



NOVEMBER 2020

PLANNING FOR A  
POST-PANDEMIC ERA

# AN ECONOMIC ROADMAP TO RECOVERY & LONG-TERM SUCCESS

**PREPARED BY:**

MONTGOMERY  
COUNTY ECONOMIC  
ADVISORY GROUP

# NOVEMBER 2020:

## SITUATION ANALYSIS

Montgomery County's leadership position in life and regulatory sciences provides an enormous opportunity to showcase its unique assets in these areas. As the home to a range of companies and federal agencies working on COVID-19 vaccines and other related research and development, the County is exceptionally positioned to be a national asset at a defining moment in history.

To be clear, there are definite opportunities for growth in these sectors, especially as the nation faces a public health crisis. But there is also the ability to leverage this period of rebuilding to address other existing, protracted challenges and to position Montgomery County as an innovation hub with sustainable growth.

Specifically, the County has long faced a tax base issue and slow growth in its business sector. Some of the concerns related to business activity are due to misperception, but there are also some realities that have only been exacerbated

by the pandemic and the economic downturn that accompany it. Recent research indicates that that Montgomery County is less of a destination for the mid-20s to mid-40s demographic. Among those in this key cohort who remain interested in moving here, their income, net worth, home ownership and educational attainment are markedly lower as compared to much of the rest of the region and compared to past trends. COVID-19 has only served to worsen existing economic trends, compounding challenges along socio-economic boundaries.

The Montgomery County Economic Advisory Group (EAG) has focused on identifying short- and long-term actions to address these challenges and realize future opportunities to grow the tax base to support critically important social and educational programs for its citizens, not merely to recover from COVID-related economic damage, but also to set the stage to build a stronger, more resilient and diverse economy than before.

## MONTGOMERY COUNTY ECONOMIC ADVISORY GROUP

### Chair: Doug Firstenberg, Stonebridge

- Randy Altschuler, Xometry
- Tope Fajingbesi Balogun, Dodo Farm
- Sameer Bhargava, Clark Construction
- Marla Bilonick, Latino Economic Development Center
- Chris Bruch, The Donohoe Companies
- Robert Butz, Windridge Vineyards
- Kenneth Cook, Revere Bank
- Travis Cutler, Marriott
- Thomas Deyo, Montgomery County Green Bank
- Mark Doyle, Holy Cross Hospital
- Mark Drury, Shapiro & Duncan
- Terry Forde, Adventist Healthcare
- Janice Freeman, African American Chamber of Commerce of Montgomery County
- Jeff Galvin, American Gene Technologies
- Angela Graham, Quality Biological
- Jackie Greenbaum, Quarry House
- Peter Henry, HIP Projects
- Cecilia Hodges, M&T Bank
- David Kessler, CohnReznick
- Omar Lazo, Los Chorros
- Haroon Mokhtarzada, Truebill
- James G. Muir, III, Hughes Network Systems
- Markus Larsson, Life Assets
- Ron Piervincenzi, United States Pharmacopeia (USP)
- Adam Roberts, Bethesda Green
- Jigar Shah, Generate Capital
- Michael Shuman, Institute for Global Communications
- Thomas Senker, MedStar Montgomery Medical Center
- Dan Simons, Founding Farmers
- Dipak Thakker, Stellar IT Solutions
- Colin Thorp, CloudBolt
- Greg Wims, Bold Concepts
- Bing Yao, Viela Bio

### Elected Representatives:

- Marc Elrich, Montgomery County Executive
- Sidney Katz, County Council President
- Andrew Friedson, County Council Member

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# THE VISION: AN ACTION PLAN

The EAG will “set the table” for a long-term strategy for Montgomery County’s economic development future by establishing key objectives that demonstrate the County’s commitment to its evolution while delivering immediate value to business through a series of near term action items. These actions will be supported by public-private cooperation, and will be immediately impactful, laying the groundwork for longer-term growth and prosperity.

