

EDC Review Draft

Arlington's
Framework for Prosperity
ECONOMIC DEVELOPMENT STRATEGIC PLAN

WHERE BUSINESS SUCCEEDS SO THE COMMUNITY PROSPERS.

These important words from Arlington's business vision bring meaning and definition to Arlington's distinctive characteristics as a locality and an economy. Arlington's 230,000 residents and 230,000 jobs are integrated in a community where high quality of place and economic sustainability not only currently exist, but where achievements in smart growth, transit-oriented development, quality of life and environmental sustainability are envied and replicated by others in the region and across the nation.

Yes, Arlington has much to be proud of. Arlington's location as a close-in neighbor to Washington, D.C. enables us to benefit both directly and indirectly from the presence of the federal government, as well as federal contractors and trade associations. But Arlington's economic development story does not end with the federal government. Many of the County's workers are young, tech-savvy and highly educated. The high incomes and low unemployment rates of our residents enable us to attract high quality cultural events, excellent restaurants and varied retail establishments. We have a long tradition of welcoming immigrants and our community is supportive of varied lifestyles. Our community has abundant transit options, as we support thriving bus and rail systems, offer a system of pedestrian and bicycle trails and are fortunate to have a major airport that can be accessed by Metro, auto, or even by walking! Our more than 11,000 hotel rooms sustain near capacity occupancy rates.

WHY AN ECONOMIC DEVELOPMENT FRAMEWORK?

When we asked this question as we began developing the "Framework for Prosperity" -- Arlington's first economic development strategy in 2008, Arlington had just begun to realize the significant impact that the 2005 Base Realignment and Closure Commission recommendations to relocate federal tenants in leased space out of Arlington would eventually have on our commercial vacancy rate. What we did not count on was that the federal government would also overlay a sequestration program that would further erode their presence in Arlington. Also, we had not fully anticipated how new ways of working -- teleworking, 3rd spaces, hoteling, etc. -- would shrink the per worker footprint in our office buildings and in offices buildings across all markets. Clearly we would be facing some challenges that were not fully understood in 2008.

Nearly 10 years later, as we began this update to the *Framework for Prosperity* the economic dynamics in the community have certainly changed, and the questions we originally asked -- *Aren't we doing all the right things already? Can we really improve upon a great community?* -- seem to be the wrong ones. Yet with a little re-phrasing, they are exactly the right ones: What are the things we should do to continue to improve on a great community?

As before, however, the answer is that we must be vigilant to remain successful. We are still a community that has challenges. Increased living costs are still impacting our ability to attract younger and lower wage workers. We continue to risk losing our locational advantages as we compete with new markets that have enhanced transit accessibility. Infill development and redevelopment in our major commercial corridors remains complex and still requires new approaches and tools to successfully implement our long standing land use plans.

Appointed by the Arlington County Board to “aggressively formulate and recommend to the County Board a continuing economic development policy for Arlington which utilizes market forces in creative ways”, the 25 members of the Economic Development Commission (EDC) felt it was time to update the county-wide economic development strategy for Arlington. Embarking on this effort in January 2017, members of the EDC reviewed the previous version of the framework and built on the EDC’s research studies and policy recommendations to identify needed updates and incorporate them into the final version of the revised framework.

The revised Framework for Prosperity continues to feature four all-encompassing goals that articulate at the highest level the desired economic development outcomes for a successful community, followed by strategic initiatives that identify achievable concepts and motivate the community to take action. Compiled into a short, concise and readable document, this strategy will continue to be used to inform and inspire readers to understand the complexities, relationships and benefits of successful economic development and take the necessary steps to advance the determined initiatives.

GOALS AND STRATEGIC INITIATIVES

GOAL ONE:

Arlington will be recognized for its superior business environment, facilities, infrastructure, state-of-the-art systems and government efficiency.

Economic development is accomplished in a competitive marketplace. Localities that can offer an excellent climate for businesses to grow and prosper will indeed experience that growth and prosperity. The Washington region has definite advantages for certain business sectors, and there is significant competition among jurisdictions to be “the” location of choice. Often that location depends on several factors: available and desirable real estate products that meet their business model; an ability to attract the workforce they need by offering them an inviting work community and easy ways to access their work location, modern public amenities and services.

As Arlington’s economy evolves, it will be imperative to have a welcoming and professional public sector that can facilitate its decision-making process by demonstrating an understanding of their specific requirements and delivering on promises. Offering prospective businesses – and existing businesses – a stable and predictable regulatory climate is fundamental to providing superior service. In order to provide this type of environment, Arlington will streamline the business process, enhance technology and connectivity tools, increase transparency and accountability and deliver excellent customer service.

