute of Infectious Disease, Walter Reed Institute of Research, and other security oriented research facilities. This federal lab presence is bolstered by a pipeline of world-class university

students and labs based at the University of Maryland College Park, and nearby Johns Hopkins. Much of the current high-value activity occurs outside the District; whilst it would be a challenge for the District to capture significant biotech, there is opportunity for the city to capture and /or jumpstart health-related investments, such as health IT service sector, electronic medical records, cutting edge health and wellness applications, and clinical effectiveness research. With gaps in current healthcare delivery in the District, as well as the aging of the population and a projected increase in the need for a range of care (e.g. home-based), this sector also offers opportunity for very focused initiatives in the District, including around workforce development.

- **Innovation in the Delivery of Professional, Scientific & Technical Services:**

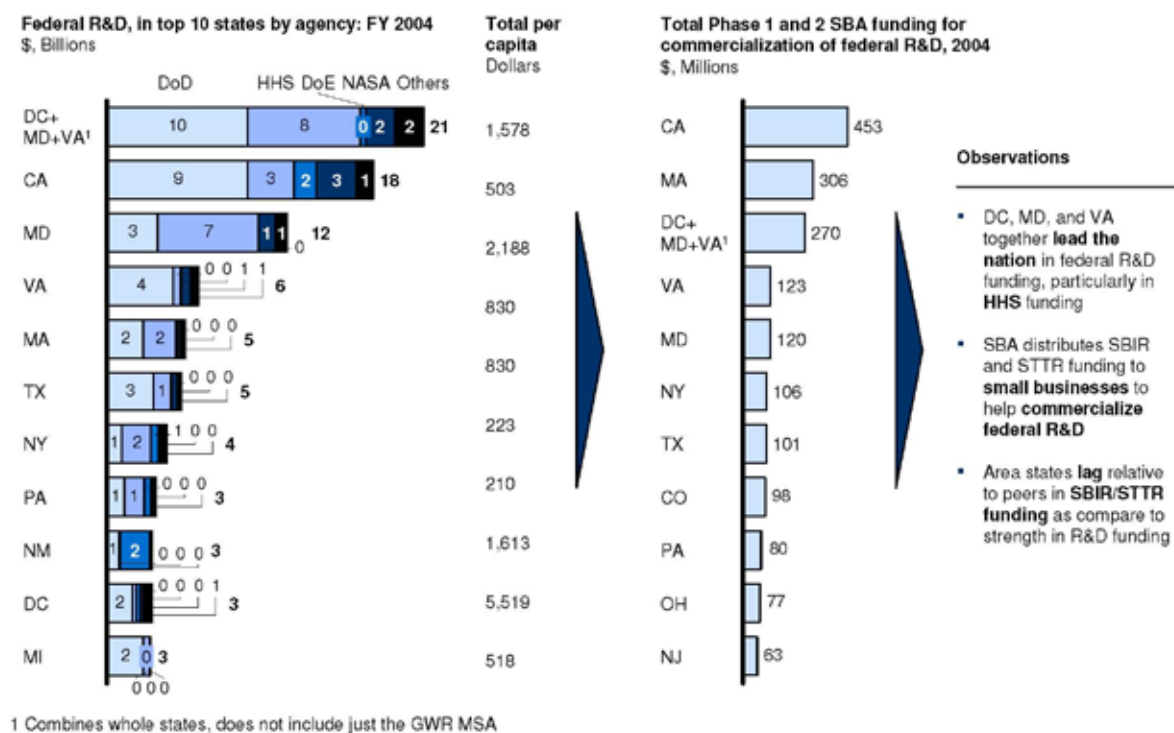
There are also opportunities around the creative, innovation, technology and green economies, which

are addressed in subsequent strategic focus areas. Support for commercialization, early stage capital investment, incubation and job training are all critical to the support and further development of these core and emerging economic clusters.

In addition to the growth in economic clusters spurred by federal procurement spending on Research and Development, direct federal R&D spending is responsible for the growth of several promising technology related industry clusters. The region is the recipient of \$21 billion in total direct and procurement based Federal R&D spending (see Table 10 below). (MD: \$12B, VA: \$6B and DC: \$3B) Department of Defense and HHS are the largest Federal R&D agencies in the region. Institutions such as the National Institutes of Health, DARPA, and the Naval Research Laboratory are sites for this research.

Table 10

Although the region leads the nation in capturing federal R&D, it captures less SBA commercialization funds than its peers



Source: National Science Foundation/Division of Science Resources Statistics, Survey of Federal Funds for Research and Development: FY 2004; Small Business Administration

Table 11

| Establishment Data | Number of Jobs (December 2009) |
|--|--------------------------------|
| Government | 243,100 |
| Professional & Business Services | 152,600 |
| Education & Health Services | 106,100 |
| Other Services | 64,100 |
| Leisure and Hospitality | 59,800 |
| Trade, Transportation & Utilities | 26,700 |
| Financial Activities | 26,700 |
| Information | 18,500 |
| Mining, Logging & Construction | 12,000 |
| Total Nonfarm | 710,900 |
| Source: www.bls.gov/ro3/ | |

Workforce Development

The District will continue to focus workforce development efforts on economically disadvantaged communities, particularly those with many unemployed or marginally employed residents in order to increase access to job opportunities. The city is keen to emphasize the delivery of workforce development programs at the neighborhood level and to facilitate partnerships between business, labor, commercial associations, and educational institutions to improve the skills levels of the District's workforce, improve job training and placement resources, and improve the labor pool available to the District's major employers.

Developing and implementing a 21st century workforce curriculum is essential to meeting job requirements. Although it may take years to completely close the city's educational gap, the District and 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, job training programs, certificate and associate programs, public-private partnerships with colleges and universities, resources for K–12 schools. These efforts are intended to connect residents to the job opportunities available at the city and regional levels.

The District also recognizes the employment need and opportunity in:

- maintaining and enhancing the District's competitive position in core industry sectors such as government and tourism (see table 11 above); and
- diversifying the economy by targeting occupations with growth employment potential as well as industries that offer a range of entry-level and career-ladder opportunities; these occupations and industries those in the information technology, education and health care sectors, as well as the creative, green (which includes development and building trades), retail and non-profit sectors.

An example of targeted workforce development is an effort to increase the number of qualified, entry-level and career path workers in health care, and strengthen the skills of incumbent health care workers, particularly in the high demand areas of health information technology and nursing. Assisted by a federal stimulus grant, a new initiative will make it possible for the District to train 500 people in various health care fields, and will see more than 280 qualified health care industry workers hired over the next three years. Specialized training in health

information technology will be offered to more than 100 new and incumbent health care workers. Graduates of the program will receive industry-recognized certificates and degrees that will allow them to become more marketable.

Economic Roadmap/Strategic Projects— A City with a Diversified & Accessible Economy

- Sector Diversification
 - Office (including federal) sector, media hub/communications: NoMA (= *CEDS Phase I Priority Project*)
 - Intelligence/security/incubation/commercialization, particularly federal: Saint Elizabeths (= *CEDS Priority Project*)
 - Education
 - Health: Hill East (= *CEDS Phase 1 Priority Project*)
 - Information technology and innovation: NoMA (= *CEDS Phase 1 Priority Project*)
 - Creative, cultural and hospitality-related investments: O Street Market (= *CEDS Phase 1 Priority Project*)
- Workforce development and job training
- Health care: health information technology and nursing, Hill East (= *CEDS Phase 1 Priority Project*)

A City of Distinctive & Robust Neighborhoods

The District enjoys a diversity of neighborhoods and communities, many of which offer walkable commercial districts; housing, health and transportation options, recreation and green spaces; cultural and entertainment amenities; as well as retail and small business opportunities. Over the last couple decades, public and private investments in neighborhoods have supported revitalization throughout the District, ranging from small-scale or infill projects to larger scale initiatives. Despite these efforts, many neighborhoods—particularly those located in the northeast and southeast quadrants of the city—remain in need of improvements. Ensuring that neighborhoods in all quadrants of the city are robust and serve the needs of residents is a priority of the District.

Issue & Need

Neighborhood amenities and opportunities vary across the District. After decades of disinvestment, many neighborhoods are in need of investments in infrastructure, housing, commercial development, education, green space and recreation. These neighborhoods include those that were affected by the riots in the late 1960s, such as Shaw, as well as communities East of the River, that did not benefit to any large extent from the real estate booms earlier this decade.

Many neighborhoods in the District have Enterprise Zone status, based on the high rates of poverty (see *Appendix 3 for map of District Enterprise Zones*). Given the pronounced level of need in many neighborhoods, the District has sought to apply finer-grained approaches towards neighborhood revitalization. These include:

- Identifying 12 disadvantaged areas of the District as Neighborhood Investment Act Areas in order to finance targeted economic development and neighborhood revitalization.
- A 'New Communities' initiative that focuses on neighborhoods where older public housing developments are located and where high concentrations of poverty and crime exist, with the goal being to redevelop the neighborhoods into healthy, vibrant communities.
- Transforming nine under-invested commercial corridors, many of which are located in northeast and southeast DC into thriving and inviting neighborhood centers under a 'Great Streets' initiative. These corridors are in need of public improvements and investments to facilitate private investment opportunities.
- A large scale environmental and redevelopment effort to restore the Anacostia River and revitalize the underserved communities around it.

These programs and initiatives are described in more detail on the following pages.

Opportunity

There is an opportunity for neighborhoods throughout the District to enjoy a full range of amenities and opportunities, such as employment, business, cultural, recreation and housing. The District targets economic development efforts towards under-invested areas that are in need of improvements and have growth potential. Among the methods that the District employs to spur neighborhood revitalization are leveraging tax-based incentives programs; facilitating large, mixed-use, catalytic real estate projects; designing competitive grant and loan programs; and developing cross-agency economic development initiatives. These efforts are designed to support and create distinct and robust residential neighborhoods, sustainable and vibrant retail corridors.

The District also seeks to promote multiple business development methods as part of its comprehensive approach to neighborhood revitalization. The District both invests in growing local businesses and seeks to create an attractive environment for new businesses to establish a presence in the city. These retention and attraction methods include workforce development for District residents, and capacity building and financial assistance for District businesses. Additionally, the District invests in neighborhood infrastructure to position key neighborhoods as attractive investment targets for business expansion and startup.

Specific neighborhoods and programs that the District targets are described below. These areas have been selected based on need, and where investments would have significant impact.

Neighborhood Investment Act Areas

In 2004, the District established a grant program to finance economic development and neighborhood revitalization in 12 targeted areas of the District: Anacostia, Bellevue, Brookland/Edgewood, Bloomingdale/Eckington, Brightwood/Upper Georgia Avenue, Columbia Heights, Congress Heights, Deanwood Heights, H Street, Logan Circle, Shaw, and Washington Highlands. The District identified these 12 communities as areas in need of

improved neighborhood-serving retail, public safety upgrades, community facility investment, and expanded housing options.

The New Communities Initiative

The New Communities Initiative is a comprehensive partnership between the District government, neighborhoods and other public and private stakeholders. The initiative focuses on neighborhoods where older public housing developments are located and where high concentrations of poverty and crime exist. The goal of the initiative is to redevelop the neighborhoods into healthy, vibrant communities for current and future residents. Projects transform dilapidated public housing into vibrant mixed-use and mixed-income communities. A strong human capital component ensures that existing residents benefit from and thrive within the new communities. New Communities are located in the downtown periphery at Northwest One and Park Morton and in the Barry Farm and Lincoln Heights neighborhoods east of the Anacostia River.

The Great Streets Neighborhoods

Neighborhoods in the District of Columbia should be vibrant and distinct neighborhood centers filled with merchants, well-maintained shops in attractive buildings, excited patrons, and supportive residents. These neighborhoods and others are linked by a series of major corridors that have significant potential to be “great streets”—places where people want to be.

The Great Streets Initiative is a multi-year, multiple-agency effort to transform nine under-invested corridors into thriving and inviting neighborhood centers using public actions and tools, as needed, to leverage private investment. The Office of the Deputy Mayor for Planning and Economic Development is partnering with the District Department of Transportation and the Office of Planning to manage the program. There is an opportunity to invest in mixed-use development projects, storefront improvements, transportation, streetscape, and transit improvements along the following corridors:

- Benning Road, N.E.
- H Street, N.E.
- Martin Luther King, Jr. Avenue, S.E. and South Capitol Street
- Pennsylvania Avenue, S.E.
- Minnesota Avenue, NE
- 7th Street and Georgia Avenue, N.W.
- Nannie Helen Burroughs Avenue, N.E.

The Anacostia Waterfront Initiative

Recognizing that the Anacostia River and its waterfront are precious regional resources, the District has partnered with regional and federal entities to implement one of the most ambitious environmental and redevelopment plans in the history of the city. Spanning 30 years and potentially comprising billions in investment, the Anacostia Waterfront Initiative (AWI) pledges to restore the Anacostia River and revitalize adjoining communities, such as Hill East, Poplar Point, and the southeast and southwest waterfronts. Through the AWI, the District envisions reconnecting residents to an enlivened waterfront community that features parks and recreational, cultural, residential and commercial centers.

The initiative centers on the following five goals:

- Promoting sustainable economic development reconnecting the city across the river and to a vital waterfront that offers opportunities to live, work and play
- Enlivening the waterfront to celebrate and explore the cultural heritage of our city and the nation
- Charting a course for the environmental healing and rejuvenation of water-dependent activities on the Anacostia River
- Rethinking transportation infrastructure to improve access to waterfront lands and better serve waterfront neighborhoods
- Creating a system of interconnected and continuous waterfront parks, joined together by the Anacostia Riverwalk and Trail

The Washington D.C. Enterprise Zone

The District invests in residents and businesses located in the Washington D.C. Enterprise Zone (the “Zone”). The District targets economic revitalization efforts in the Zone due to the high rate of poverty within the Zone’s designated geographic area. The District has a two-tiered Enterprise Zone, organized by census tract. Census tracts with 20 percent or higher poverty rates are eligible for all Zone incentives. Census tracts with poverty rates between 10 percent–20 percent comprise the second tier of the Zone and are eligible for certain federal tax exemptions.

Businesses that qualify for the Zone incentives benefit from the District’s broadest incentive programs; they are entitled to a variety of federal tax credits, deductions, exemptions and exclusions. Moreover, the District gears its Industrial Revenue Bond program (IRB) to businesses within the Zone. IRB provides below market interest rate loans to qualified private enterprises and nonprofit organizations. It assists in financing a broad variety of capital projects, including infrastructure improvements, equipment, and machinery used in business and in other endeavors such as health care, education, housing, and recreation.

Economic Roadmap/Strategic Projects— A City of Distinctive & Robust Neighborhoods

- Redevelopment and revitalization of neighborhoods
 - Hill East (= *CEDS Phase 1 Priority Project*)
 - McMillan
 - Saint Elizabeths (= *CEDS Priority Project*)
 - Walter Reed
- Providing amenities in underserved communities
 - O Street Market (= *CEDS Phase 1 Priority Project*)
 - Riverwalk Trail
 - Watts Branch

A Creative, Innovative & International City

The District has the potential to be a leader in the creative, innovation and international economies. Research undertaken in the Creative DC Action Agenda, a recent District study, found that the city's creative economy is significant—that there are more than 75,000 direct jobs in the District's creative sector, which amount to approximately 10 percent of the city's job base. The District also has a significant knowledge base, with more than a dozen universities, as well as numerous think-tanks and agencies that focus on policy analysis and information generation. Rounding out this cluster are significant international assets, which include multinational finance and aid organizations and 180 foreign missions.

Fostering Washington DC's creative, knowledge, innovation and international clusters has the potential to benefit every facet of the city, from strengthening its economic base, to extending employment opportunities to under- or unemployed residents, to preparing students to fully participate in the job market, to enhancing neighborhoods. This cluster approach can also further strengthen the District's position as a globally competitive city where residents, workers and visitors participate in a place that is stimulating, culturally vibrant and socially diverse.

However, the city must make short, medium and long term commitments and investments in its creative, innovation and international economy in order to foster sustained economic development and take advantage of underleveraged resources. This is particularly the case for connecting entrepreneurs and underemployed residents to business and income generation opportunities, as well as capitalizing on the presence of universities and information generation.

Issue & Need

Despite having the foundations for a robust creative, innovation and international cluster, the District's creative and innovation base is underleveraged, and by some measures declining; the District is not fully capturing the economic and neighborhood revitalization potential of this cluster.

Knowledge & Innovation

The District is not strategically linking its knowledge and innovation economy to the significant resources and assets that can lead to cutting edge research and development. These resources include universities and institutions of higher education, which can incubate businesses, spin-off firms and produce commercialization; technical high schools such as McKinley Tech, which can provide the training for would-be entrepreneurs and link students to apprenticeships and college certificate programs; and, federal support for research and development.

Despite being a leader in R & D funding and a leader in business support services, the region has lagged in terms of turning research into commercially viable companies. Compared to Metropolitan Statistical Areas (MSAs) with similar levels of R & D per capita, the Greater Washington Region (GWR) ranks poorly in terms of patents and private equity per capita. Although the GWR has made efforts to improve the commercialization of R & D, many of the GWR institutions are not performing as well as similar efforts in peer regions. For example, many universities in peer regions are able to achieve two to three times the invention disclosures that GWR universities produce, at similar rates of R & D expenditures.

At the District level, the city and its universities are not currently positioned to capitalize on the need of federal agencies for services such as data analysis and intelligence support, and the city is not leveraging employment concentrations in information services, data processing and internet-related services. Additionally, the lack of a supportive infrastructure for innovation and idea sharing and a lack of information regarding the barriers to entry for would-be creative entrepreneurs is problematic for DC. These missing opportunities constrain the growth of information, intelligence and innovation-related industries in the District.

A recent technology incubator study¹⁸ undertaken by the District concluded that development of a technology incubator, or similar research and commercialization space in DC, could act as a catalyst for the city's overall economic development strategy; however, there

are clear challenges for the growth of information technology in the District, particularly for establishing a technology incubator. The study undertaken by the city found the major obstacles that stakeholders saw were identifying early-stage funding and locating appropriate, affordable incubation and graduation space for technology companies, given the high costs of real estate in the District. The challenge of marketing to initial incubator prospects was also noted, as was the need for political and financial support at the outset, since an initiative such as this would be breaking new ground.

Creative

The creative economy faces various constraints, including increasing cost pressures on space in the District and a lack of supportive infrastructure for innovation and idea sharing. In addition, significant resources and assets such as colleges and federal funding of research and development are not fully utilized and connected. There are also limited connections between the school, postsecondary, higher education and workforce system. In order for the District's creative economy to expand, various challenges and issues must be addressed, including at the industry segment level. For example:

- Media and communications is a key segment of the District's creative economy, with an employment level of 32,132, which makes up 43 percent of creative jobs. This industry has a location quotient of 2.2 compared to the nation. This large and diverse sector supports a range of job opportunities requiring varying levels of skills and education, such as camera operators, writers, broadcast technicians, and multimedia artists. However, with many traditional media outlets cutting costs, employment in DC's media sector dropped by 2 percent between 2002 and 2007.
- The building arts industry segment (architecture, interior and landscape design) is similarly concentrated in the District, with more than 7,500 workers employed in 2007 and a location quotient of 4.65, compared to the nation. However, with the economic downturn, this industry has been significantly impacted.
- The museums and heritage segment supports almost 10,500 jobs. Museums, libraries and archives in DC offer a wide range of occupations, from low-skilled,

entry-level jobs (such as museum attendants) to those that require an advanced education. However, local programs that act as an employment feeder into museum-related occupations, particularly those that require less skills, are limited.

Creative industries are constrained by increasing cost pressures on space in the District and a lack of venture capital. Creative production, whether it is fine art, graphic design or video production, is often space intensive. Producers, particularly artists, also need access to storage space. Rising real estate values across the District are reducing the supply of affordable space available to both existing and new enterprises. Many creative producers are relocating to jurisdictions outside of the District, taking advantage of lower rents and supportive government programs. This issue will likely become more critical as space that is currently affordable and occupied by creative workers gets converted to higher quality and higher achievable rent space.

The spatial distribution of the creative economy is uneven across the city, with industries concentrated in the northwest areas of the District. The industries are far less concentrated in the northeast and southeast quadrants. Part of this is due to a lack of institutional and formal creative assets and support systems in these areas, even though space is actually less of a premium. The result is that the creative economy does not equally serve the city as a revitalizing force, with most of its benefits being seen in the already more affluent northwest quadrant of DC.

International

The District's international economy is multi-faceted, with multilateral finance organizations such as the World Bank, and InterAmerican Bank, non profits and aid organizations such as the US Agency for International Development, and 180 foreign missions. However, this base is underleveraged in terms of fostering small business development at the city level (for example, through contracting and procurement opportunities), as well as connecting residents to the workforce opportunities.

Opportunity

The District is uniquely positioned to grow those industries that rely on access to cutting-edge technology, knowledge and innovation and that specialize in a range of services such as information exchange, knowledge generation, education, design and the building arts, media, and museums and heritage. The city already has a dynamic learning and research environment, an increasingly thriving art and creative scene, and quality work spaces. Knowledge, creative and technology-oriented industries have the capacity to add significant value to the city's economy and can support a range of opportunities for employment and career advancement.

