Arlington’s Framework for Prosperity 2.0
Advancing a Dynamic Economy
A lot can happen in 26 square miles when the economy within those borders is Arlington, VA. With its proximity to Washington D.C. and the agencies and businesses clustered around the federal economy and international community, Arlington has access to one of the most educated and sought after workforces in the nation. Our balanced and stable fiscal base allows for highly competitive tax rates while providing world-class services and amenities to all members of the Arlington community. 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 Arlington is supportive of varied lifestyles. Our community has abundant transit options; 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 a pedestrian trail. Arlington’s hospitality is evident in our more than 11,000 hotel rooms that sustain near capacity occupancy rates.

Our attractive economic landscape has not come without careful planning, community engagement and aggressively addressing challenges. In 2008, the Economic Development Commission (EDC) created the original economic development strategic plan, Framework for Prosperity, in part to address the significant impact to the county’s commercial vacancy rate resulting from the federal government decision to relocate federal tenants out of leased space in Arlington. What we did not count on at that time were subsequent federal government budget reductions that would further erode the federal presence in Arlington. Equally significant changes were happening in the private sector. New ways of working – teleworking, 3rd spaces, hoteling, etc. – would shrink the per worker footprint in our office buildings across all markets and transform the definition of “workplace.” Clearly, we faced some challenges that were neither fully anticipated nor understood in 2008.

Nonetheless, Arlington’s economic development strategy – reflected in the Framework for Prosperity – proved resilient and served Arlington well. It fostered a living Action Plan to help measure the implementation of the strategic initiatives and goals it set forth. It has inspired other strategic directives, such as “Boutiques, Bistros and Banks: Recommendations for Successful Retail in Arlington,” EDC Guiding Principles, The Future Office Market Study and the Innovation Economy Strategy. It continues to provide a thoughtful approach for maintaining Arlington’s triple-AAA bond rating and balanced fiscal base with an approximate 50/50 commercial/residential split in property taxes.

Appointed by the Arlington County Board to “aggressively formulate and recommend a continuing economic development policy for Arlington which utilizes market forces in creative ways,” the 25 members of the EDC decided it was time to address the rapidly changing economic forces and prepare Arlington’s way forward into the future by updating the county-wide economic development strategy. Embarking on this effort in January 2017, members of the EDC reviewed the Framework for Prosperity, incorporated the findings and strategies from the EDC’s research studies and policy recommendations, the Business Brain Trust and other commissions and updated the all-encompassing goals and strategic initiatives. The resulting Framework for Prosperity 2.0 is designed to achieve Arlington’s continued economic success. It focuses on taking advantage of our business infrastructure, location and unique neighborhoods, as well as the talent, companies and universities to bring in new establishments, retain existing businesses, expand our marketing globally, inform parallel commissions of our work and help guide the County Board. Most importantly, the Framework 2.0 vision for economic achievement reflects and retains our community values, recognizing that residents and businesses together = Arlington’s success and prosperity for the next 10 years.

Sally J. Duran, Chair
Arlington Economic Development Commission
November 2017
WHERE BUSINESS SUCCEEDS SO THE COMMUNITY PROSPERS

Arlington County’s unique economic landscape includes approximately 230,000 residents and 230,000 jobs. From skyscrapers to single-family bungalows, Arlington’s distinctive character is reflected in urban neighborhoods that have a small town feel, yet provide access to big city amenities and sit comfortably beside major transportation hubs, key business corridors and our nation’s capital, Washington D.C. The diverse array of businesses, cultural, recreational and outdoor spaces also contribute to the County’s distinctive character and economic success.

Our community’s smart infrastructure investments in transportation, education, technology and environmental sustainability are recognized and replicated within the region and across the nation. Our 26-square mile community is home to countless national headquarters, large and small businesses, nonprofit organizations and federal agencies. This Framework for Prosperity 2.0 is designed to provide guidance in implementing strategic decisions that will allow businesses, workers and residents to work together in sustaining and nurturing Arlington’s prosperous and vibrant quality of life as the future economy evolves.

