

3. Diverse Economy

Issues and Challenges

Montgomery County has a large, robust and competitive economy: well-paying jobs, a highly educated workforce, a world-class life sciences and biotechnology industry, and a number of major federal government agency headquarters plus many satellite agency locations. These qualities helped the county to weather past economic downturns better than other locales around the country. Even with strong fundamentals, however, the county faces many economic challenges and must not rest on its laurels if it wants to remain competitive through the 21st century. Slow job growth, limited new business formation, wage stagnation, rising economic and social inequality, a high cost of living and doing business, and increasing traffic congestion negatively affect economic activity. These issues are barriers for companies trying to innovate and grow within the county, and also deter global businesses from opening offices in the county.

The affordability challenges to businesses cross all sectors and business types. The county's small, local retail and service businesses sustain neighborhoods and enhance resident and worker quality of life. In certain parts of the county redevelopment of commercial centers near larger nonwhite populations are an economic opportunity but could also threaten displacement of small neighborhood businesses. Making sure these businesses can afford to operate and remain in Montgomery County—and that their workers can afford to live here—is necessary to continue the county's economic and social vibrancy.

Vision for a Diverse, Robust, and Equitable Economy

In 2050, Montgomery County's economy is robust, adaptable and resilient. These capabilities are propelled and sustained by a diverse base of industries and workers. This diversity enables the county to absorb and adjust to unpredictable technological, environmental and societal disruptions that inevitably emerge. This diverse economic base includes current strengths, such as biotechnology research and manufacturing, scientific and technical services, public administration, and corporate management, as well as new and emerging industries. Montgomery County is a leader in creating the technologies that drive the U.S. and global economy forward in uncertain times. Entrepreneurship and a diverse economy offer new opportunities for economic prosperity for residents, but workers must also be able to afford to live in the county for this prosperity to be realized.

A strong economic ecosystem requires connections between businesses, workers and related public and private support agencies. These connections are encouraged physically through bustling, walkable and transit-rich central business districts, as well as "virtually" through world-class communications technology infrastructure to link businesses to each other and to the rest of the world and to accommodate different working arrangements. Montgomery County plays a lead both.

role in creating and fostering such connections throughout the Baltimore-Washington, D.C., region because a strong and cooperative region is more innovative and grows more efficiently.

A Diverse Economy is a Resilient Economy

A strong economy is essential to achieving the vision of Montgomery County as a thriving, equitable and sustainable place. A more diversified economy is also more resilient and able to withstand economic disruptions and increasing competition. Fostering interaction between

established and potential innovators, and collaboration between the private sector, university researchers, and federal resources through easy access between employment centers will be critical. All these factors are appealing to firms and employees looking to start a business, expand, or relocate.

Diversity in size of businesses is also important to economic resilience. The county must continue to support small businesses by ensuring that they can afford to operate and that their workers can afford to live here. Montgomery County should create and implement targeted entrepreneurship and business retention programs to assist with development and permitting, loan applications and other issues and obstacles small businesses face, particularly minority-owned and mom and pop stores.

In the long term, equitable places are more prosperous places. Promoting the equitable distribution of prosperity within Montgomery County is consistent with county values and the recently passed [Racial Equity and Social Justice Act of 2019](#). It sets the stage for including all communities in sharing prosperity and employment growth. Increased levels of income equality and social cohesion are shown to predict longer and more sustainable growth spells for metropolitan regions in the United States.

Innovation and economic prosperity—like traffic and pollution—do not stop at county borders. Strong jurisdictions reinforce each other and create a strong region. While Washington, DC was historically the economic center, today we have a regional economy with multiple centers, including Tysons, Baltimore, Fort Meade, Bethesda, among others. Rather than competing with neighbors for large corporate investments, all jurisdictions in the Washington, D.C. region should make it a more equitable, affordable, livable, innovative and prosperous place by cooperating to solve problems and grow. Montgomery County will be a leader in this effort in the years to come.