The County should embrace and expand the competitive advantages offered through its national leadership in the life and regulatory sciences arenas. The presence of National Institutes of Health (NIH), Federal Drug Administration (FDA) and National Institute of Standards and Technology (NIST) in the County, combined

with one of the largest private-sector life sciences concentration, create an unparalleled value proposition for increasing post-pandemic investment and incentivizing new business investment and relocation from outside the County. With the County’s existing assets and building on strong partnerships, it is well positioned to grow its role in the life and regulatory sciences arenas and also be a leader in healthcare technology and the application of artificial intelligence and quantum computing on business operations.

Montgomery County must also fortify its position as the national leader in the hospitality industry. As one of the hardest-hit casualties of the coronavirus pandemic, it is critical that a supportive and talent-rich business environment helps this sector return and expand post-crisis.

## KEY OBJECTIVES

The EAG has focused on four key objectives as the foundation for this long-term strategic effort:

- 📍 **Developing and retaining a skilled talent pipeline** for businesses, including offering retraining opportunities;
- 📍 **Reimagining economic development to compete in the future** through improved governmental processes that support business growth and expansion, development and transportation infrastructure growth and expanding housing at all income levels;
- 📍 Addressing **awareness of, access to and availability of capital** to help existing enterprises succeed and attract new business investment; and
- 📍 **Supporting key industry sectors** that are critical to the County’s economy and quality of life, including restaurants, entertainment and hospitality.





# OBJECTIVE 1

## **REINVENTING AND EXPANDING THE TALENT PIPELINE TO SUPPORT SHIFTING & GROWING INDUSTRIES**

**State of Play:** The County's growth industries - life and regulatory sciences and healthcare - have a tremendous need for more talent at all levels. Montgomery County is home to numerous educational institutions/systems that can serve as incubators for development, offering seamless training in key, targeted business and economic sectors. This starts with County-based institutions—Montgomery County Public Schools, Montgomery College and The Universities at Shady Grove—forming a solid foundation with the strength of University of Maryland College Park, University of Maryland Baltimore County and University of Maryland Baltimore providing nearby post-graduate and research value. Combining these educational assets with organizations like WorkSource Montgomery and the Montgomery County Economic Development Corporation (MCEDC), as well as private industry, will be critical to bridging short-term issues and creating a long-term talent pipeline.

In Maryland, the biotech sector is thriving due to increased demand for development of rapid SARS-CoV-2 testing capabilities as well as therapeutics and vaccines. Cell-based therapies are a core strength of Maryland's biotech community. Companies have increased capacity to perform more PCR-based SARS-CoV-2 tests with some now running 24/7 test processing operations. Other companies are focused on vaccine efforts and will begin to ramp up production for late-phase clinical trials and post-FDA approval distribution.

In addition to these specific life and regulatory sciences, maintaining and growing the County's talent pipeline in the areas of artificial intelligence, quantum computing and both healthcare and hospitality technology are tremendous opportunities for the future of the County.

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## **1/ NEAR-TERM ACTION: REINVENTING & EXPANDING THE TALENT PIPELINE**

Leverage these educational assets to create and fund programs to retrain and retain the employee base impacted by the pandemic and attract additional external talent to meet near-term needs in life and regulatory sciences and health care. It is important to expand the pool of talent as opposed to continuing to have existing workers move between companies. These programs might also serve to retain employees displaced by the COVID-19 pandemic.

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### **RETRAIN TO RETAIN**

Montgomery County companies are seeking talent to fill increasing numbers of positions at various employment levels. They will work in partnership to help define training needs and provide opportunities for course graduates to interview for job openings.

In partnership with Montgomery College and The Universities at Shady Grove, immediate programs will be created to retrain displaced workers and incentivize them to remain in the County. The boot camp format will be 4 hours per day, Monday-Friday.

### **MONTGOMERY COLLEGE BIO BOOTCAMP PILOT PROGRAM**

As part of a strategy to create quick-start retraining opportunities, a pilot four-week “boot camp” module will be offered with engagement from private-sector employers in the bio manufacturing sector to provide successful graduates with new employment. This program is slated for January 2021 and will target workers displaced due to COVID.