In the District, where it is projected that 50 percent of jobs created over the next five years will require a college degree, the need to create jobs that can offer residents living wages and career ladder opportunities is pressing. The creative sector in particular offers just such an opportunity since it cuts across a wide range of industries and the qualifications for occupations range from entry-level to skilled, to jobs requiring undergraduate and advanced degrees. A creative industry cluster typically includes many small businesses, which can offer entrepreneurial and growth opportunities for owners and employees. The knowledge, innovation and international sectors also offer entry-level opportunities, and with targeted training and workforce development, can present viable career ladder opportunities to residents.

Innovation & Technology Incubation

There is an opportunity for the District to become a hub of technology business activity in the region by creating an environment for the development of innovative, growth-oriented companies. The Technology Feasibility Incubator Study found strong demand for the establishment of a business-incubation program in DC that focuses on innovative, growth-oriented, early-stage technology businesses. The primary industry sector that would most likely benefit from such a program is one of the city's most dynamic, growth-oriented sectors—information technology. This sector broadly includes computer design and research, IT services, communications, web and social media companies. A secondary industry focus could be the professional and creative services sector, which includes advertising, marketing, environmental sciences and

engineering. Promoting incubation that leads to business development and commercialization opportunities could benefit local, private, government, university and non-profit activities, and help attract new residents to the city. Innovation could also benefit residents; for example, improvements in digital infrastructure that provides affordable broadband data communication would allow residents across the city access to improved technology. Longer term, a technology program could assist early-stage companies based on increasing levels of intellectual property generated by Washington's academic institutions. Moreover, a technology business incubation program would be a value-add in the regional market, and offer programmatic and infrastructure resources to help drive regional innovation initiatives, such as the Chesapeake Crescent.

Opportunities at the federal procurement level include the centralizing of DHS' function at Saint Elizabeths campus, East of the River; since DHS itself uses much of the data and innovative products / services developed via procurement, the agency has an interest in promoting commercialization. This could provide an opportunity for research, incubation and commercialization functions performed by universities and local businesses to locate near DHS in Ward 8, one of the most economically disadvantaged areas of the city. In this respect, stronger partnerships between the universities and the District that bolster the relationship with federal government and leverage its research potential could have positive effects at the local level.

Creative Economy

The creative economy also supports a variety of occupations and salaries; some jobs require advanced degrees and some require post secondary or on-the-job training. The range of opportunities potentially available to District residents makes it an attractive sector. Of note is the importance of self-employment—more than 6,500 individuals operating as sole-proprietorships earned \$237 million in income in 2007. Also, creative employment opportunities in the public sector are often overlooked, but in DC, creative jobs within government are substantial, with 16,251 jobs spread across various subsectors such as printing, architectural services, libraries and archives, and museums and historical sites.

In 2007, creative jobs generated \$5 billion in earnings. Specific sector opportunities noted in the recent Creative DC Action Agenda¹⁹ include the following:

- **Media:** as the internet transforms media, several Washington media companies have been at the forefront of change and are serving as leaders in integrating media platforms. Ongoing education in digital journalism and web design will be a continued need and opportunity.
- **Building arts (architecture, interior and landscape design):** new market opportunities in the building arts could be leveraged. For example, demand for green design and development, including by the federal government, could provide buildings arts firms and entrepreneurs with new outlets and niche markets.
- **Museums and heritage:** collaborative workforce development partnerships could provide training for museum workers. A workforce program that offered a pipeline into the industry could provide the museum

sector with a higher quality workforce and residents of the city with access to museum and heritage career opportunities.

The proportion of creative occupations in DC compared to the US is high, with an overall location quotient for DC's creative sector of 2.89, and with each creative segment having a location quotient above 1.0 (see *Table 12 below*).

DC also has competitive advantages relative to the region, with a relatively large percentage of jobs related to the museums and heritage, media and building arts segments in the MSA located within the District. Indeed, although the economic downturn has presented major challenges for some companies in key creative sectors, the creative sector at its core relies on innovation and has the potential to support entrepreneurship and small business development, and activate underserved areas and vacant sites.

Table 12

| OCCUPATION | 2007 MEDIAN HOURLY EARNINGS | 2007 LOCATION QUOTIENT |
|---|-----------------------------|------------------------|
| ARTISTS AND RELATED WORKERS, ALL OTHER | \$36.93 | 18.42 |
| MUSEUM TECHNICIANS AND CONSERVATORS | \$26.05 | 9.54 |
| WRITERS AND AUTHORS | \$32.14 | 8.67 |
| PUBLIC RELATIONS SPECIALISTS | \$39.85 | 7.37 |
| MEDIA AND COMMUNICATION EQUIPMENT WORKERS | \$41.36 | 6.98 |
| RADIO OPERATORS | \$46.06 | 5.51 |
| ARCHIVISTS | \$33.93 | 5.25 |
| REPORTERS AND CORRESPONDENTS | \$32.22 | 5.13 |
| EDITORS | \$29.60 | 5.06 |
| BROADCAST NEWS ANALYSTS | \$35.35 | 4.78 |
| BROADCAST TECHNICIANS | \$25.15 | 4.36 |
| SET AND EXHIBIT DESIGNERS | \$27.11 | 3.49 |
| PRODUCERS AND DIRECTORS | \$36.09 | 3.16 |
| CAMERA OPERATORS, TV, VIDEO, AND MOTION PICTURE | \$31.97 | 3.00 |
| MUSICIANS AND SINGERS | \$17.41 | 2.83 |
| TECHNICAL WRITERS | \$30.20 | 2.70 |
| AVERAGE ALL CREATIVE OCCUPATIONS IN DC | \$33.73 | 2.89 |

Source: EMSI Occupational Report

Economic Roadmap/Strategic Projects— Creative, Innovative & International City

- Sector investments
 - Technology: incubation, Broadband technology, Digital Capital
 - International: centers for policy, education and exchanges (similar to the Center for Strategic & International Studies that is currently under development)
 - Knowledge and innovation: university-focused investments in facilities and programs, strategic partnerships that lead to commercialization, such as through E-RIC
 - Arts and cultural hubs: creative clusters, such as Brookland ArtSpace Lofts (phase 1 is affordable artist housing, phase 2 is commercial and community arts facility development), Art Place at Fort Totten, Randall School Arena Stage in Southwest DC; adaptive reuse of library kiosks in underserved areas into creative hubs that include business incubation
- Business incubation
 - Commercialization and small business development, such as at Saint Elizabeths which leverages federal investments in new DHS headquarters
 - Shared workspace and incubation in underserved neighborhoods, including green and technology incubation

A Green & Sustainable City

The economic competitiveness of the District is hampered by aging infrastructure (particularly in terms of water and systems), and a strained transit system. An opportunity exists to guide and support the development of a greener and more sustainable city that relies on energy-efficient infrastructure and transportation systems, and that also promotes economic development through green job and business creation. The District not only needs to improve its long-neglected and deteriorated infrastructure, but it must also modernize and green the facilities used to deliver essential services. Additionally, the District must invest

in new capital projects to meet the needs of its growing and changing population and its daytime workforce, much of which is composed of federal employees.

Issue & Need

Infrastructure & Transportation System

Like many older historic cities, the District suffers from aging infrastructure. But unlike many other cities, the District experiences a very large daily influx of workers; more than 400,000 workers travel daily to the District, a commute volume that is only second to New York's in the US. These workers represent a 72 percent increase over the resident population, and their commuting and activities place additional impacts on infrastructure systems in the District.

Some portions of the District's water and sewer systems were built more than a century ago. Conveyance systems and facilities are suffering from structural deterioration and in need of significant rehabilitation, modernization and expansion as aging components approach the end of their useful lives. More than 50 percent of the water mains in the system are over 100 years old. A significant portion of the District is served by a combined sewer system in which the same pipes convey storm water and wastewater, and this causes damaging environmental effects. In wet weather, or on average about once every 10 days, the capacity of the District's conveyance system is exceeded, and excess raw sewage and rain water flows into the District's waterways via more than 60 permitted outfalls along rivers and streams.

Transportation infrastructure is also in need of improvements in order to protect the environment and enhance competitiveness through increased access. In 2000, 28 percent of all employed District residents worked in the suburbs, compared to 22 percent in 1990, indicating fairly rapid growth in the number of reverse commuters in recent years. Despite the District's best efforts to connect residents to DC jobs, the city is part of a regional economy and its residents are part of regional labor pool. Many of the entry-level and semi-skilled jobs in the regional economy are located in the Maryland and Virginia suburbs. Conversely, more than two-thirds of jobs in the District are filled by workers

who commute into the city each day; these work trips, many of which are by automobile, expend excess energy for single occupancy vehicles, contribute to worsening traffic congestion, and generate emissions negatively impacting regional air quality.

Although a benchmarking analysis conducted in 2005 by the Metro Funding Panel found that the Washington Metropolitan Area Transit Authority (WMATA or Metro) bus and rail systems were more productive than the national average in terms of passenger trips per vehicle mile, and that the Metrorail system is competitive with systems nationally in terms of operating costs per passenger trip, WMATA continues to face serious challenges due to its aging equipment and infrastructure, as well as capacity issues due to increased ridership. The capacity of the 29 downtown Washington stations in the Metrorail system is particularly compromised: although they serve 60 percent of all customers and 90 percent of those who transfer between rail lines, the stations contain no more than 36 percent of the systems infrastructure.

A high-quality, efficiently managed and maintained infrastructure and transportation system that is properly funded is needed to serve existing and future development and growth in DC. The projected growth in population and jobs in the District would both increase demand for water and result in a commensurate increase in wastewater, and would also add increased usage to the already strained transportation system. Land use changes, such as the development of NoMa or Hill East will require localized capacity additions such as pipeline increases and improved transit access.

Green Development & Business Needs

The District is also facing a need to train and support green collar workers to meet the demand that is projected for green development and businesses. DC was the first large city in the U.S. to require private developments (2012) and government buildings (2008) to attain LEED Silver or equivalent green building certification. The Green Building Act of 2006 and the Clean and Affordable Energy Act of 2008 have helped catalyze a need for workers skilled in green collar jobs, i.e. career-track employment opportunities in emerging

environmental industries, as well as conventional businesses and trades, created by a shift to more sustainable practices, materials, and performance. This field includes both lower and higher skilled employment opportunities that minimize the carbon footprint of all inputs necessary and directly result in: the restoration of the environment, the generation of clean energy and improved energy efficiency, the creation of high performing buildings, and the conservation of natural resources.

The District completed a Green Collar Jobs Demand Analysis²⁰ to determine demand from District green laws (Green Building Act of 2006 and the Clean and Affordable Energy Act of 2008), major real estate projects and capital investments, and proposed initiatives such as the Solar Tree initiative. The study also identified challenges and barriers to employment, as well as career ladders, especially for the population most in need—at-risk youth and returning ex-offenders. The study estimates the following:

- DC has the capacity to create 169,000 green job opportunities between 2009 and 2018
- Thirty-seven percent of these job opportunities require little or some preparation (low barriers to employment)
- Forty-two percent of the job opportunities will require a moderate level of preparation and typically require an associate's degree or bachelor's degree

Green collar job training and business technical assistance in green operations and services is needed in order to meet increasing demand. Equipping District residents, entrepreneurs and organizations with the skills for this growing sector could make them eligible for business opportunities at the District as well as regional level.

Opportunity

Sustainability, Transportation, Energy Efficiency

The District Government is committed to developing a sustainable city that meets the short term needs of residents today as well as the long term needs of future generations. The District is advancing some of the most progressive green policies in the country that

are intended to have environmental, health as well as economic development benefits by supporting a more vibrant, competitive economy. These policies include the Green Building Act, the Clean and Affordable Energy Act, and the greening of the building code.

District government intends to undertake a range of cooperative efforts, from helping prepare District residents and businesses to take advantage of the growing green sector of the economy, to supporting the development of a regional rapid transit system. Many of these efforts and commitments are detailed in the recently-launched Green DC Agenda.

Infrastructure

District streets and public space will incorporate green infrastructure to reduce stream and river pollution from stormwater runoff. When fully implemented citywide, combined sewer overflows will be reduced by a projected 96 percent, resulting in improved water quality and less debris in local waterways. Green DC Agenda commitments to infrastructure include:

- Rehabilitate and replace sewage pumping stations and complete other improvements to reduce combined sewer overflows (CSOs) into the Anacostia, Rock Creek and Potomac River by 40 percent.
- Convert waste to methane at the Blue Plains Wastewater Treatment Plant to produce 10 megawatts of renewable energy, and reduce the carbon footprint of Blue Plains by approximately one-third.
- Create a green procurement website and expand resources to increase government-wide purchases of environmentally preferable products.
- Audit and report on green.dc.gov energy use and energy benchmarking results for all District buildings.

Green Collar Jobs, Green Businesses

The District envisions that businesses will be environmental stewards and work with government to produce green jobs and environmentally-sensitive economic development. Government will provide tools to facilitate environmental compliance and promote adoption of green building, storm water management, and water and energy efficiency. A cleaner, healthier,

greener District will attract residents, tourists, and business investment. To this end, commitments in the Green DC Agenda include:

- Expand green collar job training and certification programs to prepare workers for jobs in emerging green industries including home energy auditing, lead hazard mitigation, weatherization services, and installation of storm water management practices.
- Restart sustainability audits for small businesses to identify energy and water efficiency measures and provide financial grants to implement recommendations.
- Visit and screen the more than 300 potential brownfield sites within the District and engage business and community stakeholders to promote brownfield redevelopment.
- Modify the District Government procurement process to award points for businesses that have green operations, supply lines, products, and/or services.
- Create a women oriented green construction trade program with wider opportunities for women.
- Develop an online green public/private development projects database of publically-funded, green building projects that use green Certified Business Enterprise (CBE) vendors and/or Green Business Enterprises (GBE).
- Explore how to make additional sectors greener—e.g. health care, hospitality, and retail.

Transportation & Mobility

Sustained investments in the city's transportation system will improve access to jobs for District residents, particularly through transit (metro and bus) improvements between neighborhoods with high unemployment rates and the city's major employment centers. Improved connectivity will also help link residents to the region's major employers and jobs, including in suburban employment centers that have experienced increased growth over the last decade.

The District will promote options that reduce car use and the use of traditional diesel vehicles by residents, businesses, and workers (including government

employees)—reducing use of fossil fuels, lowering regional traffic congestion and improving air quality. Residents, commuters, and visitors will increasingly move by walking, bicycling, car sharing, and using alternative vehicles and innovative mass transit. These approaches would not only enhance access to jobs for residents and improve the District’s competitive position, but also enhance livability, health and environmental outcomes by enabling residents to walk, bike and take transit to work rather than drive /commute over longer distances. The District has an extensive transit network and has made substantial investments in walking and bicycling facilities—all the necessary components for a sustainable, energy efficient transportation system.

In the past two years District government has increased efforts to improve the mobility of District residents as well as accessibility to key destinations throughout the city and to daily needs. A number of initiatives are underway to achieve these goals:

- Development of streetscape guidelines and enhanced public space in order to create walkable urban spaces and improve safety and comfort of pedestrians.
- Pursuit of opportunities to improve neighborhood connectivity and to provide additional travel choices for residents through safety, bicycle, pedestrian and transit improvements. More than 46 percent of District residents’ daily trips are now taken by transit, on foot or by bicycle, and automobile trips have decreased by more than 6 percent over the past 10 years.[1] The District’s transit network has the capacity to provide daily transportation for new residents in a more sustainable system.
- Promote the development of premium services for transit riders by regional coordination on a regional rapid transit system. Priority bus corridors would receive improvements to the roadway such as dedicated lanes, signal prioritization and enhanced stops improving the efficiency and reliability of the District’s transit services. For example, K Street that connects NE and NW DC via Downtown has

been identified as a key transit route that could be developed into a truly multi-modal corridor equally serving transit, pedestrians, bicyclists and motorists.

- Identify and create a network of multi-modal transportation hubs that are locally and/or regionally significant, and develop these hubs as centers of transportation and retail activity. The goal is to provide seamless travel for residents, workers and visitors by offering a range of travel options at each location and providing real time and full information on the ground and on mobile devices.

Economic Roadmap/Strategic Projects— Green & Sustainable City

- Updated infrastructure and development
 - NoMA water and sewer system upgrades (= CEDS Phase 1 Priority Project)
 - Combined sewer overflow, stormwater management / LID
 - ‘Riversmart’ including green roof incentive program and removal of impervious surfaces
 - PACE—weatherization and energy retrofit
 - ‘Green Street’ initiative (Ward 7, underserved neighborhood)
 - Southwest Waterfront, McMillan infrastructure construction
 - Restoration of wetlands, Kingman Island
 - Energy Efficiency and Conservation Block Grant
- High quality, efficiently managed transportation system
 - Street Car
 - Premium Bus Rapid Transit
 - Metro
 - Smart Transportation Systems
- Green training / employment and business initiatives
 - Establishment of regional hub of clean energy production systems , e.g. under the Energy Regional Innovation Cluster.



Phase II: Targeted Economic Development Strategy for Emerging Neighborhoods & East of the River

section four



Introduction

Phase II lays out a strategy that targets emerging neighborhoods in the District, including East of the River. These areas currently each face an array of issues that hinder economic development. However, drawing on the competitive advantage approach laid out under Phase I, each emerging neighborhood has the potential to transform into a more vibrant community that can contribute to the economic vitality of the city. As downtown gets fully built out, the need to invest in new areas that can accommodate growth in core and emerging sectors, as well as provide employment and business opportunities for residents, is critical. Thus, Phase II reviews—for each emerging neighborhood—how specific initiatives can address local need and catalyze economic development (see *Table 13 on pages 44–45 for additional neighborhood data*).

Anacostia

Located near the banks of the Anacostia River, Anacostia is an historic neighborhood whose proximity to the waterfront provides the area with a strategic advantage and momentum for redevelopment. Commercial corridors in Anacostia have recently experienced some new office development and investment, with projects such as the Anacostia Gateway. Combined with significant development slated for Poplar Point, these initiatives are expected to create a major new employment center East of the River in an underserved area.

Need

Despite rapid changes in the Downtown area, many of the District's neighborhoods, particularly East of the River, have not yet seen significant changes in activity. Recent capital investments in the Anacostia neighborhood are making an impact, but vacant, underutilized and marginal properties still abound. Another potential barrier to increased economic development is the skill level of the available workforce, with many residents not being in a position to actively compete for jobs that may become available. Of the Anacostia area's population aged 25 and older, 24.4 percent has less than a high school degree; less than 1 percent has a graduate or professional degree, and 9.1 percent of the has a Bachelor's Degree. The unemployment rate for Anacostia's population is 27.4 percent. The median household income is \$31,251 and the per capita income is \$17,182; 29.8 percent of

Anacostia's households make less than \$15,000, with 21.4 percent having an income of less than \$10,000. Additionally, home ownership—an indicator of stability in many neighborhoods—is low, with the majority of housing units in renter-occupied (60.6 percent).

Opportunity

Strategic Focus Area: A City of Distinct and Robust Neighborhoods; A City with a Diversified and Accessible Economy; A Green and Sustainable City

Anacostia/Poplar Point has the potential to transform into a vibrant mixed use neighborhood and employment center that leverages its access to the river. The intersection of Martin Luther King Jr. Avenue and Good Hope Road serves as the center of Anacostia's commercial district and a potential hub for smaller scale and neighborhood-serving businesses, as well as new larger development. The new streetcar line has started construction and will operate from Bolling AFB to the Anacostia Metrorail station by 2012 (phase II will run along Martin Luther King Jr. Avenue). There is also an emerging cluster of creative uses, with several art galleries, the Smithsonian Anacostia Community Museum and American Poetry Museum, and artist studios already developed/in the pipeline. Poplar Point represents a key urban waterfront redevelopment opportunity that could dramatically benefit communities East of the River, with 110 acres slated to include office, residential, retail as well as a park/recreational areas. The site has the potential to grow sectors that are key to the economic vitality of the District, such as the institutional and green economy, and to provide a range of employment opportunities to underserved residents.

Congress Heights & Saint Elizabeths

Located on the hilltops that overlook the Anacostia River, Congress Heights in Ward 8 is an East of the River neighborhood that is poised for new business and employment opportunities via redevelopment. An early suburb developed primarily in the 1940s, Congress Heights has experienced some of the District's most recent residential construction and renovations. Public and private investments in the area have supported not only new residential but also new retail options, with a new full-service grocery store that recently opened. The forthcoming redevelopment of both the East and West Campus of Saint Elizabeths, one of the largest

redevelopment efforts in the region, will bring thousands of new federal employees to the area. It is hoped that the consolidation of the Department of Homeland Security at St. Elizabeths will spur economic development in the area, catalyzing business incubation, commercialization and small business development in the intelligence, security-related, technology and innovation sectors.

Need

Although there has been recent public and private investment in the Congress Heights neighborhood and beyond, the area is facing entrenched challenges around economic and workforce development. The need for job creation, vocational training, job placement and retention programs that will increase employment opportunities for residents is pressing, with the lack of major employment centers in the vicinity compounding the issue. Of the area's population aged 25 and older, 27.3 percent has less than a high school degree, with only 6.1 percent having a Bachelor's Degree and 2.9 percent with a graduate or professional degree. The unemployment rate for Congress Heights' population is 33.2 percent. Median household income is \$26,876, while the per capita income is \$13,347; 34.2 percent of the area's households make less than \$15,000. Additionally, home ownership—an indicator of stability in many neighborhoods—is low, with the majority of housing units in renter-occupied (60.2 percent). Given these challenges, development East of the River has tended to focus on the preservation of affordable housing units, de-concentration of poverty through new mixed income projects, and attraction of basic retail and community amenities. As such, the redevelopment of St. Elizabeths offers a tremendous opportunity for economic development in that it could serve as a catalyst for growth in emerging and core economic sectors East of the River. However, it is critical that the community has access to jobs, business opportunities and amenities that are likely to come with new development.