THE FUTURE IS HERE

We must be vigilant to remain successful. Increased desirability means increased living costs are still impacting our ability to attract younger and lower wage workers who are critical to our economy. 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 requires flexible approaches and innovative tools to successfully implement our long-standing land use plans.

The Framework for Prosperity 2.0 continues to feature four all-encompassing goals that articulate at the highest level the desired economic development outcomes for a successful community:

- Robust Business Infrastructure
- Sustainable Economy
- Innovative Workforce
- Distinctive Place

Each goal is followed by strategic initiatives that identify achievable concepts and motivate the community to take action. Compiled into a concise document, this strategy informs and inspires readers to understand the complexities, relationships and benefits of successful economic development and take the necessary steps to advance strategic initiatives.
GOALS AND STRATEGIC INITIATIVES

GOAL ONE: Robust Business Infrastructure

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

Economic development is accomplished in a competitive marketplace. While the Washington region has definite advantages for certain business sectors, there is significant competition among jurisdictions to be the location of choice. Often that depends on several factors: available and desirable real estate products that meet business needs; an ability to attract the right workforce with an inviting and accessible work community; first-class public amenities and services; and a stable and predictable regulatory climate. Arlington’s future success depends upon the continual enhancement of its robust business infrastructure, facilitated by a welcoming and professional public sector that demonstrates an understanding of sector-specific requirements and delivers on promises.

As Arlington’s economy evolves, it will be imperative to have a welcoming and professional public sector that can facilitate the decision-making process by demonstrating an understanding of specific requirements and delivering on promises. Offering prospective and existing businesses a stable and predictable regulatory climate is fundamental to providing superior service. 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 – for example, air transportation, bus, subway and road networks, high-speed connectivity, wayfinding, hotel and conference facilities and workspaces at various price points. These infrastructure elements are vital to business sustainability and expansion. Maintaining existing major transportation systems as a reliable, dependable resource and sustaining effective multi-modal transportation options are critical to sustaining Arlington’s economic progress and well-being.

“Arlington has good schools, good real estate and zoning practices, reasonable taxation policies, and attracts talented individuals, both for the workforce and for customers of our business.” — 2016 Arlington Business Survey
2. Champion Efforts to Improve County Processes and Systems
County planning, permitting or business licensing activities often are a business’ first encounter with local government. Arlington’s current steps to streamline the business regulatory process – for example, “One-Stop Arlington” – should be supported, achieved and then continuously improved. With these efforts, Arlington will ensure that critical processes and systems are continuously improved and consistently administered in a professional, efficient and customer-driven manner. As development decisions are debated, a civic climate conducive to innovation and forward-thinking should be fostered by the involvement of key stakeholders in the development process.

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 encouraging exceptional architectural design in the planning process must be Arlington’s mantra. Agility, adaptability, predictability and speed are necessary to facilitate the continued growth and success of Arlington’s dynamic real estate environment.

4. Deliver Win-Win Incentives
The judicious, strategic and careful use of incentives to enhance Arlington’s competitive position across the full economic spectrum 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 further strengthen the growth of Arlington’s local businesses should also be considered as part of incentive programs.

GOAL TWO: Sustainable Economy
Arlington will support a sustainable and flourishing economy which will foster a fiscally sound and healthy community.

Arlington’s “triple-AAA” 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 drive economic development. Clearly understanding the sustainable components of a diverse economic base, strong higher education footprint and the fiscal well-being of the community requires careful evaluation of overall impact and 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, clean, medical and education tech, as well as data analytics, are starting in or relocating to Arlington due to the educated and highly compatible workforce. The County must continue to recruit in these and other strategic growth areas, as well as retain our valued existing commercial and nonprofit businesses and federal agencies. Continuing to diversify Arlington’s private and public sector base will ensure the County’s economic makeup is balanced as the marketplace evolves.