### **THE UNIVERSITIES AT SHADY GROVE (USG) PILOT TRAINING PROGRAM**

In partnership with University of Maryland - Baltimore County, USG will offer a pilot four-week boot camp to be held in the lab facilities in the recently opened Biomedical, Sciences and Engineering (BSE) building on the Universities at Shady Grove Campus. This program is slated for the spring semester 2021 and will target displaced workers with a science background who need more job-ready, hands-on training. With the pandemic displacing many workers with transferable skills (IT, finance, accounting, procurement), there is also an opportunity to funnel some of these workers into retraining programs to help fill critical roles as well as attract new skilled talent.

### **MATCHMAKING PLATFORM TO PROMOTE RETRAINING OPPORTUNITIES IN NEW INDUSTRIES**

As part of the ongoing effort to make sure business has the talent it needs, the EAG recommends the expansion of an online platform, in partnership with the private sector, that can act as a matchmaker not just for jobs, but also for retraining opportunities. Work with companies that are furloughing or laying off employees to promote the platform as part of exit interviews and employment pathways.



## **RETRAIN TO RETAIN**



### **CONSOLIDATION OF EDUCATIONAL ADVISORY BOARDS TO STREAMLINE PRIVATE SECTOR PARTICIPATION**

Montgomery County's private sector community is invested in the economic health of the community and has been active in working with governmental and educational institutions, serving on many boards and advisory groups. The EAG proposes that this brain trust be consolidated around the issue of talent recruitment and retention to direct intellectual resources more efficiently, limit overlap and create alignment. This group can be instrumental in bringing industries to the table to scale the pilot programs and other innovative educational programs to meet the needs of business.

### **CREATION OF POSTGRADUATE RESEARCH CENTER AT WHITE FLINT**

Housing a "Center for Life and Regulatory Science Excellence" to harness the power of the federal agencies in the County—NIH, FDA, NIST and others—to build capacity and provide knowledge-sharing opportunities to bring a truly unique asset to Montgomery County. With the potential for a regulatory science training curriculum, the program could serve as an international beacon in this arena, offering an opportunity to train professionals for both private-sector pharmaceutical and biotech companies, as well as federal agencies in the region. In addition, the center could champion the issue of healthcare disparities, with a focus on diseases that impact minority populations. The combination of Centers for Medicare & Medicaid Services (CMS), FDA and NIH and private industry should create a powerhouse of financial and intellectual resources to substantially improve outcomes in this critical area. Locating this center with the expansion of our educational assets to house postgraduate research in a new state-of-the-art facility at White Flint would provide an anchor to drive life and regulatory sciences investment in this area approved and positioned for substantial growth. Further, this would offer a seamless path of educational opportunity and a talent training pipeline from MCPS to Montgomery College or USC as a feeder pattern to this new program and facility.



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## OBJECTIVE 2

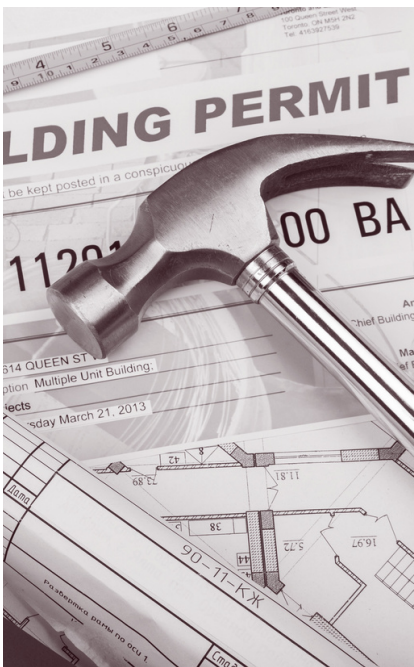
### **SUPPORTING ECONOMIC DEVELOPMENT AND IMPROVING SPEED TO MARKET IN MONTGOMERY COUNTY**