Opportunity

Strategic Focus Area tie-in: A City with A Diversified and Accessible Economy; A Creative, Innovative and International City; A Green and Sustainable City; A City of Distinct and Robust Neighborhoods

Recent redevelopment efforts provide an indication that economic development activity is occurring in the Congress Heights area. The forthcoming consolidation of the Department of Homeland Security (DHS) at

Saint Elizabeths will bring 14,000 new employees to the West Campus. Together with the District's redevelopment of the East Campus, St. Elizabeths is poised to become a significant employment hub East of the River centered on the 'DHS economy.' The District, working with federal partners, is assessing business and workforce development opportunities associated with the consolidation. These opportunities include direct spin offs, such as incubation, commercialization, employment and small business development around the intelligence, security-related and technology sectors, with the goal of an innovation cluster centered at the East Campus. The District is also planning for indirect spinoffs related to the thousands of workers looking for goods and services, banking, restaurants, coffee shops and entertainment establishments in the area, with the goal of spurring retail, housing and commercial development opportunities that will benefit workers and provide amenities for existing residents. The infusion of investment and activity is intended to support new business, education and employment opportunities, including for underemployed and unemployed residents, as well as youth.

Deanwood, including Minnesota & Benning

Located in Ward 7, the Deanwood neighborhood, including the Minnesota and Benning intersection, is experiencing some redevelopment and has the potential to become a more robust and economically active area of the city. New public and private investments are creating new opportunities for the communities near Minnesota Avenue and Benning Road. Two Metrorail stations form the transportation hub for a variety of financial institutions, grocery stores, government offices and residential developments. The intersection of Minnesota Avenue and Benning Road is expected to become the new commercial center for the area, offering business and employment opportunities, as well as new amenities for underserved residents.

Need

The area's ability to offer a range of economic activities and opportunities is currently limited, with primary commercial properties consisting largely of retail and shopping centers, with virtually no office or major industrial space. Although investment and redevelopment is planned, many commercial properties are in marginal condition and do not meet the needs of

contemporary commercial tenants. Also, streetscape in parts of the area is stark and unappealing to potential investors and tenants. Thus the ability of this area to tap into the competitive advantages of the District in terms of the city's core and emerging sectors is currently constrained.

Additionally, the neighborhood presents some challenging socioeconomic indicators. Of the area's population aged 25 and older, 23.1 percent has less than a high school degree while only 4.4 percent has a graduate or professional degree, and only 9.4 percent has a Bachelor's Degree. The unemployment rate for the area is 23.4 percent. The median household income is \$33,169, and the per capita income is \$17,612, with 26.0 percent of the area's households making less than \$15,000.

Opportunity

Strategic Focus Area tie-in: City with A Diversified and Accessible Economy, A City of Distinct and Robust Neighborhoods

The Deanwood area offer opportunities for a range of business development as well as for neighborhood revitalization. Minnesota-Benning has the potential to become an anchor for larger scale commercial activity in the area; the Minnesota Avenue Metrorail station will soon be home to the new 227,000 square foot headquarters of the DC Department of Employment Services (scheduled to open in early 2011). Also, there is significant and proximate retail and residential redevelopment in the pipeline, as well as some office space. The Nannie Helen Burroughs and Division area could offer opportunities for small business development, including professional services, and businesses in the green, technology and creative economies.

Hill East

Along the banks of the Anacostia River are 60 acres that are set to become a new mixed-use neighborhood known as Hill East. The area has long been an isolated campus separate from surrounding neighborhoods, which has acted as a barrier between residents and the waterfront. The vision to redevelop this site with office, residential, retail and other amenities, will not only create a new and distinct neighborhood, but will also spur economic development as jobs and business

opportunities are created. Redevelopment also offers the potential for the neighborhood to become a model for environmental design, with the application of new thinking around energy sources and approaches for sustainable development.

Need

The area has long been an isolated campus, cut off from adjoining neighborhoods and housing institutional uses such as medical facilities and the DC Jail. Socioeconomic indicators for the larger area are slightly below the District average, with an unemployment rate of 16.5 percent, and 16 percent of the population having less than a high school degree. 17.6 percent of the area's households make less than \$15,000, and the per capita income is \$32,931.

Opportunity

Strategic Focus Area tie-in: City with A Diversified and Accessible Economy; A City of Distinct and Robust Neighborhoods; A Green and Sustainable City

With the District planning to redevelop 50 acres at Hill East into a mixed-use and mixed-income community, this area has the potential to become a vibrant urban waterfront community that also meets a variety of public needs such as health care, education, employment and government services, recreation and housing. Two acres will be set aside for medical facilities that could provide primary care, ambulatory care and other medical services, supporting an employment concentration around the health care sector, as well as providing much needed services to a medically-underserved area of the District. Together with the development of related commercial/office uses and amenities, this area is set to see an increase in the levels of economic activity and the creation of opportunities for residents. In addition, the project will offer increased access to housing and recreational /quality of life amenities, with the site expected to include affordable housing, and new connections to the waterfront via tree-lined public streets, recreational trails, and accessible waterfront parklands.

Ivy City, including New York Avenue

Situated along the New York Avenue Industrial corridor in NE DC, this mixed-use industrial neighborhood was once a bustling place to live. The cornerstone of the Ivy

City neighborhood since the early 1900s was the historic Alexander Crummel School. The closure of the school in 1972 marked the beginning of a period of economic decline for the area. However, there is renewed focus on this neighborhood, with an initiative that will transform almost 40 long vacant and blighted properties into market-rate and affordable housing, as well an initiative targeting reuse of the school. Although this area has missed out on much of the economic development in surrounding neighborhoods, its proximity to Capitol Hill make it appealing to new homeowners looking for affordable homes near downtown and employment centers. Additionally, the high concentration of vacant commercial and industrial property, make the New York Avenue corridor ideally suited for adaptive green and creative uses, which could provide employment, entrepreneurship and business opportunities for residents.

Need

Tracking the economic decline of the neighborhood, properties were abandoned and neglected, creating gaps in the urban fabric as well as gaps in employment and income opportunities. These conditions continued to impact the safety and overall quality of this community, making this once vibrant community a high crime and less desirable place to live. Today, 26.1 percent of the neighborhood's population has less than a high school degree; only 10.7 percent have a Bachelor's Degree and 5.6 percent have a graduate or professional degree. The unemployment rate is 24.4 percent. Household incomes in the area are low, with 23.3 percent of households making less than \$15,000 annually, and a median household income of \$35,694, and per capita income of \$19,407. Homeownership is also low, with the majority of units renter-occupied (47.7 percent), and only 31.9 percent owner-occupied. Furthermore, in the smaller area of Ivy City/Trinidad, the home ownership rate is just 12 percent.

Opportunity

Strategic Focus Area tie-in: A City of Distinct and Robust Neighborhoods; A Creative, Innovative and International City; A Green and Sustainable City

Community and economic development initiatives have the potential to transform this area into a more vibrant and cohesive neighborhood. Uses being considered for the Alexander Crummel School include small business incubation, workforce training, a community center, a

culinary school, creative uses such as an art gallery, and vocational training in industries such as construction. The location of this community, access to the center city, and the dilapidated stock of much of the housing stock make this area an ideal spot for redevelopment opportunities. Additionally, the development of a new streetcar line on the southern edge of this community will increase accessibility to the regional transportation hub at Union Station. The housing initiative spearheaded by the District, once completed, is expected to double the homeownership rate in Ivy City/Trinidad.

NoMA

NoMA (North of Massachusetts Avenue), located just north of Capitol Hill and Union Station, is an emerging neighborhood in the heart of the District. Once an isolated industrial area, NoMA is transforming into a mixed-used neighborhood with plans for significant office, residential, retail and hotel development over the next 15 years. This new development could attract 50,000 new residents, workers and visitors to the area. NoMA's strengths include its proximity to downtown and other assets such as federal offices, the availability of vacant and underutilized land, and links to the regional transportation network. NoMA serves a critical role in the long term health of the city since it is a key location for growth of Downtown office space and could provide employment and business opportunities for residents across the city.

Need

NoMA's growth is not without its challenges and constraints. Significant infrastructure improvements, such as water, sewer and transportation, are needed to support the level of development that could be accommodated in NoMA. Additionally, the population in the greater NoMA neighborhood face persistent issues around employment, education, and income. Of the neighborhood's population aged 25 and older, 19.5 percent has less than a high school degree and the unemployment rate for residents aged 16 and older is 19.4 percent. There are approximately 20,179 housing units in this neighborhood, the majority of which are renter-occupied (51.0 percent); 35.8 percent are owner-occupied, and 13.2 percent of all housing units in NoMa are vacant. Although the average household income is \$63,209, the median household income is \$46,347 and the per capita income is \$28,407.

21.1 percent of households in the greater NoMA neighborhood make less than \$15,000. Additionally, of the 7,605 families in NoMa, 10.2 percent have an income base less than \$10,000.

Opportunity

Strategic Focus Area tie-in: City with A Diversified and Accessible Economy, A Creative, Innovative and International City, A Green and Sustainable City

Developing NoMA into a bustling neighborhood could provide opportunities for residents across the city. NoMA is accessible to residents via multiple transportation options, including a recent Bikestation, the first of its kinds on the East Coast. Public planning and public-private investments in the neighborhood have the potential to leverage additional private and federal investment, with some successes to date such as the decision of the ATF and NPR to locate in the area. A concentration of federal, nonprofit and private firms (such as media-related) could provide a range of career-ladder opportunities for residents. Another key asset of NoMA is its future as a green and sustainable center, with the green design of its 20 LEED certified buildings, to First Street NE being transformed into a walkable tree-lined boulevard complete with bike lanes, retail and pedestrian amenities, to the eight-mile Metropolitan Branch bicycle trail connecting NoMa to Silver Spring, Maryland.

Shaw

Once home to jazz legend Duke Ellington, Shaw is a dynamic and evolving neighborhood located just north of downtown. Although riots in the wake of Dr. Martin Luther King's assassination left many properties - particularly along the 7th and 9th Street commercial corridors - vacant and abandoned, the neighborhood has seen significant investment over the last decade, including the Walter E. Washington Convention Center as well as new amenities. And this investment has attracted new residents, visitors and businesses. Forthcoming development includes a convention center hotel; redevelopment of the historic O Street Market into a new grocery store, residential units and a hotel; and a new office/educational/knowledge cluster. Shaw, a designated historic district, is also home to the nationally recognized Howard University as well as numerous African-American heritage sites, including the Howard Theatre and Carter G. Woodson House, a unit of the National Park Service. Shaw's proximity to downtown

and transit access, its role as a center of African-American culture, and its historic buildings as well as development opportunities, positions it as a key driver in the economic and cultural health of the city.

Need

Although significant public and private investment has taken, and continues to take, place in Shaw, there is a need to ensure that the local community can access and take advantage of new economic opportunities. Much of the development that has taken place has been regional-serving in nature. This may be in part related to the riots and the subsequent urban renewal efforts, whereby large apartment buildings and public facilities were built along the main corridors, hindering smaller scale commercial development and disrupting local retail and small businesses. Looking forward, commercial development and the provision of amenities should be targeted in a way that also benefits residents as the community faces chronic issues around employment, income and education. 18.7 percent of Shaw's population has less than a high school degree and the unemployment rate for Shaw is 15.0 percent. Although the median household income in Shaw is \$43,139, 21.9 percent of Shaw's households make less than \$15,000. Additionally, home ownership—an indicator of stability in many neighborhoods—is low, with the majority of housing units being renter-occupied (61.3 percent).

Opportunity

Strategic Focus Area tie-in: A City of Distinct and Robust Neighborhoods; City with A Diversified and Accessible Economy; A Creative, Innovative and International City

Pursuing an economic development strategy that leverages the assets of Shaw and promotes locally-serving amenities and opportunities could help improve the socioeconomic conditions in the community. Several publicly owned development sites offer potential for commercial and mixed-use development. The historic O Street Market is expected to be redeveloped into a new flagship full-service grocery store that promises to be the neighborhood's new epicenter. The redevelopment will also include retail, a 200-room hotel and residential units (including 80 affordable senior rental apartment units). Together with the new convention center hotel, this new commercial activity in Shaw has the potential to provide

a range of employment and income opportunities for residents. Shaw also has potential as a hub for smaller scale creative as well as knowledge-based activities. Efforts are underway to promote creative uses in the Convention Center area, including arts incubation. And, a few blocks to the north, a new office/educational/knowledge cluster is in the pipeline that would include a college resource center providing computer access, college readiness and academic planning for students.

Walter Reed, including Gateway Georgia Avenue

The Walter Reed Army Medical Center, a 113-acre site that is scheduled for closure and realignment under BRAC, offers significant economic development opportunities for this portion of northwest DC. Bordered by the neighborhoods of Shepherd Park, Takoma and Brightwood, and with links to Silver Spring to the north and downtown DC to the south, the site offers the potential for a major employment hub in area that is currently predominantly residential, with some commercial and institutional uses scattered throughout. Commercial activity in the area is concentrated along Georgia Avenue, Kennedy Street and portions of 14th Street, but the retail and other commercial uses face challenges related to disinvestment, fragmentation, and organizational resource and capacity constraints. The Walter Reed project has the potential to provide income, employment and business opportunities to residents across the citywide, and also to link the community and bordering neighborhoods in a more cohesive way.

Need

The Walter Reed Army Medical Center has been selected for closure under BRAC. This is expected to result in substantial economic dislocation, as occupants and more than 3,200 jobs get relocated elsewhere in the region. Additionally, although home to stable neighborhoods and a variety of community resources, the neighborhoods bordering Walter Reed face challenges. Brightwood has been faced with a concentration of undesirable commercial uses and limited investment. Similarly, Georgia Avenue, a long commercial corridor that runs along the east side of Walter Reed, is underperforming

as a commercial and retail corridor, with no clear clustering of activity, marginal and vacant/underutilized lots, and inadequate streetscape amenities. The capacity and resources of organizations to assist with community and economic development along the corridor are also constrained and uneven, and there is a lack of targeted workforce development programs. In the vicinity of Walter Reed, 13.4 percent of the population has less than a high school degree, and the unemployment rate is 12.3 percent. Although household median incomes are slightly above the District average, there are pockets of distress, with 11.2 percent of households making less than \$15,000. Additionally, the data does not take into account the employment losses and declines in economic activity associated with the base closure.

Opportunity

Strategic Focus Area tie-in: A City with A Diversified and Accessible Economy A Creative; Innovative and International City

Redevelopment at Walter Reed will be a catalyst for economic development, with new employment, business and income opportunities. Guided by the BRAC process, this large site could become a major employment center for the District and the region, with the inclusion of significant office and institutional uses that could further strengthen the District's competitive advantages in the federal and international sectors. Specifically, the General Services Administration will likely develop 32.5 acres; the Department of State will likely develop an international Chancery Center on 18 acres, and the remainder (62.5 acres) will be surplus to the District. The site could also include an educational and workforce training component, which would be key in an area that currently lacks employment programs but that does enjoy good regional transportation access. The ability of District and regional residents to access programs will be further enhanced with the addition of a future street car line. The District is currently developing a plan for the Walter Reed site, which is intended to accommodate a mixture of uses including office, housing, retail, cultural, and open space.

Table 13

| | Washington DC Average | Anacostia | Congress Heights | Hill East | Ivy City | Minnesota & Benning | NoMA | Shaw | Walter Reed |
|---------------------------------|--------------------------|-----------|------------------|-----------|----------|---------------------|----------|----------|-------------|
| Population | 590,484 | 27,147 | 25,803 | 32,011 | 26,240 | 24,822 | 40,859 | 64,812 | 25,700 |
| Households | 261,188 | 10,421 | 8,679 | 13,788 | 10,131 | 10,741 | 17,515 | 32,195 | 10,735 |
| Average Household Size | 2.13 | 2.56 | 2.86 | 2.11 | 2.42 | 2.28 | 2.18 | 1.90 | 2.31 |
| Families | 115,349 | 6,329 | 6,043 | 6,165 | 5,381 | 6,126 | 7,605 | 10,015 | 5,780 |
| Population by Race/Ethnicity | | | | | | | | | |
| Total | 590,484 | 27,146 | 25,802 | 32,011 | 26,240 | 24,822 | 40,859 | 64,812 | 25,700 |
| White Alone | 33.9% | 5.9% | 1.7% | 27.2% | 5.7% | 1.1% | 24.1% | 33.5% | 22.9% |
| Black Alone | 55.4% | 91.1% | 96.2% | 68.2% | 89.8% | 96.4% | 66.6% | 49.9% | 61.8% |
| American Indian Alone | 0.3% | 0.2% | 0.2% | 0.2% | 0.4% | 0.3% | 0.4% | 0.4% | 0.3% |
| Asian or Pacific Islander Alone | 3.3% | 0.8% | 0.3% | 1.4% | 0.8% | 0.3% | 4.5% | 6.3% | 2.0% |
| Some Other Race Alone | 4.4% | 0.6% | 0.4% | 1.1% | 1.3% | 0.6% | 2.1% | 6.5% | 8.6% |
| Two or More Races | 2.7% | 1.4% | 1.2% | 1.9% | 1.9% | 1.2% | 2.3% | 3.5% | 4.3% |
| Hispanic Origin | 9.0% | 1.6% | 1.0% | 2.9% | 2.8% | 1.4% | 4.6% | 13.9% | 16.2% |
| Diversity Index | 64.7 | 19.3 | 9.3 | 49.2 | 23.5 | 9.6 | 54.0 | 72.3 | 68.3 |
| Households by Income | | | | | | | | | |
| Household Income Base <\$10,000 | 11.9% | 21.2% | 25.0% | 12.6% | 16.0% | 19.2% | 14.5% | 15.0% | 7.4% |
| Median Household Income | \$51,491 | \$31,251 | \$26,876 | \$51,944 | \$35,694 | \$33,169 | \$46,347 | \$43,139 | \$55,212 |
| Average Household Income | \$76,381 | \$43,691 | \$38,120 | \$73,134 | \$47,637 | \$40,782 | \$63,209 | \$61,689 | \$76,638 |
| Per Capita Income | \$34,644 | \$17,182 | \$13,347 | \$32,931 | \$19,407 | \$17,612 | \$28,407 | \$31,460 | \$32,590 |
| Families by Income | | | | | | | | | |
| Family Income Base <\$10,000 | 10.0% | 21.4% | 26.8% | 10.3% | 11.3% | 16.0% | 10.2% | 11.9% | 3.1% |
| Median Family Income | \$59,192 | \$31,095 | \$26,315 | \$60,571 | \$40,813 | \$38,949 | \$51,076 | \$45,166 | \$77,480 |
| Average Family Income | \$98,545 | \$45,690 | \$38,691 | \$87,082 | \$58,922 | \$47,822 | \$74,098 | \$71,720 | \$98,228 |

Table 13 continued

| | Washington DC Average | Anacostia | Congress Heights | Hill East | Ivy City | Minnesota & Benning | NoMA | Shaw | Walter Reed |
|--|--------------------------|-----------|------------------|-----------|-----------|---------------------|-----------|-----------|-------------|
| Population 25+ by Educational Attainment | | | | | | | | | |
| Total | 398,477 | 15,355 | 13,498 | 22,522 | 17,039 | 15,469 | 28,260 | 45,669 | 18,396 |
| Less than 9th Grade | 6.0% | 6.4% | 5.6% | 5.2% | 7.7% | 6.7% | 7.3% | 8.8% | 5.9% |
| 9th - 12th Grade, No Diploma | 9.7% | 18.0% | 21.7% | 10.8% | 18.4% | 16.4% | 12.2% | 9.9% | 7.5% |
| High School Graduate | 20.9% | 39.4% | 42.0% | 25.4% | 35.2% | 39.3% | 22.9% | 17.4% | 19.1% |
| Some College, No Degree | 13.9% | 17.3% | 18.0% | 14.3% | 18.3% | 20.1% | 15.8% | 12.7% | 17.2% |
| Associate Degree | 3.4% | 2.9% | 3.6% | 3.3% | 4.1% | 3.6% | 3.7% | 4.0% | 4.0% |
| Bachelor's Degree | 20.8% | 9.1% | 6.1% | 20.5% | 10.7% | 9.4% | 20.3% | 23.8% | 20.8% |
| Graduate/Professional Degree | 25.4% | 7.0% | 2.9% | 20.4% | 5.6% | 4.4% | 17.8% | 23.4% | 25.4% |
| Civilian Population 16+ in Labor Force | | | | | | | | | |
| Civilian Employed | 84.2% | 72.6% | 66.8% | 83.5% | 75.6% | 76.6% | 80.6% | 85.0% | 87.7% |
| Civilian Unemployed | 15.8% | 27.4% | 33.2% | 16.5% | 24.4% | 23.4% | 19.4% | 15.0% | 12.3% |
| Total Housing Units | | | | | | | | | |
| Total Housing Units | 290,886 | 12,110 | 10,702 | 15,578 | 12,725 | 12,234 | 20,179 | 36,724 | 11,444 |
| Occupied | 89.8% | 86.1% | 81.1% | 88.5% | 79.6% | 87.8% | 86.8% | 87.7% | 93.8% |
| Owner | 38.6% | 25.5% | 20.9% | 45.8% | 31.9% | 31.4% | 35.8% | 26.4% | 49.3% |
| Renter | 51.2% | 60.6% | 60.2% | 42.7% | 47.7% | 56.4% | 51.0% | 61.3% | 44.5% |
| Vacant | 10.2% | 13.9% | 18.9% | 11.5% | 20.4% | 12.2% | 13.2% | 12.3% | 6.2% |
| Owner Occupied Housing Units by Value | | | | | | | | | |
| Median Value | \$393,913 | \$267,727 | \$245,248 | \$369,717 | \$263,709 | \$241,998 | \$381,825 | \$400,922 | \$455,908 |
| Average Value | \$540,006 | \$303,675 | \$261,417 | \$460,925 | \$298,447 | \$261,209 | \$465,899 | \$509,487 | \$522,330 |
| Source: ESRI forecasts for 2009; U.S. Bureau of the Census, 2000 Census of Population and Housing; 1 Mile Radius | | | | | | | | | |



Engagement **section five**

5

Engagement

While the District's Comprehensive Plan provided the overarching framework for the CEDS and included much community involvement and outreach, additional stakeholder engagement occurred through the CEDS Strategy Committee, CEDS Community Meetings, public review, and around the District's four strategic focus areas:

- A City with a Diversified and Accessible Economy
- A City of Distinctive and Robust Neighborhoods
- A Creative, Innovative and International City
- A Green and Sustainable City

CEDS Strategy Committee

Engagement also occurred via the convening of the CEDS Strategy Committee, which was formed at the start of the District's process to assist in the development and review of the CEDS and to offer advice and counsel to the Project Team. This Committee represents main economic interests of the city. It includes private and public sector representatives, public officials, community leaders, representatives from workforce development, representatives of institutions of higher education, minority groups and private individuals. The CEDS Strategy Committee has convened several three times to review initiative deliverables and the project list for the CEDS, and will continue to convene yearly to guide the CEDS process.