While this section contains specific policies related to economic development, the entire Thrive Montgomery 2050 Plan is an economic development strategy. Achieving the other goals in the Plan will significantly increase the quality of life in the county, which will in turn create economic opportunities for residents and attract new residents and employers. It will also ensure that legacies of inequity are corrected, so that factors like race, ethnicity and geography will no longer impact the economic opportunity of individuals in the county.

Goals, Policies and Actions

Goal 3.1: Sustain a cutting-edge economy supported by private, public and nonprofit employers in multiple industries, local and federal government, and small business entrepreneurship. This diverse economic base helps the county be resilient and respond to changes in business cycles, enhances our competitive attractiveness to new employers, and provides a path for growth for workers of all skill levels.

Policy 3.1.1: Support the efforts of the county's economic development agencies to retain and grow existing businesses and attract new businesses.

Action 3.1.1.a: Conduct space and infrastructure assessments for industries and industry clusters targeted by economic development agencies as part of master plans and ensure that land use planning efforts address deficiencies.

Policy 3.1.2: Improve physical and technological infrastructure to support existing businesses

and attract new businesses. Study and keep current on emerging technologies such as networked urban sensors.

Policy 3.1.3. Make housing more affordable so that talented workers in all industries and occupations can afford and choose to live in Montgomery County.

Policy 3.1.4. Emphasize and reinforce a welcoming and inclusive culture and highlight this quality in communications and marketing material so that people and organizations from around the nation and the world find the county a welcoming place to relocate.

Goal 3.2: Grow vibrant employment centers that are attractive as headquarters locations for large, multinational corporations; major regional businesses; federal agencies; and small and locally owned businesses. These centers are accessible by multiple modes of transportation, balance a mix of commercial and residential uses and amenities, have a distinctive look and feel through high-quality design, and include attractive and active parks and open spaces.

Policy 3.2.1: Encourage high densities, a compact form of development, a diverse range of activities and urban amenities in existing and emerging commercial districts located near transit to increase economic competitiveness.

Action 3.2.1.a: Study the potential of progressive property tax structures such as a land value capture to encourage dense development of existing commercial centers and to discourage vacant and underutilized properties.

Action 3.2.1.b: Study the long-term fiscal benefits of compact development to holistically view and evaluate potential up-front costs of densification.

Action 3.2.1.c: Study the potential to establish urban innovation districts. Offer financial and regulatory support to organizations engaged in innovative building, infrastructure, and social initiatives in areas such as sustainable building construction (e.g., net-zero and net-negative buildings), green infrastructure, smart electric grids and state-of-the-art affordable housing.

Policy 3.2.2: Improve transportation connections between existing commercial and employment centers and transit hubs to connect Montgomery County businesses to workers and the rest of the region, nation and world.

Action 3.2.2.a: Establish a one-seat transit service from major employment centers to at least one of the three international airports in the region (Baltimore-Washington International, Dulles International, or Reagan National Airport).

Action 3.2.2.b: Expand non-auto transportation options between and within the county's major employment centers such as Bethesda, the National Institutes of Health/Walter Reed campus, Silver Spring, Rockville and the Great Seneca Science Corridor.

Policy 3.2.3: Preserve and expand minority-owned small businesses, and international¹³ and neighborhood retail. Enhance efforts to understand and address barriers to business ownership and expansion of these types of businesses.

Goal 3.3.: Increase the number of well-paying jobs for all education and skill levels. Encourage the expansion of job training and other professional

development opportunities to encourage economic mobility.

Policy 3.3.1: Prioritize job access and job generation in land use planning, including development review processes, master planning and functional plans.

Action 3.3.1.a: Update the master planning process to include the development of employment objectives and assess the employment impacts of plan scenarios.

Action 3.3.1.b: Complete an Employment Growth and Access Functional Plan to determine if and where land use policies limit growth of and access to a variety of job types. Recommend strategies for addressing these limits.

Policy 3.3.2: Reinforce county policies and investments that improve long-term and equitable employment outcomes in coordination with public schools, workforce development, Montgomery College and other agencies.

Action 3.3.2.a: Conduct an Economic Equity Study to determine baseline levels of and barriers to employment equity for people of color, people with disabilities, immigrants, people for whom English is not a primary language, and LGBTQ people. Set measurable targets and timelines to increase inclusion and equity.