**State of Play:** Montgomery County is perceived to be slow in approving new projects and a place where it is hard to start new businesses. The combination of a unique approval structure for real estate projects including an independent planning function and a separate County permitting process has created inefficiencies and frustration. The EAG recommends short-term solutions that lay the foundation for change and send a message that the County is ready to efficiently meet the demand of economic expansion with minimal red tape. The significant shortening and streamlining of development approvals is necessary and it will be important to promote accomplishments, changes and initiatives to reshape the existing image and breed continued success. In addition, for the County to be competitive in the new economic development world, it must be positioned to ensure that capital investments can and will be made. Ultimately, the County needs to be faster, simpler, and more predictable in getting projects to market—both for private sector and public sector investments.

## 2/ NEAR-TERM ACTION: SUPPORTING ECONOMIC DEVELOPMENT AND IMPROVING SPEED TO MARKET IN MONTGOMERY COUNTY

### STREAMLINING PROCESSES:

Develop a more streamlined process for the approval of development projects that will shorten timelines and create concurrent (rather than sequential) reviews that respect and encourage community participation.



### PLANNING & PERMITTING WORK GROUP

Immediately create a Planning/ Permitting Work Group to identify the technical actions with a corresponding timeline that need to be implemented to reduce the planning/permitting process by one year and deliver more predictability by:

- Providing development project applicants with the option to combine, in some fashion, an amalgamation of sketch, preliminary and site plan applications and reviews;
- Improving inter-agency cooperation to provide an unparalleled level of coordination, first and foremost among County agencies and then branching out to encompass State entities and public utilities. Efforts will range from a new jointly funded Planning/Permitting Project Review Coordinator to additional case management services to single agency condition letters.
- Condensing the post-planning approval process by allowing for simultaneous and joint processing of required technical documents and better use of available technology, among other activities.

### ENACT CHANGES TO THE SUB-DIVISION STAGING POLICY

The new Sub-division Staging Policy should eliminate the housing moratorium.



## 2/ LONG-TERM ACTION: SUPPORTING ECONOMIC DEVELOPMENT AND IMPROVING SPEED TO MARKET IN MONTGOMERY COUNTY

### ATTRACTING INVESTMENT

The world of economic development is changing from incentives to investment. Companies want to know that local jurisdictions will invest to improve their communities and work environments. One of the strongest ways to demonstrate this commitment is to have a dedicated funding source.

Housing inventory for all income levels will also be needed to support, grow, recruit and retain an exceptional talent base.



### CREATION OF A DEDICATED COUNTY INFRASTRUCTURE FUND

This dedicated funding stream with a commitment to transportation and development infrastructure would be created from existing funding with more money being allocated as the County recovers and grows. The focus would be on expanding the County's infrastructure as well as achieving and maintaining a state of good repair.

### CHANGE IMPACT TAXES

The boldest and most productive change would be to replace Impact Taxes (taxes on developers related to new building/construction) with a "development district" concept, which would allow infrastructure investment to be funded by special levies specifically on the districts benefitting from the improvements as opposed to increasing costs for those looking to build, which historically in the County are not dedicated to capital projects in the areas impacted by the construction projects funding the impact taxes. This would provide a revenue source for the County to finance improvements with bonds, leading to the completion of more projects. While the development district concept is being created, we propose a short-term recommendation to defer developer Impact Fee payments from the current time period of issuance of a building permit (six months for residential and 12 months for commercial) until prior to issuance of the occupancy certificates for the project. This would help spur development in this challenging period with little to no impact on the County's budget.

### HOUSING PRODUCTION AT ALL LEVELS

A reinvented talent pipeline to meet workforce demand will require infrastructure, commerce and, in particular, housing. County population increases over the next two decades will require the creation of more than 60,000 new housing units by 2040. According to the recent Montgomery County Housing Needs Assessment, "MoCo is likely producing less housing than what is suggested by the employment-driven housing demand forecasts."