CEDS Community Meetings

The CEDS Project Team convened businesses and professionals from emerging neighborhoods targeted through the CEDS process. Meetings and stakeholder engagement took place in both Ward 7 and Ward 8. The Project Team met with the community to introduce them to the CEDS process, themes, and goals. An overview of the CEDS document was presented along with detailed aspects of the strategy. The Project Team answered the community's questions and provided additional information by request. All attendees were directed to the online posting of the CEDS document for their in depth review and comments.

Public Review

The CEDS document was posted online for public review for a period of 31 days. Public review and comment

was requested from all community stakeholders. All feedback was reviewed by the Project Team and taken into consideration for inclusion in the CEDS.

See Appendix 7 for all public comment received.

Comprehensive Plan

The District's Comprehensive Plan provides the overarching framework for the CEDS. The development of this document involved much stakeholder engagement, as have the updates it has recently undergone. This Plan is a general policy document that provides overall guidance for future planning and development of the city. The first Amendment Cycle for the 2002–2006 Comprehensive Plan was launched in April 2009 with a series of public information meetings. In May and June, the City Offices held "Drop-in" office hours and attended ANC/neighborhood meetings to provide information on the amendment process. In addition, staff met with key agencies such as DDOT, DDOE, DMPED, DCHD, and DPR. These meetings produced over 300 ideas for amendments. The deadline for submitting amendment proposals was June 30, 2009, with over 225 amendment proposals received.

For the 2002–2006 Comprehensive Plan process, the following stakeholder engagement occurred:

- 24 large public meetings attended by more than 1,500 people
- 2 million hits on the Comp Plan web site; 600 subscribers to the inclusive city website who received regular updates
- 24 meetings of Task Force appointed by the Mayor and City Council
- Numerous small group discussions
- 100+ briefings with ANCs and other interest groups
- 587 pages of written comments from the public on the 'working draft'
- 48 speakers and 150 pages of testimony at the Mayor's Public hearing
- Outreach materials prepared in English and Spanish; and Media coverage in print, TV and radio.

A Diversified & Accessible Economy

The District recognizes the need to have a diversified and accessible economy. Engagement with the technology sector, women owned business, the GLBT business community, and stakeholders in DC's Center City clarified the need to support these emerging sectors within DC's economy.

The District recognizes the technology sector as a significant opportunity for broadening and extending the District's remarkable resurgence. Engagement of this sector has involved the formation of a DC Technology Advisory Council and a sub-group, the Technology Advisory Group, formed with key members of the now defunct DC Technology Council; technology speaker programs; and technology roundtables. This engagement occurred to raise issues, advise policymakers, coordinate programming and events, and continue to expand the District's tech network. The three key takeaways include: the need for an incubator in the District, the importance of creating a tech-friendly environment in the District, and the importance of working with the local and federal governments.

Additionally, the District undertook a Technology Incubator Feasibility Study in 2008, which found that the development of a Technology Business Incubation Program in the District of Columbia is feasible and if the incubation program is integrated into the overall economic development plan for Washington, DC, it will increase jobs in the City by increasing the growth, attraction and retention of technology companies. Determination of community and stakeholder support was a key element of the study; a small, but enthusiastic group of stakeholders was identified through the study interview program and an online survey of IT entrepreneurs.

The District has targeted business development services to women, through partnerships with local nonprofits, the DC Commission for Women and the Mayor's Office on Women's Policy and Initiatives. Conversations around economic development opportunities for women-owned enterprises took place in 2008 with key stakeholders in DC. Educational, networking and roundtable programs were held to continue the discussion around upcoming economic development initiatives in DC for women-owned enterprises.

The District leads the nation by hosting annual Gay, Lesbian, Bi-Sexual and Transgender Economic Development Summits. The GLBT Economic Development Summit is the premier event for GLBT business leaders and professionals in the Washington metropolitan area. The goal of the summit is to connect GLBT business leaders with government and non-government resources to improve their business and ensure that GLBT business leaders and entrepreneurs play an important role in leading the economic and creative development of the city. The Summits provide an opportunity to engage with the GLBT businesses located in the District, and hear from the businesses regarding key barriers to entry, business support and development issues.

Center City engagement was led by the District Office of Planning and Downtown BID. Engagement occurred via a steering committee with the federal government, private and nonprofit sector, and residents.

A City of Distinct Neighborhoods, Vibrant Commercial Corridors & Businesses

Through a community-based planning process, the District assesses the challenges presented in each area and corridor and identifies the most effective methods for stimulating economic development.

There has been a focus to reach out to underserved areas to obtain substantial input from District residents. This work commenced for the District's Small Area Plans, Neighborhood Investment Fund; New Communities; Great Streets, and large area projects. For each of the District's priority projects, NoMa water and sewer infrastructure improvements, Hill East Waterfront, and O Street Market, stakeholder engagement has occurred.

NoMa Water and Sewer Infrastructure Improvements:

The NoMa Business Improvement District (BID) consists of 250 acres and over 200 property owners, all of whom are members of the BID. The BID has formed several committees to engage stakeholders on specific issues, and consults with its board of directors, executive committee, marketing committee, infrastructure committee and safety committee every one to two months depending on the issues at hand. The infrastructure committee consists of 35 property managers and project managers in NoMa. As necessary,

the BID consults with this group regarding WASA infrastructure initiatives. It reports on the scope of WASA needs in NoMa and discusses the best strategies for phasing, funding and prioritization.

District Government has worked with the NoMa BID to ensure open communication and collaboration with public and private stakeholders, enabling the group to formulate an infrastructure strategy that is best suited to the needs of the neighborhood.

Hill East Waterfront: In 2002, Mayor Anthony Williams convened a 3-month process to develop a Master Plan to redevelop Hill East that outlined a land use plan for growth and development over the next 20 years. Representatives of 15 different government agencies, including the Office of Planning, Department of Health and Department of Corrections, and over 300 residents conducted series of intense meetings and workshops to develop the vision, guiding principles and challenges for redeveloping a former state hospital site.

O Street Market: Stakeholder Outreach for the O Street Market has occurred since 2003, and has focused on that neighborhood's Shaw Community. At least 2–3 stakeholder meetings have occurred each year, with the following entities: ANC 2C, ANC 2F, Shaw Main Streets, Shaw Main Streets Developer Showcase, Convention Center Association, East Central Civic Association, Mt Vernon Square Neighborhood Association, Washington DC Economic Partnership Annual Meeting, Blagden Alley Association, 1330 Tenants Association, French Street Neighborhood Association, Emmaus Services for the Aging, Office of Planning: Convention Center Small Area Planning Process, Asbury Square Tenants Association, Washington Convention Center Authority Advisory Committee.

The District's neighborhood initiatives also provide planning, promotion, and focus resources on comprehensive efforts to strengthen neighborhoods city-wide. A successful network of partners exists to help advance economic development in the District, including, but not limited to, the Business Improvement Districts, Chambers of Commerce, Community Development Corporations, business development centers, the Board of Trade, District Universities and their business schools, the Main Streets program, the Great Streets Program, and the Workforce Investment Council.

The District also supports the publication of WDCEP's Neighborhood Profiles, a publication which features 38 neighborhoods, 11 of which are MainStreets. Furthermore, for the 2009 edition, WDCEP added three new neighborhoods that include Bellevue/ South Capitol, North Capitol, and Takoma. 500 copies of each neighborhood and 2,500 copies of the bound Neighborhood Profiles were printed by a Certified Business Enterprise printer. Over 1,170 bound copies of the publication, as well as individual profile sheets were delivered to partner organizations, government agencies, council members, MainStreet agencies, and Business Improvement District organizations.

Another neighborhood initiative undertaken was the 2009 Initial Start-Up Considerations Program. The goal of this initiative was to actively engage targeted DC neighborhoods through entrepreneurship training and tutorials on the use of the 2008 Doing Business in DC Guide Book. Partners such as the CDCs, EDCs, Main Streets and Ward Business Councils helped effectively reach the targeted audience.

The District also offers educational programming, a business plan competition and a speaker series to foster growth, development, entrepreneurship and strategic relationship building among the city's business community. The government collaborates with community and workforce development organizations, nonprofits, local universities, and private entities to promote a more business-friendly environment in the District. To help businesses grow and thrive here in our nation's capital, the City provides no-fee access to key resources and services, including economic incentives and programs; lease and site location assistance; workforce development assistance; statistics and demographics; and a network of partner organizations.

To better engage the District's small business community, the City undertook a Small Business Environment Scan from 2008–2010. As part of this initiative, 6 focus groups were held across city neighborhoods to gain a better understanding of the resources small businesses need and use in DC. Additionally, over 400 small businesses were surveyed on all aspects of their business through an online survey tool, and over 40 small business owners/ CEOs participated in in-depth interviews in person or on the phone to discuss services that businesses use as well as the services that businesses would like to obtain.

The District supports Neighborhood Retail Summits, which are held to assist potential entrepreneurs and established small business owners in neighborhoods. Forums are held where citizens can interact and learn from lenders, DC government officials and other service providers who can help their businesses grow. Vital information such as incentives, loan programs and public and private resources are discussed. Often the summits offer concurrent bus tours of available retail sites bringing interested parties to emerging commercial corridors and neighborhoods such as Georgia Avenue, Martin L. King Jr. Avenue, Minnesota Avenue, NoMa and the Capitol Riverfront. These events were established in response to concerns from small business owners looking for solutions to compete more effectively with big retailers.

A Creative, Innovative & International City:

The number of creative-based businesses and jobs in DC continues to grow, and are important to building and sustaining the city's economic vibrancy. In 2007 and 2009 the District hosted city officials and key stakeholders from the creative sector for Creative DC Forums, dedicated to discussing how supporting people, jobs, and industries in the creative sector fuels economic vitality locally and regionally. Additionally, a District initiative currently underway, the Creative DC Action Agenda, will lay out an action plan for strengthening the District's creative economy, expanding employment and business development opportunities, and enhancing neighborhoods.

The District used both qualitative and quantitative research to support the Creative DC Action Agenda. Individual interviews with leaders of DC's creative economy as well focus groups involving members of the Visual Arts, Film and Media, Music, Heritage, Theater, Technology, Fashion, and Design industries took place. Those involved in the qualitative side were asked about key market dynamics that impact their segment; market expansion, building a new customer base, forming strategic partnerships; relationships with universities, economic development organizations, and the business community; and future opportunities for building the city's Creative Economy. Another part of the Creative DC Action Agenda was to map out the major elements of creative economy in the District and develop databases on the location and activities of key creative economy assets in Washington. These include: performing arts venues,

theater companies, museums and historic sites, galleries, and higher education. In addition to these databases, the information was collected on the training and education programs, and cultural support and financing.

Beyond the Creative DC Action Agenda, the District did extensive outreach to two key segments of the creative sector: the Film and Fashion sectors. Leaders and member of both segments were engaged both in person, roundtables, and via online surveys.

Numerous meetings took place with local fashion leaders from the community to discuss industry concerns. Roundtables were held to help the City better understand three themes are central to issues most important to the DC Fashion Industry: Resources, working with the District government; and capacity issues. Feedback included a lack of affordable labor, manufacturing, production facilities, affordable and accessible space, and education resources. The fashion industry also wanted more support from DC government, in the form of infrastructure, interest, and education. Finally, many involved in the DC fashion industry lamented a lack of communication within the industry; organizational issues; and marketing weaknesses. An online survey was developed to provide data to assess and complete a fashion industry feasibility plan. The survey questions included information on challenges in DC and suggestions for improvements, as well as what types of services and incentives would help fashion-related businesses in DC. A key finding from the work with the District fashion leaders was the need for incubator space for this segment's businesses. The need for business support services, affordable space, and a shared work environment was a repeated theme in conversations with this sector.

The City worked with DC's Film and Media Industry to create a Filmmakers Advisory Group. The Group worked to create an economic impact survey to identify industry strengths and weaknesses. The Filmmakers Advisory Group was also engaged to bring to light industry concerns and recommendations among sector leaders, innovators, and DC government officials. The Film and Media industry in DC also recommended an incubatory for their sector as a way to assist business development, capacity and entrepreneurship for this sector.

As a result of stakeholder engagement undertaken in the District's research agenda, a new initiative,

actionomics [dc], was born and launched simultaneously with the CEDS. **actionomics [dc]** is a stakeholder driven program developed to engage District constituents about some of the city's biggest economic development challenges and opportunities. Stakeholders across sectors—from technology, creative and green, to education, finance and others—identified key projects to work on during the fall of 2009 when over 200 constituents gathered for a half-day forum to discuss these themes. Workgroups evolved, focused on several project such as the development of a creative space finder and incentives finder which would allow stakeholders to find space through online search tools; support for temporary urbanism, which would transform vacant space into creative, retail or recreation space; support for incubators and small business development; expanding the District's technology base through business attraction, retention and growth; promoting entrepreneurship; supporting the District's community college; promoting financial inclusion for the underbanked; and exploring the challenges and opportunities for nonprofits in the city. A series of forums and small group meetings, continuing today, is the platform through which action is being catalyzed.

A Green & Sustainable City

In the spring of 2008, Mayor Adrian M. Fenty convened the Green Collar Jobs Advisory Council. This group was made up of 16 green economy leaders from the private, non-profit, research think tank, and government sectors. Their mission was to develop a series of recommendations on how to prepare residents for the growing job opportunities associated with the transition to a greener economy. This task was a large undertaking and required the Advisory Council to work in three distinct subcommittees: Small Business Development, Public Education and Outreach and Youth Development. Nearly 100 individuals participated within the three subcommittees, offering additional expertise in each area. Collectively, the subcommittees and Advisory Council met, gathered information and prepared recommendations over an 18 month period.

In the summer of 2008, the District conducted a survey and focus groups to better understand the District's burgeoning green economy. Participants included individuals from small businesses, such as green construction, architecture and landscape firms; large businesses, including green construction firms

and developers; training providers and green product manufacturers and retailers. Key findings from the stakeholder engagement included first, that in DC, there is little resistance to the green trend. There was no clear resistance to the green trend in any of the focus groups; however the importance of District government leadership and incentives was clearly identified. Second, that there is variation in comfort with "green" as a term, and as a trend. Despite the lack of resistance to the green trend as described, many of the stakeholders had different perspectives on the trend. Third, that the underemployed need multi-faceted training. Nearly every employer who participated in the focus groups that employs low- and under-skilled workers expressed concern about finding the right employees they need to be successful. And fourth, that the green trend will create few new jobs, but rather existing jobs will require new green skills. The phrase "green collar job" struck many participants as a vague buzzword. In the online survey conducted, only 38 percent of respondents said they were "very familiar" with the term, and 10 percent volunteered that the term "doesn't mean anything."

Planning Processes & Engagement: Targeted Neighborhoods

As described above in this Engagement section, the District's Comprehensive Plan and subsequent Amendment provides the overarching framework for the CEDS. This Plan is a general policy document that provides overall guidance for future planning and development of the city, and it guided the planning processes for the Neighborhood Plans outlined here. The Plans outlined below relate specifically to the CEDS target neighborhoods (both emerging and East of the River): Anacostia; Congress Heights & Saint Elizabeths; Deanwood, including Minnesota & Benning; NoMA; Hill East; Ivy City, including New York Avenue; Shaw; and Walter Reed, including Gateway Georgia Avenue.

Anacostia

The Anacostia Waterfront Initiative (AWI)

The AWI is one of the most ambitious development plans in the history of the District of Columbia. Spanning 30 years and comprising \$10 billion worth of investment, the AWI pledges to restore and revitalize the Anacostia River. Led by the District of Columbia government,

and embraced by 19 regional and federal agency partners through the execution of a Memorandum of Understanding, the AWI vision is to reconnect to the river, so that widespread access to the Anacostia River and its new parks, recreational, cultural, residential and commercial centers is possible.

Recognizing that the Anacostia River and its waterfront are one of the most precious resources in the District of Columbia, this Framework plan responds to community objectives for the Anacostia waterfront by achieving the following five goals: 1) Charting a course for the environmental healing and rejuvenation of water-dependent activities on the Anacostia River; 2) Rethinking transportation infrastructure to improve access to waterfront lands and better serve waterfront neighborhoods; 3) Creating a system of interconnected and continuous waterfront parks, joined together by the Anacostia Riverwalk and Trail; 4) Enlivening the waterfront to celebrate and explore the cultural heritage of our city and the nation; 5) Promoting sustainable economic development reconnecting the city across the river and to a vital waterfront that offers opportunities to live, work and play.

Poplar Point Planning Process

Poplar Point is one of the last great urban waterfront redevelopment opportunities on the East Coast. The 110-acre site is being transferred to the District of Columbia from the federal government. Bounded by South Capitol Street, I-295 and the 11th Street Bridges, the site is largely unused, but contains some National Park Service and the US Park Police facilities.

Currently, the project is undergoing a federal environmental impact analysis and Small Area Planning phase. Poplar Point is envisioned to be the home of a variety of different uses including residential, retail, office entertainment, cultural, and park/open space uses. Currently, there are no specific figures for the actual allotment of space for the different uses. These figures will be determined during the Small Area Planning process. Economic opportunities include thousands of new job opportunities at all employment levels, hundreds of new units of housing at market rate and affordable price ranges, and new retail and restaurant amenities that will not only serve nearby residents' needs, but will draw visitors from around the region

Anacostia Neighborhood Investment Fund (NIF) Plan—please see section on NIF below.

Center City Action Agenda 2008—please see section on Action Agenda below.

Congress Heights & Saint Elizabeths

Saint Elizabeths East Campus Framework Plan

In 2008, under the leadership of Mayor Adrian M. Fenty, the District of Columbia Office of Planning, in partnership with the Office of the Deputy Mayor for Planning and Economic Development, initiated an update to the initial Saint Elizabeths East Campus Framework Plan which began in 2003. A Steering Committee group was resumed as part of the plan update along with a series of three public meetings and a Mayor's Hearing to conclude the 2008 planning process. Public input throughout the planning process was critical, and three community meetings were held in 2008. It helped clarify goals, identify priority issues and guide the framework plan. The planning team used the guiding principles and common ideas and themes from the alternatives to develop the framework plan. The planning process for Saint Elizabeths East Campus provided a blueprint for future development and implementation strategies which will aid in the accomplishment of established plan goals and objectives.

Deanwood, including Minnesota & Benning

Deanwood Strategic Development Plan

In 2008, the Deanwood Strategic Development Plan was adopted and approved by Council. This Plan was developed as part of the Great Streets Initiative by the District of Columbia Office of Planning, in conjunction with the Office of the Deputy Mayor for Planning and Economic Development and the District Department of Transportation. Great Streets is a multidisciplinary approach to corridor improvement comprised of public realm investments, strategic land use plans, public safety strategies, and economic development assistance. The primary purpose of the Deanwood Strategic Development Plan is to provide clear policy direction for land use and development within Deanwood and its

major corridors. It proposes future land use and provides guidelines for development related to development intensity and other development characteristics.

The Deanwood Strategic Development Plan was developed with extensive public involvement. The City and its consultants worked with a Steering Committee made up of representatives from the community as well as City elected officials. Committee members offered guidance in the development of the plan. Additionally, four community meetings were held to provide information and receive input from the broader community.

The project area is defined by: Eastern Avenue to Northeast, 55th Street NE to the East, Marvin Gaye Park to the South, and Kenilworth Avenue/CSX railway to the West. The plan offers development concepts for selected focus areas that represent a range of development opportunities throughout the project area. Contained within the project area are Nannie Helen Burroughs and Minnesota Avenues, both of which were identified as Great Streets.

Benning Road Corridor Redevelopment Framework

In 2008, the District of Columbia Office of Planning (OP) completed a community engagement process for the Benning Road Corridor. This land development plan has provided a revitalization strategy for the corridor, and a framework to guide future private development and public investment.