Action 3.3.2.b: Develop an inclusive employment and innovation strategy that identifies occupations in competitive and emerging industries that do not require a bachelor's degree such as pharmaceutical manufacturing technicians or biotechnology laboratory technicians. Align training, mentorship and real estate considerations to expand these opportunities in the county.

Goal 3.4: Preserve land for Production, Distribution, and Repair (PDR) activities that provide well-paying jobs to those without advanced degrees, provide essential goods and services, and propel economic competitiveness for the county.

Policy 3.4.1: Determine whether existing regulations and policies support current and emerging Montgomery County PDR businesses that fit criteria listed in this goal, and design new regulations where necessary.

Action 3.4.1.a: Create a countywide freight plan in partnership with MCDOT to ensure the efficient movement of goods over road, rail, and water while eliminating environmental and equity impacts associated with freight logistics.

Action 3.4.1.b: Develop an urban logistics strategy to ensure that the increasing volume of e-commerce-related deliveries are accommodated without disrupting quality of life.

Action 3.4.1.c: Conduct a refined study of types and locations of space needed by PDR businesses to help the county make informed decisions about redevelopment and ensure adequate industrial land for the modern economy.

Goal 3.5: Lead nationally in innovation and entrepreneurship, building on existing assets and enhancing job and business growth for industries in which Montgomery County has a competitive advantage

Policy 3.5.1: Strengthen the county's innovation and entrepreneurship ecosystem.

Action 3.5.1.a: Conduct a Regional Innovation Capacity and Connectivity study to identify innovation assets in the region such as federal, private, and university research labs; assess the type and quantity of innovations they produce; assess their physical proximity and accessibility to one another; and compare these factors to peer regions.

Policy 3.5.2: Strengthen partnerships between existing federal agencies with a Montgomery County presence and county businesses to promote innovation, entrepreneurship and growth.

Action 3.5.2.a: Advocate for the restructuring of federal technology transfer policies to better facilitate new entrepreneurial spinoffs from federal labs in the county.

Action 3.5.2.b: Develop and promote a guide on federal procurement processes and support opportunities for Montgomery County businesses.

Policy 3.5.3: Build connections between the private sector, the community, and higher education and research organizations, including the University of Maryland's flagship campus in Prince George's County, to enhance the innovation economy.

Action 3.5.3.a: Consider establishing or recruiting a major non-federal research institute or branch campus to expand research, innovation and entrepreneurship capacity in the county.

Action 3.5.3.b: Encourage and facilitate the physical integration of higher education campuses such as Montgomery College and the Universities at Shady Grove into their urban surroundings.

Goal 3.6: Identify and remove regulatory and other barriers to encourage real estate development and business establishment and expansion.

Policy 3.6.1: Continue to improve interagency collaboration to streamline review of development projects.

Policy 3.6.2: Encourage infill development by making the development processes accessible to smaller or newer developers that want to take advantage of a diverse range of development opportunities such as Missing Middle Housing development.

Policy 3.6.3: Continue to use innovative technology to improve the development process internally and for the public, including routinely evaluating existing development review software and updating to suit requirements and processes.

Goal 3.7: Play a prominent role in creating a culture of regionalism and in making the Baltimore-Washington region a global leader in economic innovation and sustainable development practices.

Policy 3.7.1: Work with municipalities across the region to promote regional cooperation in economic development.

Action 3.7.1.a: Develop a Regional Growth and Convergence Plan to chart a path and set targets for cooperative growth of the combined Baltimore-Washington region.

Action 3.7.1.b: Study development regulations of neighboring municipalities to identify

opportunities to increase consistency, predictability and costs across Washington, D.C., and its core suburbs to promote fair competition for business.

Action 3.7.1.c: Add rail and/or BRT connections to key regional business hubs outside of Montgomery County including Tysons and Arlington in Virginia, and Frederick, Columbia and Downtown Baltimore in Maryland.

Policy 3.7.2: Consider regional impacts of major land use decisions and infrastructure investments.