## HOUSING PRODUCTION AT ALL LEVELS (CONT.)

The report goes on to say that over the 2020 to 2040 period, these forecasts suggest that Montgomery County will need to add the following types of housing units to accommodate the forecasted households:

	2020 to 2025	2025 to 2030	2030 to 2035	2035 to 2040	2020 to 2040
Single-Family Owner	13.9%	13.4%	13.5%	13.2%	13.5%
Multifamily Owner	27.5%	27.4%	27.4%	27.2%	27.4%
Single-Family Renter	4.4%	4.4%	4.4%	4.5%	4.4%
Multifamily Renter	54.2%	54.9%	54.8%	55.2%	54.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\*Montgomery County Housing Needs Assessment, July 2020. Montgomery County Planning Department

### *High/low-income trend*

Interestingly, about half of new households are expected to have polar income disparities, with predictions that about 26% of total new households will earn between \$25,000 and \$49,999 and about 24% earning \$125,000 or more. Median household incomes have also been trending up for smaller households, while falling or remaining stagnant for larger households.

These trends and forecasts point to the need for the creation of housing stock at all levels. Further, this growth will increase the need to focus on expanding the County's existing affordable housing programs—from deeply affordable income levels to workforce housing. Additional housing demand will increase the tax base which, in turn, will help support this growth.

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# OBJECTIVE 3

## ADDRESSING ACCESS AND AVAILABILITY OF CAPITAL



**State of Play:** Although economic growth in Montgomery County has been relatively flat, it is still in a strong position to offer support to its business community. There is a need to better define access to capital for County businesses so that small companies, in particular, are able to acquire and use it to help stay afloat during the pandemic and return to profitability in the future. Montgomery County's best calling card for attracting more business is developing a reputation for supporting existing local business.

**MONTGOMERY COUNTY'S  
BEST CALLING CARD FOR  
ATTRACTING NEW BUSINESS  
IS DEVELOPING A  
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SUPPORTING EXISTING  
LOCAL BUSINESS.**

### 3/ NEAR-TERM ACTION: ADDRESSING ACCESS AND AVAILABILITY OF CAPITAL

## ECONOMIC DEVELOPMENT WORKING GROUP

A working group composed of economic development officials and financial services experts has been convened to lead the creation of initiatives based on the following principles to communicate existing opportunities for access to capital:

**Awareness**-promoting available tools

**Education**-training to access available services

**Connection**-providing technical assistance to those in need

## CREATE A PLATFORM TO HELP BUSINESS NAVIGATE FUNDING OPPORTUNITES

Create a platform staffed by caseworkers to offer businesses hands-on technical assistance and virtual tutorials to help navigate the complex capital raising process. The program's initial phase will include advice from private sector subject matter experts who will consult directly with County-based companies to provide webinars explaining various aspects of capital formation. Initial private sector commitments from EAG members to support this effort include Cohn Reznick, Sandy Spring Bank and M&T Bank. Others are welcome and encouraged to join this team. The experience gained from this near-term effort will support the creation of a long-term sustainable program to help County-based companies access capital to start and/or grow their businesses.

To further enhance capital availability, this new center could work on mobilizing investments - grassroots and institutional - in local businesses. This effort could include creating tools to educate investors about how to invest in local businesses as well as providing connections from investors to the businesses.

### 3/ LONG-TERM ACTION: ADDRESSING ACCESS AND AVAILABILITY OF CAPITAL

## TELLING THE STORY OF A THRIVING COMMUNITY

In addition to near-term proposals, the EAG recognizes the need to for a strategic effort to tell the story of a thriving community ripe for investment. This narrative can be supported through the following tactics:

- Develop new metrics and indicators to show local business success (e.g., the survival rate of new local enterprises).
- Identify, celebrate, and spread success stories of local businesses with high social performance (as measured through, for example, the B-Corp Assessment) which will encourage further investment in County businesses.
- Deploy advanced communications systems to increase ongoing contact between every local business, investors and MCEDC.
- Annually review the capital needs of local and smaller businesses to ensure current issues are addressed and opportunities are realized through the creation of an advisory panel of such businesses and investors.