The Office of Planning engaged area neighborhoods and businesses along and adjacent to the Benning Road Corridor to create a land development plan. Residents from neighborhoods and businesses along and adjacent to the Benning Road Corridor met over several months to work with OP to create a land development plan.

The study boundary includes all property fronting Benning Road from Southern Avenue to Bladensburg Road.

Hill East

Reservation 13 Draft Master Plan

The Office of Planning's Reservation 13 Draft Master Plan creates an urban waterfront area that serves the city and connects the surrounding neighborhoods to the waterfront via public streets and sizable parks. Public

Reservation 13 lies on the eastern fringe of the Hill East neighborhood on the west bank of the Anacostia River. From the time of the origin of the L'Enfant Plan to today, the area has appeared as an isolated campus, separate and apart from the neighborhood and an obstacle between residents and their waterfront. This plan presents the first opportunity to re-envision the site, not as a Reservation but as a beautiful public place that links the existing neighborhood to the waterfront while also meeting District-wide and neighborhood needs for health care, recreation, civic space, and housing. The plan creates a new identity for the site.

This vision was achieved through the input and cooperation of many different stakeholders. District Agencies, including the Department of Health and the Department of Corrections, came together under the leadership of the City Administrator and the Office of Planning. Stakeholders adjacent to the site including neighborhood residents, the Sports and Entertainment Commission, and the Congressional Cemetery together with additional DC Agencies constituted the project Steering Committee that guided decisions and evaluated the planning process. A series of four public meetings and a three-day intensive planning workshop were held to gather public input that led to the guiding principles that will direct the implementation of the plan in the years to come. Over 300 people from across the city participated in these community-planning opportunities.

Ivy City, including New York Avenue

The Northeast Gateway Revitalization Strategy and Implementation Plan

During the Fall of 2003, the Office of Planning launched a comprehensive community planning process to develop a revitalization strategy for Cluster 23 which was dubbed "The Northeast Gateway" by community participants. Over an 18-month period, an Advisory/ Outreach Committee was established, the area boundaries were confirmed, five public meetings were held with an additional meeting held in Ivy City. The community identified key issues they wanted addressed. These issues helped to set the goals of the plan which include: improving the image of the area, protecting affordable housing, and increasing neighborhood amenities.

DHCD Neighborhood Stabilization Program

DHCD will invest NSP funds toward the development of 58 affordable housing units in the Ivy City/Trinidad neighborhood, one of the areas of the District which has been hardest hit by foreclosures. The funding will help to stabilize an area that, due to existing vacant and abandoned buildings, could experience additional instability as foreclosure activity continues to spike.

NoMA

NoMA Vision Plan & Development Strategy

The NoMA Vision Plan and Development Strategy was prepared to manage growth, promote revitalization, and achieve other long-range planning goals. This plan will supplement the Comprehensive Plan by providing detailed direction for the neighborhood of NoMA. The plan includes a comprehensive set of recommendations based on planning fundamentals and place-making concepts of the Vision. The recommendations are all highly interconnected and mutually reinforcing. Taken collectively, and capitalizing on real estate market forces, they have the potential to shape the NoMA neighborhood. The plan attempts to marry the concepts of its vision with the realities of the current development scene, the real estate market, and physical conditions. Early phases in the planning process included an analysis of strengths, weaknesses, opportunities, and threats.

Center City Action Agenda 2008—please see section on Action Agenda below.

Shaw

Shaw Neighborhood Investment Fund (NIF) Plan—please see section on NIF below.

Walter Reed, including Gateway Georgia Avenue

Upper Georgia Avenue Land Development Plan

In 2008, the Council approved the Upper Georgia Avenue Land Development Plan which serves as a guide for growth and development along Georgia Avenue in the Walter Reed neighborhood. This plan is part of the Great Streets Initiative which combines

public realm investment, strategic land use plans and economic development assistance to improve the physical, economic and safety condition of the District's major corridors. The current plan builds upon efforts of government, community and the private sector along Georgia Avenue to increase local neighborhood livability and create a new environment that stimulates private investment and neighborhood development.

Through the planning process residents, business owners, property owners, community leaders, and institutional partners from these neighborhoods helped shape the visions found in the plan. Public input throughout the planning process was critical. It helped clarify goals, identify priority issues and guide the redevelopment plan. The development vision for the corridor emerged through an intensive community engagement process that included key elected officials, civic and community associations, and the business community. Georgia Avenue Land Development Plan extends from Decatur Street, NW to Eastern Avenue, NW, and is being developed as a strategic framework to guide growth, and development along Georgia Avenue to make it an attractive destination for residents, business owners and visitors.

Kennedy Street Corridor Revitalization Plan

In 2008, the Council approved the Kennedy Street Corridor Revitalization Plan. The DC Office of Planning and the community residents and stakeholders were invited to participate in the process to develop a strategy to improve the economic vitality and overall image of the corridor as an attractive destination for residents, business owners, and visitors. Public input throughout the planning process was critical. It helped clarify goals, identify priority issues and guide the redevelopment plan. The development vision for the corridor emerged through an intensive community engagement process that included key elected officials, civic and community associations, and the business community. The current plan builds upon existing community assets, District Government initiatives and private sector investment in order to guide growth and development along Kennedy Street, NW, while preserving and enhancing the quality of life in the surrounding community.

Walter Reed Army Medical Center (WRAMC) Reuse Process

The Redevelopment Plan for WRAMC that Office of the Deputy Mayor for Planning and Economic Development will lead will use the Office of Planning (OP) Upper Georgia Avenue Great Streets Redevelopment Plan as a starting point. The goal of the Plan was to create a strategic framework to guide growth and development along Georgia Avenue, which is one of the major arteries in the District connecting the greater core downtown area to the Interstate 495 beltway. WRAMC is situated in the upper half of Georgia Avenue. Proposed development should address the following key factors: Reconnect WRAMC site to the existing community; lack of attractive retail opportunities; redeveloping within the measures stipulated by State and Federal stakeholders; provision of municipal parking options; relocating Engine Co. #22; provision of green space; and Development Concept Plan. The overall development concept is intended to reconnect the campus' eastern edge along Georgia Avenue to the neighborhoods to the north, east, and south by providing a mix of public open spaces, public facilities, and small scale retail.

Center City Action Agenda 2008

The Center City Action Agenda is a bold economic and place-making initiative for Central Washington that aims to spur additional investment in emerging neighborhoods that surround the City's traditional downtown and stretch to include three distinct waterfronts. These areas include the CEDS target areas of Anacostia/Poplar Point and NoMa. The agenda provides a compelling vision and a strategic implementation plan for becoming an increasingly diverse and culturally richer place and for growing job opportunities by creating highly competitive new employment centers and greener and more sustainable neighborhoods. It recommends focusing investment in the following four areas: Places, Transportation, Corridors, and the Economy; recognizing that quality public environments (well-designed streets, parks, and shopping corridors, and a range of transportation

options) are key to creating and improving access to jobs, services, and other destinations and key ingredients of great neighborhoods. Four Overarching Objectives are defined: 1) DC Residents First; 2) Great Places and Experiences; 3) Sustainable, Globally Competitive and Locally Prosperous; and 4) Transportation Choice and Walkable Streets. In addition, annual development and employment goals are established.

2008 Neighborhood Investment Fund Plans

The Neighborhood Investment Fund (NIF) is an annual non-lapsing, revolving fund to finance economic development and neighborhood revitalization in 12 target neighborhoods in the District of Columbia. Five of the neighborhoods which are the focus of the Washington, DC CEDS (Congress Heights, Anacostia, Deanwood, Shaw, and Walter Reed) are also NIF target neighborhoods. The NIF is funded through an annual appropriation of 17 percent of a personal property tax, not to exceed \$10 million.

One of the requirements of the enabling legislation, the Neighborhood Investment Act of 2004, is for the Mayor to develop NIF Investment Plans for each of the target area using input from community stakeholders including the Advisory Neighborhood Commissioners, residents, business owners, faith community, not for profit organizations, among other groups. The purpose of the Investment Plan is to set community priorities for how the NIF funds should be utilized in the target area over a five year period.

The District of Columbia Office of Planning in partnership with the NIF Program's implementing agency, the Office of the Deputy Mayor for Planning and Economic Development, is working with community stakeholders to develop these investment plans for each of the target neighborhoods.

Please see Appendix 4 for a flowchart of stakeholder engagement that has occurred around the projects mentioned in this section.



Strategic Projects, Programs & Activities

section six



Using the strategic focus areas as a guide, the CEDS project team and committee created a list of suggested projects to choose as the City's priorities for economic development. The committee reviewed the list of priority projects, along with a list economic roadmap projects for consideration in year 2 or later of the CEDS process.

The priority projects will be championed by the CEDS committee and project team and their progress will be assessed over a nine-year period as part of the CEDS process.

Priority Projects

NoMa Water and Sewer Infrastructure Improvements

Estimated Cost: \$16M for entire scope; the District requests \$1M from the EDA for targeted water and sewer investment in NoMa.

Description: The District will construct water and sewer system upgrades in the NoMa Business Improvement District to facilitate an approximately 21 million square foot mixed-use development that will be constructed within the next seven years. About \$16 million in new water and sewer pipes must be installed to facilitate future development. Of this work, \$1 million falls on First Street, NoMa's "main street" and only north/south thoroughfare.

Replacing critical infrastructure in NoMa will yield immediate new development, job creation and tax revenue growth: a \$1 million investment in NoMa's water and sewer infrastructure will trigger a \$10 million roadway improvement and at least \$1 billion in private development, while generating 4,600 construction jobs and 6,500 permanent jobs, projected to be in the following industries: Communications/Broadcasting, Education, Financial, Professional Services and Government (Federal and District of Columbia). It would also unlock the physical barrier to NoMa's next wave of development, which could total up to 17.5 million square feet, 22,000 construction jobs, 33,000 permanent office jobs and yield in \$500 million in annual tax revenue.

Relationship to CEDS Goals and Focus Areas: This project supports a city with a diversified and accessible economy by supporting sector diversification, emerging

centers of activity and the potential for enhanced competitiveness through infrastructure and other investments.

Hill East Waterfront

Estimated Cost: \$25,224,300 for entire scope of healthcare facility; the District requests \$2 million from the EDA for targeted investments to support development of a medical facilities in this underserved area, which would supplement a Department of Health Grant that the District already received.

Description: Hill East Waterfront, formerly known as Reservation 13, comprises 67 acres on the eastern edge of Capitol Hill. The District plans to redevelop 50 acres at Hill East to into a vibrant, mixed-use (and mixed-income) urban waterfront community. The District's vision for the site, formed after many community planning meetings, calls for creating an urban waterfront district that will host a range of public uses and facilities for health care, civic, residential, educational, community and other purposes.

The Rand Study of 2008 supports the development of health facilities in Hill East, for several reasons: urgent care capacity should be located where rates of primary care sensitive hospitalizations are high; its proximity to public transportation; proximity to high need areas; and because Ward 6 has a shortage of primary care physicians and specialty clinics. In an effort to ameliorate these issues, two acres of Hill East will be set aside for the development of medical facilities that could provide primary care, ambulatory care and /or other medical services.

Short and Long-term Job Creation: For Hill East Redevelopment overall, 600 construction jobs will be created annually. For the medical facilities, 77 construction jobs will be created annually, and 85 permanent jobs in the health sector will be created annually.

Relationship to CEDS Goals and Focus Areas:

This project supports a city of distinctive and robust neighborhoods through redevelopment and revitalization of the neighborhood, and providing residents access to health care.

O Street Marketplace

Estimated Cost: Total Development Cost: +260 million; the District requests \$2 million from EDA for targeted investment in project infrastructure especially to support the parking and the loading docks for the Hotel, Grocery Store and Retail. In addition, it will also be targeted to support a portion of the construction cost for the project components like Senior Housing which will create construction and new permanent jobs as well. This funding would be supplemented by HUD funding that the District has already received for this project.

Description: The O Street Market is a historic landmark located one block north of the new Washington Convention Center that spans the two city blocks bounded by 7th, 9th, O and P Streets, NW. CityMarket at O is a 999,400-square foot adaptive reuse project on a site where the only improvements are an existing 34,000-square foot Giant Food Store built in 1980, the 12,000-square foot shell of the historic O Street Market, and an asphalt parking lot. The site was formerly bisected by 8th Street, N.W. CityMarket at O has obtained Zoning Commission approvals of PUD and rezoning for the site, and preliminary site approval by the Historic Preservation Review Board. Current plans call for 150 residential condominiums, 400 luxury rental apartment units, 80 affordable senior rental apartment units, a 200 room hotel, a 65,000 SF Giant grocery store (that will include renovated historic O Street Market), 8,000 SF of restaurant, and 563 below grade parking (3 levels).

Community Benefits include a full service grocery store (Giant), \$250,000 in Community Amenity Package, approximately 400 construction jobs and approximately 400 new full time jobs, Certified Business Entity participation, and participation in First Source and Pre-apprenticeship program.

Short and Long-term Job Creation: Short terms jobs consist mainly of construction jobs. Assuming a two-to-three year construction period, O Street Market will employ approximately 689 construction workers on an annual basis. These construction workers are expected to infuse \$6 million in indirect economic benefits in the form of retail spending in DC. Long-term job creation will be in the form of operating jobs. 168 jobs are expected

from the project's retail, 70 from the hotel, and 150 from multifamily housing, or 388 full-time equivalent jobs.

Relationship to CEDS Goals and Focus Areas: This project supports a city of distinctive and robust neighborhoods by providing amenities such as affordable housing, access to healthy food, and retail in underserved communities.

Economic Road Map Projects

A City with a Diversified and Accessible Economy

- Sector Diversification
 - Office (including federal) sector, media hub/communications: NoMA (= CEDS Phase 1 Priority Project)
 - Intelligence/security/incubation/commercialization, particularly federal: Saint Elizabeths (= CEDS Priority Project)
 - Education
 - Health: Hill East (= CEDS Phase 1 Priority Project)
 - Information technology and innovation: NoMA (= CEDS Phase 1 Priority Project)
 - Creative, cultural and hospitality-related investments: O Street Market (= CEDS Phase 1 Priority Project)
- Workforce development and job training
- Health care: health information technology and nursing, Hill East (= CEDS Phase 1 Priority Project)

A City of Distinctive and Robust Neighborhoods

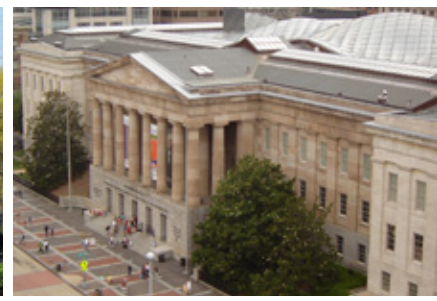
- Redevelopment and revitalization of neighborhoods
 - Hill East (= CEDS Phase 1 Priority Project)
 - McMillan
 - Saint Elizabeths (= CEDS Priority Project)
 - Walter Reed
- Providing amenities in underserved communities
 - O Street Market (= CEDS Phase 1 Priority Project)
 - Riverwalk Trail
 - Watts Branch

A Creative, Innovative and International City

- Sector investments
 - Technology: incubation, Broadband technology, Digital Capital
 - International: centers for policy, education and exchanges
 - Knowledge and innovation: university-focused investments in facilities and programs, strategic partnerships that lead to commercialization, such as through E-RIC
 - Arts and cultural hubs: creative clusters, such as Brookland ArtSpace Lofts (phase 1 is affordable artist housing, phase 2 is commercial and community arts facility development), Art Place at Fort Totten, Randall School Arena Stage in Southwest DC; adaptive reuse of library kiosks in underserved areas into creative hubs that include business incubation
- Business incubation
 - Commercialization and small business development, such as at Saint Elizabeths which leverages federal investments in new DHS headquarters
 - Shared workspace and incubation in underserved neighborhoods, including green and technology incubation

A Green and Sustainable City

- Updated infrastructure and development
 - NoMA water and sewer system upgrades (= CEDS Phase 1 Priority Project)
 - Combined sewer overflow, stormwater management / LID
 - 'Riversmart' including green roof incentive program and removal of impervious surfaces
 - PACE—weatherization and energy retrofit
 - 'Green Street' initiative (Ward 7, underserved neighborhood)
 - Southwest Waterfront, McMillan infrastructure construction
 - Restoration of wetlands, Kingman Island
 - Energy Efficiency and Conservation Block Grant
- High quality, efficiently managed transportation system
 - Street Car
 - Premium Bus Rapid Transit
 - Metro
 - Smart Transportation Systems
- Green training / employment and business initiatives
 - Establishment of regional hub of clean energy production systems, e.g. under the Energy Regional Innovation Cluster.



Performance Measures

section seven



The District will evaluate the development and implementation of the CEDS using the following performance metrics:

- Number of jobs created after implementation of the CEDS
- Number and types of investments undertaken in the region including those involving:
 - Companies created from regionally developed technology commercialization efforts
 - Incubator creation
- Number of jobs retained in the region
- Amount of private sector investment in the region after implementation of the CEDS including:
 - Early stage capital investment in local companies
- Changes in the economic environment of the region
- Incubator business success rates measured in years operating after leaving incubation

Reporting Timeline

The District will report on outcomes over a nine year period. An initial short term report will occur one year after project completion. Long term reporting will occur over a period of nine years at three year intervals beginning at project completion.

Geography

By virtue of its status as a federal city, the District and the immediately surrounding area have traditionally housed a high number of federal industry jobs held in large part by workers living outside of the District. Indeed, regional analysis of the District's employment profile often masks the fact that reported unemployment in the District of Columbia hovers at around 12 percent, with areas East of the River experiencing unemployment rates as high as 30 percent.

This dynamic presents special opportunities for economic development within the District, and unique challenges in impact measurement and reporting. In an attempt to understand the distributive impact of EDA investments, the District will examine prescribed performance outcomes within the following geo-spatial parameters:

Project Area (Neighborhood Cluster)

The District will measure and report the impact of EDA funded projects according to their location within individual neighborhood clusters. There are 39 neighborhood clusters throughout the city, each made up of three to five

neighborhoods. Neighborhood clusters are used by the District of Columbia government for budgeting, planning, service delivery, and analysis purposes, and will therefore provide a highly accessible and reliable source from which to measure and report outcomes.

DC Enterprise Zones

The District is interested in leveraging EDA funding in favor of areas currently receiving targeted resources from other federal agencies, the most notable being the HUD driven Enterprise Zone Program. The District will therefore measure and report the impact of EDA funded projects according to their location within its Enterprise zone. The DC Enterprise Zone (the Zone) was established by the federal government in 1997 to encourage investment and employment within the District. Federal benefits of the Zone include wage credits, an additional expensing allowance, a federal capital gains tax exemption on certain investments, and tax-exempt bond financing.

Political Ward

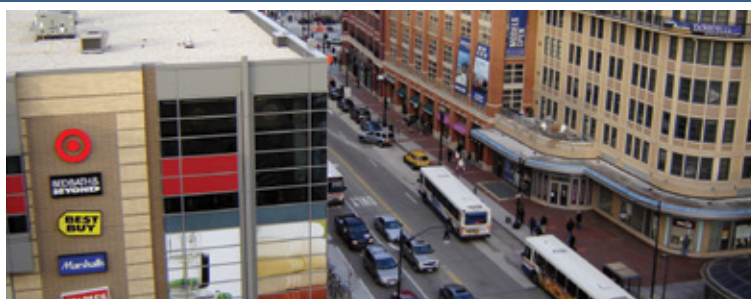
The District will measure and report the impact of EDA funded projects according to their location within individual political wards. The District of Columbia is divided into eight political wards used to elect members of its City Council.

East of the River

As discussed, the area east of the Anacostia River suffers from extreme rates of unemployment, poverty, and educational underachievement. Because the District's efforts in relation to its Comprehensive Economic Development Plan are keenly focused on the East of the River community, it is fitting that it measure and report the impact of EDA funded projects according to their location within this discreet geographic area.

District of Columbia

The District will measure and report on the performance metrics outlined in this section as they relate to the entire District of Columbia. The District appreciates the extreme difficulty in establishing a verifiable correlation between EDA investments and District-wide economic development. Given however, the extreme historical disparities in the economic condition of certain economically depressed areas in relation to the District on the whole, it will be useful to measure the delta between focus area data and District averages as an indicator of relative progress over time.