Strategic Initiatives:

1. Maintain and Improve Important Business Infrastructure

Business infrastructure includes the systems that support business activity and development: including but not limited to air transportation, bus, subway and road networks, high-speed connectivity, wayfinding, hotel and conference facilities, accessible workspace and a competitive commercial real estate environment. It is vital that these infrastructure elements are in place and functional so that business sustainability and expansion will be achieved. Maintaining existing major transportation systems as a reliable, dependable resource and sustaining effective multi-modal transportation options is critical to sustaining Arlington’s economic progress and well-being.

2. Deliver Win-Win Incentives

The judicious, strategic and careful use of incentives to enhance Arlington’s competitive position for key business investments can significantly augment the diversity and strength of our business base as well as facilitate the growth of existing businesses and the success of important business

locations. Opportunities to strengthen the growth of Arlington’s local businesses should also be considered.

3. Promote Exceptional Real Estate Development

Maintaining Arlington’s competitive real estate market is vital. Embracing flexibility to changing market demands, allowing and supporting market responsive building and exceptional architectural design in the planning process should be practices that we employ. Agility, adaptability, predictability and speed are necessary to accommodate Arlington’s dynamic real estate environment.

4. Champion Efforts to Improve Processes and Systems

Often, County planning, economic development, permitting or business licensing activities are a businesses’ first encounter with local government. Arlington’s current steps to streamline the business process, for example, “One Stop Arlington”, should be supported and achieved. These efforts will help assure that the critical components of processes and systems will continue to improve and will be offered in a professional, timely and pleasant manner. Development processes should be efficient and customer driven. As development decisions are debated, a civic climate conducive to innovation and forward thinking should be fostered by the legitimate involvement of key stakeholders in the development process.

GOALTWO:

Arlington will support a sustainable and flourishing economy which will foster a fiscally sound and healthy community.

Arlington’s “triple-triple- A” bond rating is rare and is a result of the relationship between Arlington’s strong commercial real estate tax base and its responsible fiscal management. The continuation of this rating requires constant care and attention – it is critical that Arlington’s competitive advantages be maintained to ensure a diverse, dynamic and prosperous business base. Clearly understanding the interrelation between a diverse economic base, economic development and the fiscal well-being of the County requires careful evaluation of the overall impact or long term effects of policy decisions.

Strategic Initiatives:

1. Focus Efforts on a Balanced and Diverse Economy

Arlington is well positioned to recruit and retain businesses in all sectors. Companies in cyber, health, medical and education tech, as well as data analytics are starting or relocating in Arlington due to its educated and highly compatible workforce. The County must continue to recruit, as well as retain existing businesses, to ensure the makeup is balanced and diverse as the marketplace evolves.

2. Support and Build Partnerships that Augment and Enhance Government-Lead Economic Development Efforts

Government services and staff alone cannot singlehandedly advance economic development and leveraging local and regional resources via effective public-private partnerships is essential. Arlington should maintain and/or enhance valuable relationships with government agencies, academic universities, and business and community organizations, including Business Improvement Districts and neighborhood partnerships to achieve County objectives and to address local needs.

3. Enhance Small Business Support

More than three-fourths of Arlington's businesses have fewer than 10 employees and many of these businesses offer an opportunity to grow and diversify our business base. While an important economic driver, small businesses are becoming more innovative and are crossing regulatory boundaries. Being open for business means the county will need to be responsive to this trend, while continuing to offer education, training and an understanding of business opportunities, culture and operations, as delivered by the County's BizLaunch team. The County's Business Investment Group is also nurturing this effort through programs that build robust tech ecosystems and supportive incentive policies targeted at fast growing companies that help scale their growth. Dedicating resources to serve this high-potential aspect of our strategy will complement any opportunities to encourage and reward entrepreneurship and innovation, which can further enhance its workforce and attractive community brand.

GOALTHREE:

Arlington is an inclusive and technologically savvy community that attracts a high skilled and creative workforce, that fuels forward-thinking organizations, as well as a valued service workforce that supports all facets of our economy.

A broad range of talented workers support Arlington's diverse business base - they include scientists and university professors, artists and health care workers, and executives and customer service providers, just to name a few. Maintaining Arlington's appeal for this worker mix is crucial. Continued training, career-enhancing opportunities, and ease of access to

opportunities through convenient housing or transit options for workers are critical to a sustainable economy.