2. Support and Build Partnerships that Augment and Enhance Government-Led Economic Development Efforts
Government services and staff alone cannot single-handedly advance economic development – leveraging local and regional resources via effective public-private partnerships is essential. Arlington should maintain and enhance valuable relationships with government agencies, regional authorities and business and community organizations, including the Arlington Chamber of Commerce, Business Improvement Districts and neighborhood partnerships. Equally critical is strengthening Arlington’s relationships with the higher education institutions located in the County, which significantly contribute to the entrepreneurial spirit of our community.

3. Enhance Small Business Support
More than three-fourths of Arlington’s businesses have fewer than 10 employees, and many of these companies offer an opportunity to grow and diversify our business base. While always an important economic driver, small businesses are now becoming even more innovative and disrupting regulatory boundaries. Being open for business means the County will need to be responsive to this trend, while continuing to offer education, training, supportive incentive policies and an understanding of market opportunities. Dedicating resources to serve this high-potential aspect of our strategy, such as through the County’s BizLaunch program and Business Investment Group, will supplement efforts to encourage and reward entrepreneurship and innovation.

4. Increase Overnight Hotel Stays and Visitor Spending
It is through consistent, strategic investment in destination sales and marketing that Arlington will continue to increase overnight hotel stays by business and leisure travelers, both domestic and international. Targeted promotions, visitor information and guest services, will enable Arlington to influence additional spending by travelers at local stores, restaurants, events and service providers. Support of long-term promotional funding, as well as public and private improvements to tourism infrastructure, will ensure Arlington’s continued competitiveness and access to tourism revenues that benefit residents and businesses alike.

Arlington visitors spent nearly $3.1 billion in 2015, generated nearly $86 million in local tax receipts, and supported nearly 26,000 businesses.
5. Maintain Strong Fiscal Health

Arlington must maintain a competitive tax rate that is affordable and predictable to both residents and businesses. This rate also must be sufficient to fund the essential support services and enriching amenities that make Arlington such a desirable community. Striking the right balance between these important considerations requires an understanding of the linkages between land use and fiscal well-being, with attention paid to evolving infrastructure demands and community needs.

GOAL THREE: Innovative Workforce

Arlington is an inclusive and technologically savvy community that attracts highly skilled and creative workers who fuel forward-thinking organizations, as well as valued service workers who support all facets of our economy.

“Aon any given month there are 2,000 to 2,500 Information Technology/Security jobs available in Arlington. Our local public workforce system partners are “skilling-up” our residents to meet this need. Together we are creating tomorrow’s workforce today.” — David Remick, Alexandria/Arlington Regional Workforce Council (@workcouncil)

A broad range of talented workers support Arlington’s diverse business base, including scientists and university professors, artists, health care workers, executives and customer service providers, to name a few. Maintaining Arlington’s appeal for this employee mix is crucial. Continued training, career-enhancing opportunities, and ease of access to opportunities through convenient housing and transit options for the local labor force are critical to maintaining and growing 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 academic 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 all residents should have the skills needed to connect with meaningful employment and advance their careers.

2. Ensure Creative Worker Housing Options

Even with Arlington’s high incomes, the high housing costs within the County 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 and offer a range of diverse housing alternatives to benefit from transit accessibility.
3. Promote Arlington’s Message Far and Wide
Arlington has earned an enviable position within the global marketplace as companies, investors and workers seek out Arlington as a place where they can be best positioned to succeed. As competition for these valuable assets increases, Arlington must continue to communicate its unique value propositions including its talented workforce, its small town charm with big city amenities and commitment to economic sustainability that make Arlington a unique and sought-after place to live, work and visit.

GOAL FOUR: Distinctive Place

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

Arlington is a destination community within the Washington, D.C. 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 character, 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 foster 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 feature 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. Arlington’s investment in 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. Support Artists and Innovators
A vibrant community fosters 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, employees and residents. 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.

5. 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 is also 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.

CONCLUSIONS AND NEXT STEPS

This strategic plan will 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 are designed to foster meaningful discussion that results in strategic policy guidance for addressing business issues and economic development initiatives in Arlington.

The EDC proposes that the Framework for Prosperity 2.0 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, develop effective strategies, programs and activities and enhance Arlington’s economic prosperity and desirability as a place to live, work and visit.