Appendices

section eight



APPENDIX 1: List of Washington, DC Comprehensive Economic Development Strategy Committee Members

| Strategy Committee Member | Title | Company | Representation |
|---------------------------|---|--|-------------------------------|
| Valerie Santos | Deputy Mayor | Office of the Deputy Mayor for Planning & Economic Development | public official |
| Harriet Tregoning | Director | DC Office of Planning | public official |
| Albert R. Hopkins Jr. | President & CEO | Anacostia Economic Development Corporation | private sector |
| Kenan Patrick Jarboe | President | Athena Alliance | community leader |
| Phillip A. Singerman | Senior Vice President | B&D Consulting | private sector |
| Michael Stevens | Executive Director | Capitol Riverfront BID | private sector |
| C. Vanessa Spinner | Associate Dean for Workforce Development and Community Outreach | Community College of the District of Columbia | workforce development |
| Ben Dupuy | President | DC Coalition for Capital | private sector |
| Lee Smith | Director | District Department of Small and Local Business Development | public official |
| Charles Barber | Deputy General Counsel | George Washington University | higher education |
| Leona Agouridis | Executive Director | Golden Triangle BID | private sector |
| Angela Franco | President & CEO | Greater Washington Hispanic Chamber of Commerce | minority group representative |
| Jair Lynch | President & CEO | Jair Lynch Development Partners | private sector |
| Don Edwards | Principal & CEO | Justice & Sustainability Associates | community leader |
| Richard Lake | Managing Principal | Roadside Development | private sector |
| Steve Moore (facilitator) | President & CEO | Washington, DC Economic Partnership | community leader |

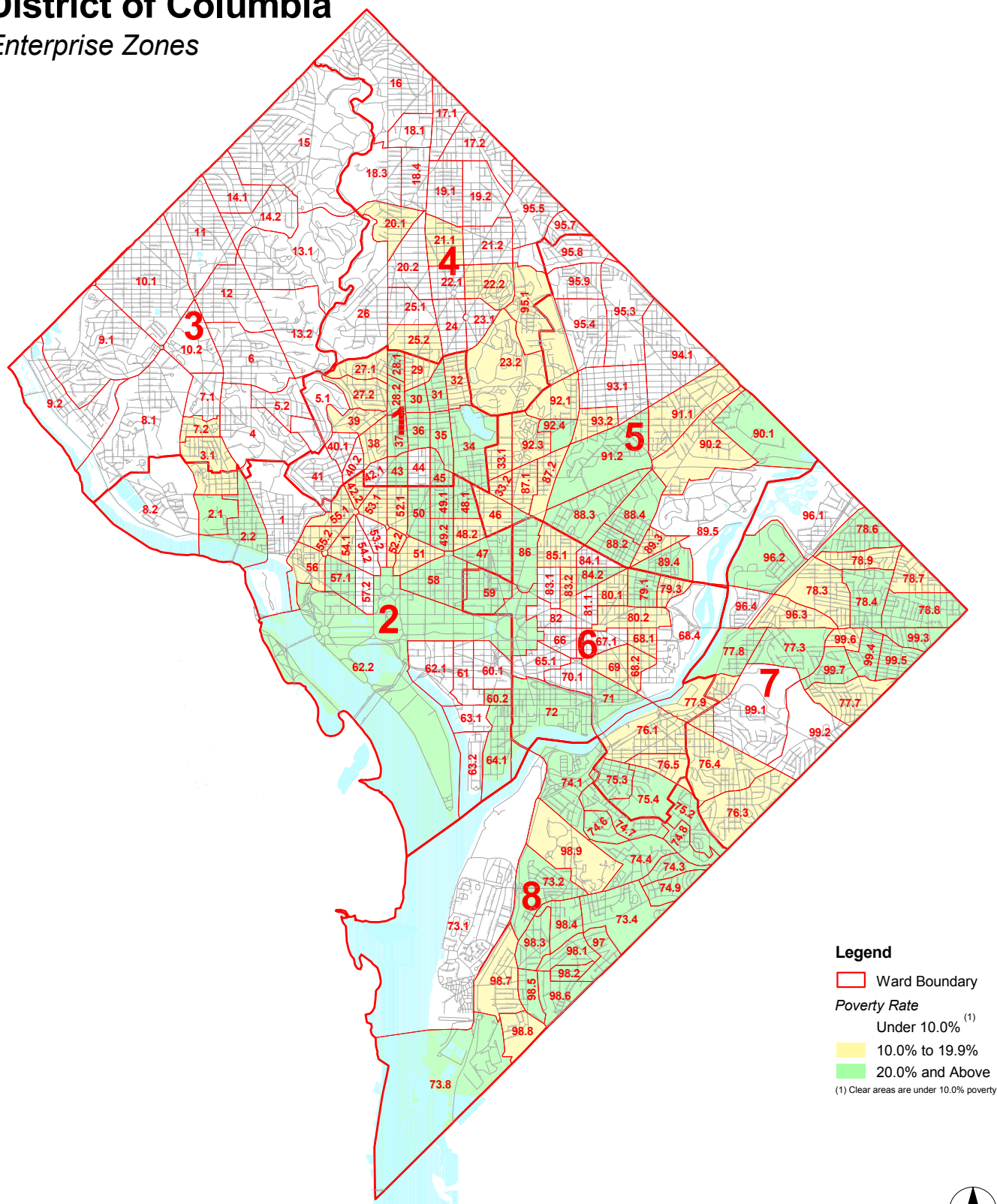
APPENDIX 2: CEDS Project Team Members

| Member | Office | Title |
|--------------|--|---|
| David Zipper | Office of the Deputy Mayor for Planning and Economic Development | Director of Business Development and Strategy |
| Sakina Khan | DC Office of Planning | Senior Economic Planner |
| Steve Moore | Washington, DC Economic Partnership | President and CEO |
| Andi Joseph | Washington, DC Economic Partnership | Director of Research and Communications |
| Sri Sekar | Office of the Deputy Mayor for Planning and Economic Development | Legislative Affairs Specialist |

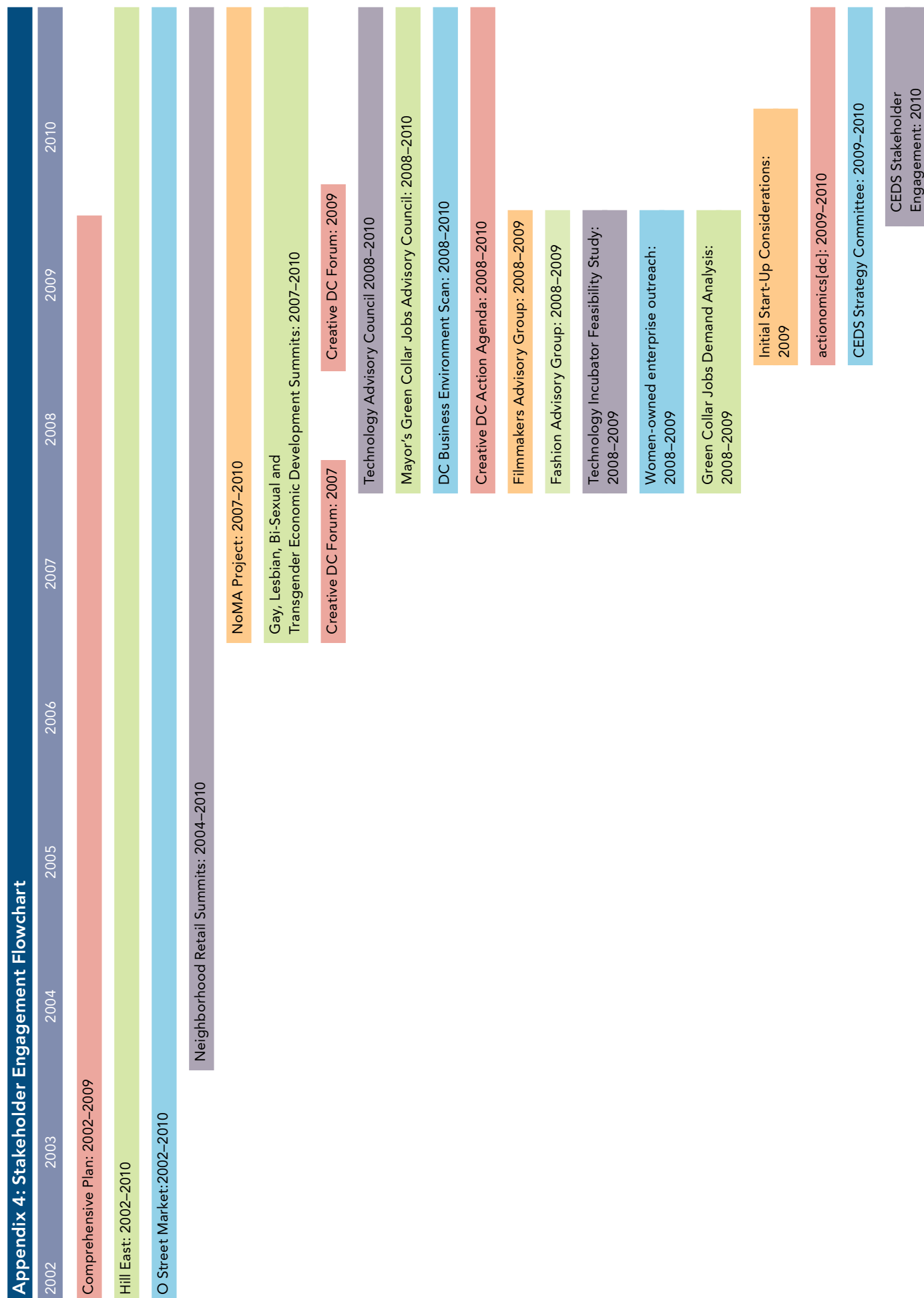
APPENDIX 3: District Enterprise Zones

District of Columbia

Enterprise Zones



Source: D.C. Government, Office of Planning, PlanningDesign and Information Technology Services Center, February 2001



APPENDIX 5: Strategy Committee Meeting Minutes



Comprehensive Economic Development Strategy Committee

Thursday, February 25th, 2010, 2pm-3pm

Washington, DC Economic Partnership

AGENDA

1. *Welcome & CEDS Recap/Update..... Moore*
2. *CEDS Presentation..... Khan*
3. *Next Steps.....Moore*

NOTES

Recap/Update:

-This meeting began with a brief overview of the following agenda:

I. CEDS Overview

- Big picture
- Vision for DC

II. Strategic Focus Areas

- Diversified and accessible economy
- Distinctive and robust neighborhoods
- Creative, innovative and international
- Green and sustainable

III. Economic Roadmap -Strategic Projects

- Broader roadmap projects
- Phase I projects

IV. Discussion and Next Steps

-An overview of CEDS was then given.

- CEDS –

Quick Recap:

- Strategy Committee first convened in November 2009
- Washington, DC has a new EDA contact, Robert Gittler
- Project Team met with EDA representatives Robert Gittler and Willie Taylor in December to discuss the CEDS process which is being undertaken

APPENDIX 5: Strategy Committee Meeting Minutes

- Phase 1 of CEDS almost finalized
 - Supports economic development, transportation access, workforce development and investment, environment technology, physical development.
 - Roadmap to diversify and strengthen economy, incl. broader strategy / range of initiatives targeted by public and private sectors etc.
 - An approved CEDS opens the door for other federal funding opportunities
- DC's focus areas -
 - A city with a diversified and accessible economy
 - A city of distinctive and robust neighborhoods
 - A creative, innovative and international city
 - A green and sustainable city

-We discussed the overall vision for DC—the model innovative, green and economically diverse city.

-DC has the attributes of a globally competitive city.

- Cultural and entertainment amenities
- International assets and organizations
- A competitively positioned economy with diverse opportunities via core and emerging sectors
- Increasingly active base of innovators, entrepreneurs, creatives and techies
- Highly educated workforce; knowledge and information generation, including by universities and fed government
- Green and sustainable development practices
- Walkable commercial districts at the core of distinctive neighborhoods; multiple transportation options

-The challenges of the city were mentioned:

- Growing economic disparities –
 - Unemployment is high and rising (>10%)
 - Wage gap at its widest in 30 years; nearly 25% of DC residents below 125% federal poverty level
 - Education levels are uneven (nearly 75,000 District residents lack high school diploma or equivalent)
 - Job –skills mismatch
- Economic competitiveness –
 - Affordability issues (small businesses, housing)
 - Business development, entrepreneurship, financing / capital
 - Competition from suburbs, other regions
 - Structural deficit
- Infrastructure, health and environment –
 - Aging infrastructure (pressure on systems from daily influx of >400,000 commuters = 72% increase over resident population)
 - Declining health, obesity; shifting age demographics
 - Increasing traffic congestion
 - Environmental constraints (storm water, air quality, climate)

-We further talked about one strategic focus area of DC that had been pointed out—the city's diversified and accessible economy.

- The District is a hub of regional employment and business
- Maintaining and growing the economy, and making sure it is accessible is vital to the city and region
- However –

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- Economy is dominated by the federal sector, but spending is shifting; need to diversify
- Disconnect between the skills required to perform jobs and the skill level of un-or underemployed residents
- Economic roadmap / strategic projects –
 - Supporting sector diversification, emerging centers of activity and potential for enhanced competitiveness through infrastructure and other investments
 - NoMA: office sector, media hub (Phase 1)
 - St E's: intelligence/security, small business development
 - Education, health/IT, cultural investments
 - Workforce development and job training
 - Health care: health information technology and nursing

-We also further discussed another strategic focus area of DC that had been previously pointed out—the city's distinctive and robust neighborhoods.

- The city enjoys a diversity of neighborhoods and communities
- Ensuring that neighborhoods in all quadrants of the city are robust and serving the needs of residents and others is a priority
- However –
 - Amenities and opportunities vary widely across the District
 - Many neighborhoods are in need of investments in infrastructure, housing, commercial development, education, green space, cultural and recreation
 - Neighborhood needs range from smaller scale revitalization to large area redevelopment projects
- Economic roadmap / strategic projects –
 - Redevelopment and revitalization of neighborhoods
 - Hill East (Phase 1), McMillan, St. E's, Walter Reed
 - Providing amenities in underserved communities
 - O Street Market
 - River walk Trail, Watts Branch

-A new strategic focus area was then introduced—DC is a creative, innovative and international city.

- The District has the potential to be a leader in the creative, knowledge and innovation economies
- Unique set of international assets, incl. multinational aid and finance organizations, and foreign missions
- However –
 - Lack of supportive infrastructure for innovation and idea sharing; R & D as well as federal opportunities are not leveraged
 - Assets (e.g. universities, international organizations) are underutilized at local level
 - Local talent pipeline is constrained –limited connections between postsecondary, workforce development
- Economic roadmap / strategic projects –
 - Sector investments
 - Broadband technology, Broadcast Center One, Digital Capital
 - International centers for policy, education and exchanges e.g. Center for Strategic & International Studies, university investments
 - Art Place, Randall School, Arena Stage: arts and cultural hubs
 - Business incubation
 - St E's: commercialization & small biz development
 - Shared workspace and incubation in underserved neighborhoods

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-An additional strategic focus area was further mentioned—a green and sustainable city.

- The District is making strides in its sustainability efforts, e.g. Green Building Act, Green Agenda
- However –
 - Aging infrastructure: portions of water and sewer system built more than 100 years ago; combined sewer system
 - Transportation infrastructure in need of improvements in order to support commutes of regional labor pool
- Economic roadmap / strategic projects –
 - Updated infrastructure and development
 - Combined sewer overflow, storm water management / LID
 - ‘Riversmart’ incl. green roof incentive program
 - PACE –weatherization and energy retrofit
 - ‘Green Street’ initiative
 - Southwest Waterfront, McMillan infrastructure construction
 - Restoration of wetlands, Kingman Island
 - High quality, efficiently managed transportation system
 - Street Car, Premium Bus Rapid Transit
 - Green training / employment and business initiatives, e.g. E-RIC

-We then targeted on how economic development opportunities tie into CEDS:

| | |
|---|---|
| <p>Creative</p> <p>-‘Space Finder’ project re available sites</p> <p>-Higher Education / Hire Creative program</p> <p>-Activation of underutilized / temporary space</p> <p>-Develop and market new Micro city Loan</p> <p>-Training and information sessions; listings of creative events</p> <p>-Creative uses in schools disposition and artist housing in scattered site housing</p> <p>-Networking events for creative entrepreneurs and potential clients (e.g. government, private and non profits)</p> <p>-Also: creative zone, tech Incubators</p> | <p>Green</p> <p>-Green innovation cluster / enterprise zone, incubators</p> <p>-Pursue Federal Green Jobs training funds; target high demand sectors</p> <p>-Pilot an energy Smart Grid demonstration program</p> <p>-Identify training to meet needs and requirements; create linkages</p> <p>-Educate and provide outreach renew green business opportunities</p> <p>-Create an environmentally preferable purchasing program</p> <p>-Establish a clearinghouse of jobs information</p> <p>-Transit infrastructure improvements (e.g. Anacostia Demonstration Streetcar project)</p> <p>-Institute a Solar Tree or Green Roof Demonstration Project</p> |
|---|---|

APPENDIX 5: Strategy Committee Meeting Minutes

actionomics [dc]:

- Forum held in Nov '09 to jumpstart economic opportunities
- Almost 200 stakeholders attended
- 8 workgroups convened
 - Incubators
 - Entrepreneurship
 - Non profits
 - Technology
 - Spacefinder
 - Finance
 - Education and employment
 - Temporary urbanism

-Further discussion consisted of:

- Comments and questions on approach
- CEDS process
 - Phases 2 and 3
 - Strategy Committee meeting

Discussion:

- Project Team will finalize phases 2 and 3 of CEDS;
- 30 day opportunity to review;
- submittal to EDA in August 2010
- CEDS Strategy Committee will reconvene before final submission of CEDS to EDA

Comment: Don't overlay the structural deficit as it's not as high as other jurisdictions

Comment: Shifting age demographics – the cost associated with an aging population and the ramifications of lead DC agencies not getting less money (DCOA).

Comment: Include images/photos in report.

Comment: Important to have a coordinated economic development strategy, and just a project list.

APPENDIX 5: Strategy Committee Meeting Minutes



Comprehensive Economic Development Strategy Committee

Thursday, July 29th, 2010, 8:30-10am

Washington, DC Economic Partnership

1. *Welcome..... Moore*
2. *CEDS Summary Review Presentation.....Khan*
3. *Open Discussion: Comments and Feedback.....All*
4. *CEDS approvalAll*

Notes

Welcome:

CEDS had been online for a month for public review. We have done two community outreach meetings in emerging neighborhoods East of the River.

EDA accepts, not approves the CEDS.

Our job today is to review the Committee's comments on the CEDS, and to have the Committee approve the document for submission to the EDA.

Presentation:

The presentation was a high level overview of the CEDS document, which is a very involved document. The focus was to lay out a robust report for the EDA so they can see we've thought through the process.

-We first went over the CEDS document outline.

- Context setting, including challenges
- Phase I
 - Strategic Focus Areas, needs and opportunities (e.g. Creative, Innovative and International City)
- Phase II
 - Targeted Economic Development Strategy for Emerging Neighborhoods and East of the River
- Stakeholder Engagement
- Strategic Projects, Programs and Activities
- Performance Measures

APPENDIX 5: Strategy Committee Meeting Minutes

-The context setting was then discussed.

- Assets and opportunities, approach
- Growing economic disparities
 - Urban and regional contrasts (e.g. unemployment)
 - Job –skills mismatch
 - Linkages between employment, education, literacy and poverty
- Economic competitiveness
 - Affordability issues (e.g. small businesses)
 - Competition from suburbs, other regions
 - Traffic congestion, metro capacity
 - Increasing infrastructure (e.g. transportation, sewer, water), health and environment costs

-We talked about the vision for DC as the model innovative, green and economically diverse city.

- DC has the attributes of a globally competitive city-
- Core and emerging sectors
- Regional employment hub; highly educated workforce
- Knowledge and information generation, including by universities and federal government
- Cultural and entertainment amenities
- International assets and organizations
- Increasingly active base of innovators, entrepreneurs, creatives and techies
- Green and sustainable development practices
- Walkable commercial districts at the core of distinctive neighborhoods, including waterfront
- Multiple transportation options

- Phase I was reviewed: Citywide Strategic Focus Areas.

- Play to District's existing and emerging strengths
- Comprehensive Plan provides overarching framework, supported by recent studies and initiatives, e.g. Center City Action Agenda, Creative DC and Green DC Agenda

| <u>Focus Area</u> | <u>Goals</u> | <u>Strategies</u> | <u>Roadmap Projects</u> |
|--|---|--|---|
| A city with a Diversified and accessible economy | Maintain and grow the economy, accessibility | Sector diversification, emerging centers of activity, infrastructure investments, workforce development | Security, health-IT, education, media sector, hospitality E.g. St Es, NoMA, Hill East |
| A city of Distinctive and Robust neighborhoods | Quality neighborhoods and amenities | Investments in housing, infrastructure, commercial, green space, cultural and recreation, retail | Redevelopment & revitalization; amenities in underserved areas E.g. Hill East, St Es, Walter Reed, Deanwood, Shaw |
| A Creative, Innovative, and International City | Model creative city, leverages unique assets | Sector investments, business incubation and commercialization, job training | Digital arts & media, international centers for policy & education, homeland security E.g. St Es, Shaw, Walter Reed |

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| | | | |
|------------------------------|--|---|--|
| A Green and Sustainable City | Leader in environmental performance, green biz | Improved infrastructure, efficiently managed transportation system, green jobs and businesses | Combined sewer overflow, green roof program, street car, green training E.g. Anacostia, Ivy City |
|------------------------------|--|---|--|

- We then discussed Phase II –Targeted Economic Development Strategy for Emerging Neighborhoods and East of the River.

- Analysis of needs and opportunities
- Strategic focus area tie-in
- Socioeconomic indicators and benchmarking
 - Anacostia
 - Congress Heights and St Elizabeths
 - Deanwood, including Minnesota and Benning
 - Hill East
 - Ivy City, including New York Avenue NE
 - NoMa
 - Shaw
 - Walter Reed

-Attention was placed on Congress Heights and St. Es.

- Issues and Need
 - Entrenched challenges around educational attainment, unemployment, household income, home ownership
 - Need for job creation, vocational training, job placement and retention
- Opportunity
 - Consolidation of Department of Homeland Security
 - Significant employment hub, redevelopment of East Campus, leveraging ‘DHS economy’
 - Opportunities could include commercialization, small business development , jobs across the skill range, education programs in the security, technology and innovation sectors
 - Potential CEDS projects: innovation hub, incubator, tech transfer/proof of concept center, education consortium for security□related programs, workforce training academy and job center

-Performance Measures were mentioned.