Strategic Initiatives:

1. Strive for Comprehensive Workforce Development

Arlington's traditionally low unemployment rate does not tell the full story, as many residents are underemployed and many businesses cannot find the workers they need. It is imperative that businesses and the education community continue to collaborate on effective workforce planning initiatives that deliver innovative, integrated, and data-driven results. To maximize Arlington's potential for economic growth, all businesses must have access to a qualified, job-ready workforce and every resident has the skills needed to connect with meaningful employment and advance in a career.

2. Ensure Creative Worker Housing Options

Even with Arlington's high incomes, housing costs are such that it is difficult to attract critical workers in occupations such as public safety, education, child care, health care and other business services. Efforts to mitigate the complex issue of housing affordability are fundamental. These efforts should include implementing workforce housing programs that address employee needs, offer a range of diverse housing alternatives to benefit from transit accessibility.

3. Promote Arlington's Message Far and Wide

Arlington has many attractive attributes for workers that should be promoted and messaged widely. It is a world class urban community with creative job opportunities, situated just three miles from our nation's capital.

GOAL FOUR:

Arlington's distinctive character, excellent quality of life, and forward-looking focus will be preserved and amplified to the delight of residents, businesses, and visitors.

Arlington is a destination community within the Washington, DC region that attracts the best and brightest. Its character is reflected in unique neighborhoods, which feature a diverse array of businesses, cultural and recreational facilities, and outdoor spaces. This distinctiveness, and its resulting economic benefits, must be preserved and augmented through balanced development, strategic investment in enriching amenities and support services, and a continued willingness to embrace creativity.

Strategic Initiatives:

1. Promote Distinctive Neighborhoods

Convenient, high quality places attract people and investment. Promoting Arlington's neighborhoods and encouraging their local flavor, character, and identity are key to maintaining our excellent quality of life. Partnerships and Business Improvement Districts help augment and enhance Arlington's economic development and placemaking efforts by providing unique and focused programming and events that highlight the characteristics of each neighborhood. Supporting and enhancing these partnerships are essential to the success of our distinctive neighborhoods.

2. Foster a Retail Mix that Emphasizes Local Character and Economic Diversity

Exciting urban places have a diverse mix of retail shopping, dining, services, entertainment, and production space that features a balance of national, regional and local businesses. Arlington has an abundance of special retail businesses with distinctive personalities that contribute to our economic diversity. These businesses, with their unique products, services, and approaches, help to preserve Arlington's distinctive local character and ensure a balanced and convenient retail mix.

3. Invest in Vital Services and Amenities that Enrich the Community

Arlington's dynamic businesses and workforce depend upon the best-in-class provision of vital services, including well-functioning roads, convenient transit options, and high-performing schools. Enriching amenities – such as bike lanes, jogging paths, pedestrian walkways, parks, plazas, cultural and entertainment venues, community centers with training opportunities and meeting space, and other places that offer comfort, convenience, and enjoyment – increase property values and enhance the attractiveness of the community.

4. Pursue Holistic Development that is Environmentally Sound, Livable, and Regionally Integrated

Holistic development takes into consideration the needs of the entire community and the broader regional context. It is environmentally sustainable – with a focus on energy efficiency, green building practices, density, preservation of outdoor spaces, and accessible mass transit options. It also is livable – with attention paid to incorporating a variety of housing options, maintaining a business climate that encourages local health care and child care services, and honoring historical communities. It seeks to enhance, rather than duplicate, the desirable features of the broader region. A balanced approach to development reflects these factors – preserving local flavor and livability while investing sensibly in progress and future prosperity for Arlington and the broader region.

5. Embrace Artists and Innovators

A vibrant community embraces creativity. Arts and cultural programming create authentic local experiences and contribute to a sense of community, thereby aiding in the attraction and retention of businesses and workforce. Entrepreneurial endeavors similarly inspire the community, while directly contributing to its economic diversity and growth. Artists and innovators are essential to realizing Arlington's distinctive vision of a creative, forward-looking community.

CONCLUSIONS AND NEXT STEPS

This strategic plan will continue to be an important and useful tool for guiding the EDC's partnership with the County Board and the Arlington Community. The goals and strategies contained in the document continue to enable meaningful discussion that results in strategic policy guidance for addressing business issues and economic development initiatives in Arlington.

The EDC proposes that the revised *Framework for Prosperity continue to* be used to formally engage business leaders from key sectors in Arlington's economy, creating opportunities for greater understanding and partnerships with Arlington's elected and community leaders and residents. Such engagement supports the County's efforts to identify, evaluate and respond to economic development challenges and opportunities, to develop effective programs and activities, and to enhance Arlington's desirability as a superior place to live, work and visit.