## OBJECTIVE 4

### **SUPPORTING KEY QUALITY-OF-LIFE INDUSTRY COMPONENTS: RESTAURANTS, ENTERTAINMENT & HOSPITALITY**

**Immediate Tax Relief**-The most supportive way to help keep these cornerstone industries in business is to provide them immediate relief from certain taxes. The EAG recognizes the need to balance tax relief with increasing budget pressures, but we recommend prioritizing assistance to these critically important and impaired industries. There are two tax relief programs that would reduce potentially fatal pressure, especially as the difficult winter arrives:

- Immediate personal property tax relief for targeted small and significantly impacted industries.
- Fiscal Year 2021 real estate tax deferral for the second payment (due by December 31, 2020) for all restaurants, entertainment and hotel properties.

**Red Tape Reduction Strategy**-Provide a single source for code/business regulation modifications to help COVID-19-affected businesses focus on their core competencies with minimal bureaucratic complexity.

**Winterization grant program**-Ensure the continuity of this initiative to help businesses operate through the winter—tents, heat lamps, etc.—and provide e-commerce support.

**Thought leadership assistance for small businesses**- Implement the Business Advancement Center to serve as a best practices clearinghouse to help small businesses address COVID-related operational issues. Seek commitments from retail landlords and others to provide subject-matter experts to assist through the winter.

**Funding stream to support hospitality reopening**-Increase a portion of lodging tax dedicated to VisitMontgomery from 7% to 14% (to be clear this is not an increase in the lodging tax but an increase the share of the existing lodging taxes that would be allocated to VisitMontgomery) with a two-year guaranteed annual floor of \$2MM to facilitate bulk “re-opening” ad spend.



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# CONCLUSION



Central to overcoming the pandemic's immediate impact and then leveraging this effort as a foundation for long-term growth is empowering Montgomery County's existing institutions and industries. It is much more efficient--in terms of cost and timing--to save and fortify current businesses than to create new ones from the ground up. Most important, it is essential to help our existing businesses in these challenging times. Further, the pandemic has had, and continues to have, a disproportionate impact on minorities both medically and economically. The County has a responsibility to address this reality and focus assistance to help those most impacted.

**MONTGOMERY COUNTY WILL CONTRIBUTE TO OVERCOMING AND BUILDING BEYOND THE PANDEMIC ON THE INTELLECTUAL AND ECONOMIC STRENGTH OF OUR HISTORIC INSTITUTIONS AND COMMERCIAL INDUSTRIES.**

Montgomery County will contribute to overcoming and building beyond the pandemic on the intellectual and economic strength of our historic institutions and commercial Industries. As concerning as the current crisis is, it also presents a generational opportunity to capitalize on the County's global leadership position in life sciences and regulatory sciences. The EAG believes this is an opportunity to transform our challenged economic base and slow business growth into an environment that can not only help with the COVID-related carnage, but set the foundation to build a strong, resilient and diverse economic base that will benefit all County residents - both today and for generations to come.

The EAG's goal is to serve as a transformational springboard. The near-term recommended actions should be implemented immediately, and the long-term goals should serve as a foundation to create a transformative economic development strategy to realize the full potential of the County and its assets.

Specifically, the EAG further recommends that:

- The County and its various partners (i.e., M-NCPPC, MCEDC, WorkSource Montgomery, Montgomery College, USG, etc.) continue commitments to this process to help transform the County for recovery and long-term growth and success.
- Development of timelines and checklists for recommended near- and long-term actions, including the assignment of primary responsibility for the achievement of each action. Build on vehicles such as the County Council's Economic Development Platform to gauge impact and progress.
- The MCEDC spearhead the creation of a new, innovative and bold long-term economic development strategy for the County.

The EAG strongly believes that there is an opportunity for the County to build short-term momentum while laying a foundation for long-term prosperity. The group has agreed to continue its work helping the County move forward and will meet again in 90 days to assess progress to ensure the County's path will lead to sustained success.