- Reporting on –
 - Jobs created
 - Numbers and types of investments
 - Companies created
 - Technology commercialization
 - Private sector investment
 - Early stage capital
 - Changes in economic environment of region
 - Incubation success rates

-The Stakeholder Engagement was discussed.

- Three CEDS Strategy Committee Meetings
- Two CEDS Community Outreach Meetings (Ward 7 and Ward 8)

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- Stakeholder engagement through District and WDCEP initiatives that ties to strategic focus areas and target neighborhoods, for example□
 - A Diversified & Accessible Economy: Technology Advisory Group; Center City Steering Committee; Small Business Environment Scan
 - A Creative, Innovative & International City: Creative DC Action Agenda focus groups & forums; Actionomics[dc]; Fashion, Film and Media roundtables
 - Emerging neighborhoods: Neighborhood Investment Fund (NIF) Plans; Small Area Plans, including Deanwood Strategic Development Plan, Saint Elizabeths East Campus Framework Plan, and Walter Reed Army Medical Center Reuse Process

-Further discussion consisted of:

- Comments and questions on CEDS
- CEDS approval
- Next steps

Discussion:

Question: What is next phase of process? When do we get feedback?

Answer: We expect feedback in the fall. We're eager to test whether specific projects could get funded, and applying for projects to see if EDA will fund them.

Comment: Look at the potential for an innovation hub at the East Campus of St Elizabeths. Create regional innovation center to help DHS commercialize, test, market, educate its products. Look at other examples in country around MIT, Stanford and broaden consolidation of DHS.

Comment: The development of St Elizabeths campus is one of the largest construction project in country. We can use this opportunity to leverage an important project. We need a concerted effort to get DC residents working there; catalyze development in this area; jobs center for district. We should look at the range for development – commercial, institutional, cultural, housing, retail.

Comment: Performance measures: should EDA accept our CEDS, we would be required annually to report on projects they provide assistance on.

Comment: Engagement included the three Strategy Committee meetings, a group which was formed from the public, private, nonprofit sector; two community outreach meetings East of the River in emerging neighborhoods; along with having captured in the CEDS all the engagement we've done over last few years that related to our strategic focus groups.

Question: Is it useful if we explicitly tied the CEDS to the Comp Plan? The Comp Plan is talked about our core industries section. PG 15 intro – first paragraph references comp plan, add a few more sentences on how CEDS goes beyond the comp plan. This is building on what we already have, not going in wrong direction.

Answer: The primary audience is EDA, not general public. The Comp Plan was developed pre-2006. We don't want to go back to a document that the research is from 2004. However, the Office of Planning developed the Comp Plan, and was on the Project Team for the development of the CEDS. And, the EDA wanted to see a more refined document than the Comp Plan.

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Response: We have to be cognizant that this is a public document which the public can read this. The CEDS is consistent with Comp Plan, and it does what we want it to do in this context. The document doesn't need much editing as much as we need to be clear on this.

Question: Why isn't St Elizabeths a priority project?

Answer: Perhaps it is the way we phrased "priority" when it should be "round 1". We can rephrase this in the document. The Strategy Committee agreed that St Elizabeths should be elevated to a "priority" project.

Comment: This document is a long range strategic economic development plan – this CEDS is great; we now have a framework for the city, and it is important for people to see it as such.

Comment: The second section: characterizing issues and opportunities is right, and is solid.

Comment: Clarification: The list of priority projects does not constitute project application.

Question: CEDS is a great resource; this is great work. But, should we give more thought to whether we have explained well enough that the federal government is not a panacea for DC? To many folks in the country, the federal government is the majority of space in Washington. We touch on this in the introduction, but in the area of context that federal government is a significant influence there is a robust city with a symbiotic relationship but has its own economic trajectory. Adding a couple sentences on page 8 to expand on this might be useful.

Answer: On page 19 there is a lot of detail on this regarding the change in government spending. We also talk throughout the document about jobs space and how many are federal government jobs and the mismatch from residents; systemic issue/education. We can raise it a little introduction if needed.

Response: I think you're right, and that is fine.

Comment: For Phase II, in general, it is helpful to have Table 13. However, for the narrative for Walter Reed – we need to talk about it as a jobs center for regional access. If you look at the data, this neighborhood is doing much better than the rest of the District. We need to explain this. It is likely that we could do a lot of education and workforce development training there. We can play off the regional access; future street car access; the bus line. We need to show why we should invest there. Walter Reed is in a part of the city that doesn't have employment training. We have pockets of distress in the neighborhood that the data does not capture. Also, most of the employees there are not district residents.

Question: Should we say more about it being BRAC?

Answer: Yes. The closure of Walter Reed is important. BRAC to be inserted.

CEDS approval

Steve Moore called question to the Committee, and asked if the Committee is ready to approve the CEDS for submission to the EDA if the groups comments are taken into consideration and inserted as the Project Team sees fit.

The Strategy Committee unanimously confirmed their approval for submission of the CEDS.

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Next Steps

Project Team will take all feedback into consideration, along with any public response. CEDS draft will be updated. Final CEDS will be submitted to the EDA in August.

The meeting was adjourned.

APPENDIX 5: Strategy Committee Meeting Minutes



**Comprehensive Economic Development Strategy (CEDS) Strategy Committee
Monday, November 2, 2009
Washington, DC Economic Partnership**

AGENDA

| | |
|---|--------------|
| <i>Welcome & CEDS Overview.....</i> | <i>Moore</i> |
| <i>CEDS Presentation.....</i> | <i>Khan</i> |
| <i>Next Steps.....</i> | <i>Moore</i> |

NOTES

Comprehensive Economic Development Strategy Overview

The Economic Development Administration provides funding for municipalities for economic development projects on an ongoing basis. A requirement of the EDA is that a CEDS be written by the local community identifying strategies for growth and job creation. The drafting of a CEDS is a project that is being undertaken jointly by the Office of the Deputy Mayor for Planning and Economic Development, the Office of Planning and the Washington, DC Economic Partnership (WDCEP).

What is a CEDS

A Comprehensive Economic Development Strategy (CEDS) is designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen local economies. The CEDS should analyze the local economy and serve as a guide for establishing goals and objectives, developing and implementing a plan of action, and identifying investment priorities and funding sources. The CEDS sets forth the goals and objectives necessary to solve the economic development problems and defines the metrics of success.

The Role of the Strategy Committee

The role of the Strategy Committee members will be to review the CEDS objectives and offer advice and counsel to the project team.

Strategy Committee Schedule

The Strategy Committee will meet a second and third time, to review CEDS deliverables and final product. Next meeting TBD.

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Current State of CEDS Process for Washington, DC:

Planning Assistance Application submitted on May 8, 2009.

EDA awarded Investment Assistance for the development a CEDS for DC on 9.22.09.

Briefing:

- Roadmap

1. An overview was given on the following:
 - Vision
 - Challenges
2. The following strategic focus areas were discussed:
 - Distinctive and robust neighborhoods
 - Diversified and accessible economy
 - Creative and innovative
 - Green and sustainable
3. The spotlight was focused on:
 - Creative DC action agenda
 - Green collar jobs

-CEDS Strategic Focus Area Overview

1. We proposed the following focus areas:
 - A city of distinctive and robust neighborhoods
 - A city with a diversified and accessible economy
 - A creative and innovative city
 - A green and sustainable city
2. The recent and ongoing studies are:
 - Comprehensive Plan, including economic development = overarching framework
 - Center City Action Agenda
 - Small Business Study

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- Creative DC Action Agenda
- Technology and Green Incubator Feasibility Studies
- Green Collar Jobs Study
- Neighborhood and Revitalization Plans and Projects

-A vision for DC: the model innovative, green and economically diverse city

Discussion took place around the attributes of a globally competitive city that DC has:

- Population and disposable income growth
- Cultural and entertainment amenities
- Strong downtown and emerging areas of economic activity
- A competitively positioned economy – diverse opportunities via core and emerging sectors (e.g. media)
- Increasingly active base of innovators, entrepreneurs, creative and techies; highly educated workforce
- Knowledge and information generation, including by universities and federal government
- Green and sustainable development practices
- Walkable commercial districts at the core of distinctive neighborhoods; multiple transportation options
- Potential to grow: capture leaked expenditures, serve residents and visitors

-Also discussed were the challenges of DC in the following areas:

1. Growing economic disparities –
 - Unemployment is high and rising (>10%)
 - Wage gap between bottom 20% and top 20% income earners is at its widest in 30 years; nearly 25% of DC residents below 125% federal poverty level
 - Education levels are uneven (nearly 75,000 District residents lack high school diploma or equivalent)
 - Job – skills mismatch
2. Economic competitiveness –
 - Affordability issues (small business, housing)

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- Business development, entrepreneurship, financing/capital
- Competition from suburbs, other regions
- Structural deficit

3. Infrastructure, health and environment –

- Aging infrastructure (pressure on systems from daily influx of >400,000 commuters = 72% increase over resident population)
- Declining health, obesity; shifting age demographics
- Increasing traffic congestion
- Environmental constraints (storm water, air quality, climate)

-Another strategic focus area of DC that we pointed out was the city's distinctive and robust neighborhoods:

- The city enjoys a diversity of neighborhoods and communities
- Ensuring that neighborhoods in all quadrants of the city are robust and serving the needs of residents and others is a priority
- However, there are a few problems –
 - Amenities and opportunities vary widely across the District
 - Many neighborhoods are in need of substantial public and private investments in infrastructure, housing, commercial development, education, green space, cultural and recreation
 - Neighborhood needs range from smaller scale revitalization to large area redevelopment projects
- Examples of ongoing projects that were discussed:
 - Redevelopment and revitalization of neighborhoods (e.g. Hill East, McMillan, St. E's)
 - Providing amenities in underserved communities (e.g. O Street Market)

-Another strategic focus area of DC that we pointed out was the city's diversified and accessible economy:

- The District is a hub of regional employment and business
- Maintaining and growing the economy, and making sure it is accessible (including to residents), is vital to the city and region
- However –

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- Economy is dominated by the federal sector (28% of total employment) but federal spending is shifting; need to diversify
- District residents are not participating fully in the economy; only a third of jobs are filled by residents
- Disconnect between the skills required to perform jobs and the skill level of unemployed and underemployed residents
- Outlook does not point to an improved situation: 50% of jobs being created require a college degree
- Examples of projects that were discussed:
 - Creative and tech sector investments (e.g. new media hub, Broadcast Center One, Broadband)
 - Specific opportunity for commercialization and small business development at St E's (intelligence, security, technology fields); possible workforce development center, tie-in with higher education
 - Business incubation (computer design, research, IT, communications, web)
 - Conversion of vacant and underutilized public and privately-held assets into job training facilities

-The Creative DC Action Agenda was further discussed.

- Examined ways to strengthen the city's creative economy (media & communications, performing arts, visual arts, building arts, museums & heritage, culinary arts)
- Focused on –
 - Estimated economic significance of sector to the District
 - Inventoried creative assets (e.g. galleries, theatres, museums, artist housing and production space)
 - Assessed the support systems (e.g. workforce development, postsecondary education)
 - Reviewed land use/zoning regulations and incentives
- A significant index of data by industry segment (e.g. media, performing arts) and opportunity
- Engaged 200+ creative stakeholders; held creative economy forum in April
- Draft final report is completed

-Key points of the Creative DC Action Agenda were observed.

- The following opportunities were discussed –

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- More than 75,000 jobs in DC's creative sector generating more than \$5bn in earnings; range of job types and earning potential
- Most of the jobs are in the media, culinary, and museums / heritage segments. Media alone accounts for over 40% of the jobs
- Rapidly evolving with incredible assets –
 - Fringe Festival, The Arc, Shakespeare/Harman Center, Ward 7 Arts Collaborative, BIDs, Affinity Lab, schools and universities
- Creative industries are at the heart of the small business economy –low barriers to entry; talented workers start own businesses ; fit into infill space around anchor tenants
- Many opportunities around creative support systems, markets, youth, businesses, work and creative places
- We also discussed the following challenges –
 - Lack of affordable housing and work space for artists and creatives
 - Limited connections between the school, postsecondary, higher education and workforce system
 - Permitting, other regulatory and procurement issues perceived as a barrier to growth and development
 - Limited financing of businesses and marketing of products and services

-The final strategic focus area of DC that we pointed out was that it is a green and sustainable city.

- The District is making strides in its sustainability efforts (Green Building Act, Green Agenda)
- However –
 - Aging infrastructure (portions of water and sewer system built more than 100 years ago)
 - Significant portion of DC served by combined sewer system
 - Transportation infrastructure in need of improvements in order to support commutes of District and suburban residents (regional labor pool)
- Example of projects that were discussed –
 - Updated infrastructure (e.g. NoMA water and sewer improvements, McMillan comprehensive infrastructure construction, St. E's)
 - High quality, efficiently managed and maintained transportation system
 - Green training / employment and business initiatives (e.g. vacant school reuse; establishment of regional hub of clean energy production systems)

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-A green collar jobs study was further discussed.

- Reduce carbon footprint and address global warming
- Take advantage of growing shift towards more sustainable development and green building
- Prepare residents for the emerging opportunities, especially populations traditionally hard to employ
- Encourage District non-profits and local businesses to tap into the growing green sector
- Look for additional opportunities for innovation (recycling, renewable energy, energy efficiency, etc.) and market transformation
- Create a fishable and swimmable Anacostia River by 2030
- Held focus groups; formed three subcommittees; engaged 100+ stakeholders
- Mayor's Green Collar Jobs Advisory Council, coalition of private sector, non profits and government

-Key points of the Green Collar Jobs Study were observed.

- The following opportunities were discussed –
 - About 24,000 jobs (3% of total existing) are green jobs
 - DC's policies could produce 169,000 green job opportunities between 2009 and 2018
 - Thirty seven percent require little preparation while 42% require moderate preparation
 - \$28,000 to \$55,000: little preparation (i.e. landscaper, brickmason)
 - \$39,000 to \$117,000: moderate preparation (i.e. concrete finishers, operational managers)
 - Private sector real estate projects (57,000) that are required to comply with the Green Building Act of 2006 will be the top green job producers followed by public sector capital investments (41,000)
 - DC has 50 LEED certified and 416 LEED registered projects (May 2009) -more than any other comparable city in North America and more Energy Star rated buildings per capita than any other city
- The following challenges were also mentioned –
 - Limited industrial land and manufacturing sector
 - Lack of green business incentives
 - Lack of community college leadership for green workforce development

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-An example was then given of how creative and green actions with overlapping opportunities can provide investment synergies.

Creative

- ‘Space Finder’ project re available sites
- Higher Education / Hire Creative program
- Activation of underutilized / temporary space
- Develop and market new Micro city Loan
- Training and information sessions; listings of creative events
- Creative uses in schools disposition and artist housing in scattered site housing
- Networking events for creative entrepreneurs and potential clients (e.g. government, private and non profits)
- Also: creative zone, tech Incubators

Green

- Green innovation cluster / enterprise zone, incubators
- Pursue Federal Green Jobs training funds; target high demand sectors
- Pilot an energy Smart Grid demonstration program
- Identify training to meet needs and requirements; create linkages
- Educate and provide outreach renew green business opportunities
- Create an environmentally preferable purchasing program
- Establish a clearinghouse of jobs information
- Transit infrastructure improvements (e.g. Anacostia Demonstration Streetcar project)
- Institute a Solar Tree or Green Roof Demonstration Project

Next Steps:

- Convening the CEDS Strategy Committee;
- Developing and submitting to EDA a CEDS* (see below)
- Obtaining approval of the CEDS from EDA;
- After obtaining approval of the CEDS, submitting to EDA an updated CEDS performance report annually.
- Submitting a new CEDS to EDA at least every five (5) years, unless EDA or the Planning Organization determines that a new CEDS is required earlier due to changed circumstances.

Discussion:

Comment: More emphasis on creating and economic resilience in neighborhoods.

Comment: Less about huge infrastructure than about strategic infrastructure.

Comment: DC has great international reach; there are countless international agencies, embassies, nonprofits. Is the city looking into international investment?

Response: DC is a gateway for international business; imports and exports.

Comment: Baltimore has a SBA International Business Office; DC might consider this.

CEDS Committee suggested that international opportunities be included in our strategy, project team agreed.

Comment: The perception of DC needs to change – technology is an emerging industry, and a magnet for younger workers.

Comment: Education should be a high priority: build incubators, tech schools. It does not need to be college oriented. Funding lower educational opportunities is important.

Response: The CEDS can include a broader strategy than just the focus of the EDA; international

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opportunities and education opportunities can be included; beyond elements more relevant to the public sector and bricks and mortar investments.

Discussion took place around how much money is expected to be granted from the EDA if the CEDS is accepted.

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Comprehensive Economic Development Strategy (CEDS) Overview
Tuesday, June 24, 2010
Ward 7 Business & Professional Association

Welcome & CEDS Overview.....Moore

CEDS PowerPoint Presentation.....Moore

-This meeting began with a brief outline of the following agenda

I. CEDS Overview

- General Overview
- Challenges
- Vision for DC

II. Strategic Focus Areas

- Diversified and accessible economy
- Distinctive and robust neighborhoods
- Creative, innovative and international
- Green and sustainable city

III. Discussion and Next Steps

-A CEDS overview was then discussed.

- Comprehensive Economic Development Strategy Overview
 - The Economic Development Administration provides funding for municipalities for economic development projects on an ongoing basis. A requirement of the EDA is that a CEDS be written by the local community identifying strategies for growth and job creation. The drafting of a CEDS is a project that is being undertaken jointly by the Office of the Deputy Mayor for Planning and Economic Development, the Office of Planning and the Washington, DC Economic Partnership.
- What is a CEDS?
 - A Comprehensive Economic Development Strategy (CEDS) is designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen local economies. The CEDS should analyze the local economy and serve as a guide for establishing goals and objectives, developing and implementing a plan of action, and identifying investment priorities and funding sources. The CEDS sets forth the goals

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and objectives necessary to solve the economic development problems and defines the metrics of success.

- CEDS –
 - Supports economic development, transportation access, workforce development and investment, environment technology, physical development.
 - Roadmap to diversify and strengthen economy, incl. broader strategy / range of initiatives targeted by public and private sectors etc.
 - An approved CEDS opens the door for other federal funding opportunities
- DC's focus areas -
 - A city with a diversified and accessible economy
 - A city of distinctive and robust neighborhoods
 - A creative, innovative and international city
 - A green and sustainable city

-Challenges were mentioned.

- Growing economic disparities –
 - Job –skills mismatch; unemployment is high and rising
 - Wage gap at its widest in 30 years; nearly 25% of DC residents below 125% federal poverty level
 - Education levels are uneven (nearly 75,000 District residents lack high school diploma or equivalent)
- Economic competitiveness –
 - Affordability issues (small businesses, housing)
 - Business development, entrepreneurship, financing / capital
 - Competition from suburbs, other regions
 - Structural deficit
- Infrastructure, health and environment –
 - Aging infrastructure (pressure on systems from daily influx of >400,000 commuters = 72% increase over resident population)
 - Declining health, obesity; shifting age demographics
 - Increasing traffic congestion and environmental constraints (stormwater, air quality, climate)

-We further discussed the vision for DC as the model innovative, green and economically diverse city.

- DC has the attributes of a globally competitive city-
 - A competitively positioned economy with diverse job and business opportunities
 - Educated workforce; knowledge and information generation, including by universities and fed government, entrepreneurship
 - Cultural and entertainment amenities; international assets and organizations
 - Green and sustainable development practices
 - Walkable commercial districts at the core of distinctive neighborhoods; multiple transportation and retail options
- Comprehensive Plan provides overarching framework, plus neighborhood and revitalization plans/projects and business studies, e.g. creative, green, small business

-We further talked about one strategic focus area of DC that had been previously mentioned—the city's diversified and accessible economy.

- Overview –
 - The District is a hub of regional employment and business
 - Maintaining and growing the economy, and making sure it is accessible is vital to the city and region

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- Economic roadmap and possible strategic projects –
 - Support sector diversification, enhanced competitiveness
 - Business and workforce development
 - Emerging centers of activity
 - St Elizabeth's/Congress Heights: intelligence/security, small business and workforce development
 - Anacostia / Poplar Point: office, business and institutional development, incubation
 - Health information technology and nursing

-Another strategic focus area of DC that had been pointed out was discussed—the city's distinctive and robust neighborhoods.

- Overview –
 - The city enjoys a diversity of neighborhoods and communities
 - Ensuring that neighborhoods in all quadrants of the city are robust and serving the needs of residents and others is a priority
- Economic roadmap and possible strategic projects –
 - Redevelopment and revitalization of neighborhoods
 - Providing amenities in underserved communities
 - St. Elizabeth's/Congress Heights, Hill East, Anacostia/Poplar Point, Walter Reed, Shaw/O Street Market, Ivy City
 - Riverwalk Trail, Watts Branch

-We talked about an additional strategic focus area—DC is a creative, innovative and international city.

- Overview –
 - The District has the potential to be a leader in the creative, knowledge and innovation economies
 - Unique set of education and international assets, including universities, multinational aid and finance organizations, foreign missions
- Economic roadmap and possible strategic projects –
 - Sector investments and business incubation
 - Arts and cultural hubs, international centers for policy, education and exchanges
 - Technology transfer, commercialization and small business development at St E's
 - Shared workspace, incubation and broadband in underserved neighborhoods such as Shaw, Ivy City, Anacostia

-The final strategic focus area being discussed was DC as a green and sustainable city.

- Overview –
 - Opportunity to support a greener and more sustainable city and promote green job and business creation
 - DC is making progress in its sustainability efforts (Green Building Act, Green Agenda)
- Economic roadmap and possible strategic projects –
 - Energy-efficient infrastructure and transportation systems
 - Green development, weatherization and energy retrofit
 - Green jobs and business initiatives
 - Combined sewer overflow, storm water management / LID
 - Streetcar, green roof incentive program
 - Anacostia / Poplar Point green development
 - Restoration of wetlands, Kingman Island

-Further discussion consisted of:

- Discussion: comments and questions on approach
- Next steps

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Discussion

There were no questions on the approach, and comments were not project specific.

Next Steps

Project Team will post the CEDS online for 30 days for public feedback. Attendees were given the website information on how to access the document.

After public feedback is received, the Project Team will review and respond as appropriate. The final CEDS will then be submitted to the EDA in August, 2010.

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Comprehensive Economic Development Strategy (CEDS) Overview Tuesday, June 15, 2010 Ward 8 Business Council

Welcome & CEDS Overview.....Moore

CEDS PowerPoint Presentation.....Khan

-This meeting began with a brief outline of the following agenda

I. CEDS Overview

- General Overview
- Challenges
- Vision for DC

II. Strategic Focus Areas

- Diversified and accessible economy
- Distinctive and robust neighborhoods
- Creative, innovative and international
- Green and sustainable city

III. Discussion and Next Steps

-A CEDS overview was then discussed.

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 - The Economic Development Administration provides funding for municipalities for economic development projects on an ongoing basis. A requirement of the EDA is that a CEDS be written by the local community identifying strategies for growth and job creation. The drafting of a CEDS is a project that is being undertaken jointly by the Office of the Deputy Mayor for Planning and Economic Development, the Office of Planning and the Washington, DC Economic Partnership.
- What is a CEDS?
 - A Comprehensive Economic Development Strategy (CEDS) is designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen local economies. The CEDS should analyze the local economy and serve as a guide for establishing goals and objectives, developing and implementing a plan of action, and identifying investment priorities and funding sources. The CEDS sets forth the goals and objectives necessary to solve the economic development problems and defines the metrics of success.

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- CEDS –
 - Supports economic development, transportation access, workforce development and investment, environment technology, physical development.
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 - An approved CEDS opens the door for other federal funding opportunities
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-Challenges were mentioned.

- Growing economic disparities –
 - Job –skills mismatch; unemployment is high and rising
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-We further discussed the vision for DC as the model innovative, green and economically diverse city.

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- Comprehensive Plan provides overarching framework, plus neighborhood and revitalization plans/projects and business studies, e.g. creative, green, small business

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- Overview –
 - The District is a hub of regional employment and business
 - Maintaining and growing the economy, and making sure it is accessible is vital to the city and region
- Economic roadmap and possible strategic projects –

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- Support sector diversification, enhanced competitiveness
- Business and workforce development
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 - Sector investments and business incubation
 - Arts and cultural hubs, international centers for policy, education and exchanges
 - Technology transfer, commercialization and small business development at St E's
 - Shared workspace, incubation and broadband in underserved neighborhoods such as Shaw, Ivy City, Anacostia

-The final strategic focus area being discussed was DC as a green and sustainable city.

- Overview –
 - Opportunity to support a greener and more sustainable city and promote green job and business creation
 - DC is making progress in its sustainability efforts (Green Building Act, Green Agenda)
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 - Green development, weatherization and energy retrofit
 - Green jobs and business initiatives
 - Combined sewer overflow, storm water management / LID
 - Streetcar, green roof incentive program
 - Anacostia / Poplar Point green development
 - Restoration of wetlands, Kingman Island

-Further discussion consisted of:

- Discussion: comments and questions on approach
- Next steps

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Discussion

There were no questions on the approach, and comments were not project specific; however, general discussion took place around the issues the members of the Ward 8 Business Council thought were most pressing:

- Education and jobs are key issues in Ward 8.
- The crime rate increase results from lack of work, education.
- Green and sustainable are good points for CEDS.
- To the residents in Ward 8, it seems like a forgotten community.
- Crime is part of everyday life.
- Job growth is needed.
- Non-District residents are hired over District residents.
- Apprentice jobs are needed.
- A good recreation center for kids would get them off the street and lower the crime rate.
- A wellness center is needed for the youth and elderly.
- Training is needed for residents who cannot afford higher education.
- Small businesses need assistance.
- Recognize historic small businesses; they can't afford rent increases when new businesses come in and push them out.
- Ward 8 needs a sense of community.
- Homelessness hurts the business community.
- There is no "downtown" east of the river.
- Small business development assistance is needed.
- For senior citizens, housing is a major issue.
- There is not enough affordable housing east of the river.
- Unemployment for seniors is an issue.
- The digital divide, and re-training seniors, is important.
- New water treatment/sewage/storm water management is needed.
- Education with life skills and professional skills are needed.
- Bring trade schools here.
- Get mothers back in the workforce.
- Bring training and green jobs here.
- Child care for poor parents is needed.
- Youth programs are needed to motivate the younger generations.
- Vocational training needed.
- Mental health is one of the biggest issues residents east of the river face.
- Parenting classes are needed.
- There is nowhere for juveniles to go.

Next Steps

Project Team will post the CEDS online for 30 days for public feedback. Attendees were given the website information on how to access the document.

After public feedback is received, the Project Team will review and respond as appropriate. The final CEDS will then be submitted to the EDA in August, 2010.

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Washington DC Comprehensive Economic Development Strategy
Comments Prepared by Warren Wilson Advisors, LLC
Warren W. Wilson
August 2, 2010

Thank you for the opportunity to review and comment on the Comprehensive Economic Development Strategy (CEDS) recently prepared by the Washington DC Economic Partnership and the District of Columbia Government. The comments offered below reflect my reading of the plan, familiarity with the Washington DC region and economic development principals in general.

The CEDS does an excellent job of explaining the unique position of the DC economy given the presence of the US Federal Government as its primary economic engine. It explains the almost paradoxical nature of this relationship in terms of the tremendous level of economic activity generated by the Federal Government but the constraints placed on the District in terms of capturing the benefits of this activity and leveraging it. Perhaps the most obvious impediment to the District's ability to capture the benefits is the fact that Federal facilities are not on the District property tax rolls. In addition, I suggest that the building height restriction imposed upon development in the District because of the height of the US Capitol (and perhaps other Federal structures) be recognized as another significant constraint. If it were not for this constraint the strength of the District market would support much greater density, manifesting itself in building height, which would result in much greater private sector development in core areas and therefore much higher property tax revenues. This constraint should be pointed out in the CEDS for it would appear to provide a rationale for EDA support.

The CEDS also documents the severe educational, unemployment and poverty issues which exist in certain areas of the District. Despite being the "home" or source (via the Federal Government) for the nation's many social welfare programs and the tremendous economic development activity which has occurred in the District these problems persist. In order for the CEDS to bring greater focus on these issues I offer a strategic suggestion supported by a suggested tactic. I suggest a fifth Strategic Focus Area -- "World Leadership City". Washington DC is the City where world leaders gather and many programs, initiatives and decisions are made with global consequences. Further, the District is a, if not the world leader in many

APPENDIX 7: Public Review

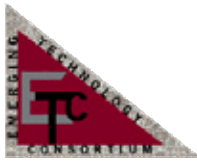
areas. It should also be a world leader in solving its local problems and demonstrating to the world ways in which Federal policies and programs are implemented to solve many social ills -- demonstrating these solutions for the rest of the world. I suggest that the CEDS be a mechanism to bring Federal focus, via EDA, on the specific education, unemployment and poverty issues identified within the report.

The tactical suggestion or "ask" of EDA in support of this strategic focus would be a program which makes a direct mandatory connection between a Federal project and a local neighborhood problem. Just such an opportunity would appear to exist at St Elizabeth's given the forthcoming Homeland Security development. Here we have a massive initiative underway -- an economic development freight train. Can't we develop a program which places the nearby neighborhood problems of education, unemployment and poverty directly in the path of this development juggernaut. More specifically, a request for EDA funding for a program of education/special training and employment imposed on the Homeland Security project which would demonstrate to the world how our society effectively translates these massive Federal initiatives into positive impacts in their immediate neighborhoods.

As a general comment on the format of the CEDS. Via the two transmittal letters at the beginning we know that the CEDS is being submitted to the EDA. The "ask" of EDA, however is found spread throughout Section 6 of the report. It seems that the CEDS could benefit from a stronger, more detailed transmittal letter(s) which pulls the story together for the recipient. For example, the letter from Deputy Mayor Santos says "I understand..." as opposed to expressing enthusiastic support for the CEDS and urging EDA to respond to the requests made within. Further, your transmittal letter basically says "here it is" as opposed to making a compelling argument for the CEDS.

Once again, thank you for the opportunity to submit these comments and observations.

APPENDIX 7: Public Review



EMERGING TECHNOLOGY CONSORTIUM
286 M STREET, SW
WASHINGTON, DC 20024 - 0348

Mr. Steve Moore
 Washington DC Economic Partnership
 1495 F Street, NW
 Washington DC 20004

RE: Comments District of Columbia Comprehensive Economic Development Strategy

Dear Mr. Moore,

The Emerging Technology Consortium (ETC) is pleased to provide its comments on the 2010 Comprehensive Economic Development Strategy (CEDS) for the District of Columbia. We have been encouraging the District to submit a CEDS for the last few years. We commend you on the contents of the document for its analysis of the District's economic situation and its ability to synchronize with the District's Comprehensive Plan so that local planning document and the plan submitted to the Federal Government are based on the same foundation.

The following comments are submitted for consideration by the CEDS Committee:

- The "Comprehensive Plan Economic Development Goal" should be modified to include the development of new businesses. International, national and local governments, including those in the Washington, D.C. metropolitan area, invest in business incubators, and other business development infrastructures, to leverage their intellectual capital and create new businesses. The new businesses of the 21st century rely on public/private partnerships to create businesses because extensive investments are required. It is these kinds of businesses that will replace the jobs lost in our manufacturing sector. Attracting businesses normally requires the District to give up tax revenue, rents and other sources of income to attract these businesses. However, extending the goal to include new business development actually adds to the District's tax base. We believe that investment in business creation, with an estimated 700% return on investment, far outweighs the incentives traditionally offered to attract existing successful businesses to a city. Plus, with other cities actually involved in creating businesses, it will be harder in the future to attract successful businesses to the District.
- The Structural Imbalances identified in the economic background (the restricted revenue ban, the limited ability to tax workers in the city, and the large number of tax-exempt organizations in the District's boundaries) build the case that the District should develop strategies to attract and develop commercially viable businesses that can pay taxes.
- The Employment Projections cannot accommodate new areas of employment growth as a result of new technologies, such as cyber security, integrated textile management and nanomanufacturing.
- The Economic Sector Diversification recognizes the District's core sectors (government, health, hospitality, professional services and information) but limits emerging sectors to green and creative economies. Economic development plans must be inclusive of new business areas that are not on the horizon yet. For example, the information technology industry continues to grow with emergence of new communications technologies, i.e., Twitter, Facebook and the like. These new technologies provide business opportunities for the District because of its proximity to the seat of government. New

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"Innovation Empowers"

Darold L. Hamlin
President and Executive Director

APPENDIX 7: Public Review

technologies enable new opportunities that are created and mature in a very short period of time. Recommend the revised language not limit emerging sectors.

- The New Communities Initiative must include business creation as integral part of the strategy. For generations, the District has attempted to educate and provide social services to our most disadvantaged residents with limited change in the outcomes for those residents and their communities. The ETC proposes plans to put commercially viable businesses in those communities that will provide all levels of employment opportunities for residents, who, when they get paid, will create a market demand for retail and other services. Also, the location of companies in those communities will encourage young people to go to school and get the skills required to work at the companies in their neighborhoods.
- The proposed priority projects to be submitted for consideration by the EDA meet only one of the federal funding investment priorities (public/private partnerships) established by the EDA. The ETC agrees that investment in infrastructure is important (NoMA, Hill Street Waterfront and O Street Marketplace). However, the EDA, based on its guidelines, is looking to invest in projects that strengthen regional economies based on the area's unique advantages. It is also looking at projects that recognize the global economic conditions. The ETC recognizes that the District, the Washington metropolitan area, and America now compete in a global economy. Without recognizing that fact, our economic development plans continue to assume the District will have a tax base that can provide local Government with the tax revenues to focus on government/development activities. Now is the time to propose projects that leverage the District's unique assets, diversify the economy and prepare the City and all its residents for a 21st century global economy. Specifically, recommend the establishment of a business incubator at the St. Elizabeth's Campus as a priority project; we estimate this project would cost \$5 million to start.

The ETC is committed to the economic vitality of the District from the passage of the Emerging Technology Opportunity Act of 2007, the Incubator Feasibility Study in 2009 and the introduction of the DC Competitiveness Act. All are examples of legislative initiative and projects focused on urban transformation based on innovation, which creates the kinds of opportunities that will ensure the District's competitiveness and change the lives of all residents of the City. We stand prepared to assist in anyway we can.

Respectfully submitted,



Darold Hamlin
President and Executive Director

APPENDIX 7: Public Review

August 2, 2010

Steve Moore
Washington DC Economic Partnership
1495 F Street, NW
Washington, DC 20004

Re: Comments on the District of Columbia Comprehensive Economic Development Strategy

Dear Mr. Moore:

The Consortium of Universities of the Washington Metropolitan Area is pleased to submit comments on the Washington DC Comprehensive Economic Development Strategy (CEDS). As you know, our sector was represented admirably on the Strategy Committee by C. Vanessa Spinner of the Community College of the District of Columbia and Charles Barber of The George Washington University. As might be expected, our comments will focus expressly on the education sector and how the document might be tweaked to present a broader view on how the education sector can contribute to the economic development future of the District of Columbia. Attached for your use is a document providing specific language we would add to the CEDS to further clarify the points raised in this letter.

We are pleased that the CEDS is suffused with references to the education sector as a “core industry,” but we believe that its value to the District is understated. For example, on page 11, in the discussion of the District’s competitive advantages, the District’s geographic placement in the heart of the region as well as its quality of life is mentioned. A paragraph discussing the District as a magnet for the nation’s young college graduates might also be included. This trend was most recently detailed in an article in the *Wall Street Journal* but it has been repeated in several other publications including *Forbes*, the *Washington Post* and the *New York Times*. In addition, a recent Brookings Institute report found that the Washington, DC region has the most highly educated populace in the country. Both of these advantages are significant to employers who are seeking to relocate businesses or locate new ones and should be featured in a document discussing the economic development future of the District.

On Page 15, the CEDS discusses Strategic Public Private Investment. While it focuses on new medical facilities, affordable housing and access to office space, it does not mention access to post-secondary education. The University of the District of Columbia has publicly stated its desire to place community college branches in precisely the neighborhoods that are underserved and at least two of those facilities including Bertie Backus ES and PR Harris are intended for development as an Allied School of Health.

APPENDIX 7: Public Review

Both projects are unfunded, but would match nicely into the overall CEDS goal of training health care workers. For this reason, the language in the box on page 15 should include the phrase

“With focused investments in the strategic areas outlined in the preceding text, in the form of infrastructure investments to support the development of new medical facilities in an underserved area, access to affordable housing, ~~and~~ access to office space that will support job sectors . . . **and access to post-secondary educational facilities, particularly a community college branch in underserved areas.**”

For purposes of clarification, it would be preferable to change the language in the chart on page 16 under the “Creative Innovation and International City” section from “university investments” to “university partnerships.” This language more accurately captures the spirit of collaboration contemplated by the rest of the document.

As noted above, the education sector or educational serves is mentioned throughout the document (Table 4, page 17; Wage and Salary Employment in Industry chart on page 18; page 19 where education is identified as a core industry; page 24, Chart 11 where Education & Health Services is listed as 3rd by job numbers; also on page 24 where education and health care sectors is among the sectors listed as providing employment growth potential; page 25 where education is identified for sector diversification, among other citations). Yet on page 20, where the document discusses strengthening core industries other than the federal sector, the educational sector goes unmentioned. Adding education to the list found in the first full paragraph on that page (Professional and Technical Services, Health Care, Finance, Information, **Education**, and Tourism) would be useful to more fully suggesting ways to diversify the district’s economy.

On page 21, the CEDS discusses sectors that might contribute to the District’s diversification. It mentions health care and tourism as industries that provide entry level and career ladder opportunities. We would suggest that a paragraph describing the District’s second largest private sector—education—be included here primarily because it fits the parameters of the preferred sectors already described. For example, the health care sector is lauded for its variety of jobs from entry level to senior management. The tourism industry is identified because of its attractiveness to visitors. As discussed above, higher education in particular is attractive to “visitors.” The District is the largest importer of students in the country, with more than 90 percent of its students arriving from other jurisdictions. Also, like health care, the higher education sector offers a variety of positions requiring various skill levels from an entry level cafeteria worker up to tenured professor. While the education sector is, unlike the health care and tourism sectors, hampered by zoning laws that limit employment at some universities, the education sector should still be listed in this section.

If the education sector was broadened here in include research, the possibilities for additional job creation would be further advanced. In some of the most forward thinking jurisdictions in the country such as Research Triangle, NC and Silicon Valley, CA,

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research labs provide a variety of jobs from lab tech to head researcher. There is no reason that the District can't be the next "Potomac Valley."

On page 28, the CEDS makes the statement that "The District is not strategically linking its knowledge and innovation economy to the significant resources and assets that can lead to cutting edge research and development." While identifying universities as a resource, it then notes that "compared to Metropolitan Statistical Areas with similar levels of R & D per capita, the Greater Washington Region ranks poorly in terms of patents and private equity per capita." In addition, the report notes that "universities are not positioned to capitalize on the need of federal agencies for services such as data analysis and intelligence support."

While it may not be necessary to identify the factors that lead to such a lack of competitiveness, it should be noted that the same factors limiting the growth of incubators, as described on pages 28 and 29, also limit the ability of universities to develop and then commercialize their research, particularly within close proximity to campus. Language could be added here to suggest that like the District's surrounding counties of Montgomery County, MD; Prince George's County, VA and Fairfax County, VA, the District government intends to work with its university sector to identify and pursue funding sources for joint economic development projects in an effort to bolster the relationship with the federal government and its research potential.

On page 29, the CEDS lists various ways that the creative economy could expand, but then precedes to list three segments that are declining due to industry changes and an ailing economy. In contrast, the higher education sector actually has grown over the past few years and could grow more if enrollment and employment caps, imposed by the zoning system, were lifted. Perhaps a paragraph describing the value of the education sector, with language that as part of the creative economy, the city would explore ways to provide for reasonable growth of educational institutions would be useful in this section.

On page 30, under the "Opportunity" section, the list of sectors "positioned to grow" should include the education sector. While pages 30 and 31 do not expressly include the education sector, it should be noted that the education sector requires highly creative people and provides many of the same benefits including clustering of jobs and attractiveness to new residents. Given the proposal on page 30 to include "university-focused investments in facilities and programs" it may be important to identify more clearly on page 31 how education jobs can contribute to the creative economy.

The Consortium has no comment on the specific projects identified in the CEDS other than to note that the inclusion of language suggesting an incubator is important. Perhaps additional language could be inserted regarding the feasibility of developing a research park as part of one of the projects. Zoning within such a facility could be eased to reduce the amount of time and effort required to construct facilities for educational use. Such a proposal would go far in supporting the Comprehensive Plan Policy ED2.4.1 suggestion that the city "Support growth in the higher education and health care sectors. Recognize the potential of these industries to provide employment and income opportunities for

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District residents, and to enhance the District’s array of cultural amenities and health care options.”

Thank you for this opportunity to comment on what promises to be an exciting initiative. The Consortium and its DC members look forward to supporting the District in its efforts.

Sincerely,

John B. Childers,
President and CEO

APPENDIX 8: End Notes

1. Indices 2009
2. "D.C.'s Two Economies", D.C. Fiscal Policy Institute, October 2007
3. According to the 2005 federal poverty thresholds, a single mother with 2 children earning \$16,000 a year before taxes would be above the poverty line, even if living in a high cost city like the District of Columbia. A more realistic measure of distress or low-income is the measure referenced in the DC Poverty Map of residents that fall below 200% of the poverty level.
4. "Reducing Poverty in Washington, D.C. and Rebuilding the Middle Class From Within," Brookings Institution, March 2007, Washington, D.C.
5. 2008 ACS U.S. Census
6. Washington Literacy Council Annual Report, 2007
7. Reducing Poverty in Washington, D.C. and Rebuilding the Middle Class from Within, Urban Institute, Sept 2008
8. DC Development Report, WDCEP, 2009–2010 Edition
9. AFIRE
10. Marcus & Millichap
11. Delta Associates
12. Downtown BID
13. The Cost of Doing Business in Washington, D.C.: Tenant Occupancy Comparisons between DC and Suburban Submarket, Downtown DC BID, 2010
14. District of Columbia Government and WDCEP. *Washington, DC Business Environment Scan*. 2010
15. U.S. General Accountability Office, GAO-03-666, District of Columbia Structural Imbalance and Management Issues 42 (2003)
16. Indices 2009
17. The impact of Federal Procurement on the National Capital Region, October 2002.
18. District of Columbia Government and WDCEP. *Technology Incubator Feasibility Study*. 2009
19. District of Columbia Government and WDCEP. *Creative DC Action Agenda*. 2010
20. District of Columbia Government and WDCEP. *Green Collar Jobs Demand Analysis*. 2009