



HCEDA Strategic Plan 2024-26: A Brand New Day

PREPARED BY SAGE POLICY GROUP, INC.
ON BEHALF OF HOWARD COUNTY ECONOMIC DEVELOPMENT AUTHORITY (HCEDA)

July 2023





Executive Summary

The Howard County Economic Development Authority (HCEA) commissioned Sage Policy Group, Inc. (Sage) to evaluate and update the strategies and findings put forth in their 2017 strategic plan. To develop this updated strategic plan, which covers 2024 to 2026, Sage collected and analyzed local and national data, reviewed trends and developments in other communities and regions, and collected community feedback from key stakeholders regarding conditions in Howard County.

Note that the 2017 plan serves as a solid foundation, consistent with long-standing economic development best-practices and based on upon market conditions at that time, on which to build future strategic planning efforts. This updated strategic plan does not redefine strategies established by authors of that previous iteration but rather evaluates them to determine the extent to which modifications are merited.

Howard County's economy has changed significantly in the three years since the COVID-19 pandemic began, and those changes reflect the proliferation of remote work and other behavioral changes initiated by the pandemic as well as the rate of recovery from the COVID-19 recession. Compared to February 2020, resident employment remains down by more than 10,000 positions while the county's labor force is 6.4 percent smaller.

Despite this slow recovery, Howard County remains a sought after place to live and work that is highly regarded by its residents. When asked to rate quality of life in Howard County on a scale of 1-10, every respondent to a survey conducted for this strategic plan update rated quality of life as an 8 or above (more than half rated it 9 or above). Stakeholders also hold the county's inclusivity, business climate, and public service resources in high regard. Areas where stakeholders felt the county could improve include affordable housing, cost of living, public transportation, school capacity, and aiding underserved populations.

KEY ANALYTICAL FINDINGS

HOWARD COUNTY HAS A STRONG AND DIVERSE BUSINESS BASE

Howard County retains a strong and diverse business base, with high employment concentrations in professional, scientific, and technical services, wholesale trade, and construction. These industries offer employment opportunities that cater to diverse educational backgrounds. The County also has a high proportion of small businesses (5-50 employees) and boasts a higher share of minority owned employer firms than the remainder of the state.



THE GAP IN TRANSIT CONNECTIVITY REMAINS

HCEDA's 2017 strategic plan concluded that Howard County is not well connected by transit to key regional job centers and that limited plans and a shortage of funding exist to address this gap. That connectivity gap persists. In part, this contributes to elevated cross-county flows of workers, which in turn contributes to gridlock and creates sub-optimal environmental outcomes.

MOVEMENT AWAY FROM DENSE URBAN CORES

The 2017 HCEDA strategic plan found that “dense urban cores are once again magnets for talent and firms.” COVID-19 brought a reversal to that trend during its peak (2020-2021), with remote work allowing talent to move across the country. While this trend has reverted back toward the pre-pandemic norm, remote work will remain pervasive. This represents an opportunity for Howard County to attract talent.

SHIFT FROM GLOBAL TO LOCAL

While globalization is still an economic reality, there has been a shift in focus towards localization in certain sectors, especially with regards to manufacturing. For economic development agencies, this increases the importance of supporting workforce development and recruitment efforts related to manufacturing.

NONRESIDENTIAL REAL ESTATE'S ALTERED CIRCUMSTANCES

The demand for industrial space in Howard County increased during the pandemic, and the demand for retail space held up surprisingly well. The office segment languished, however, and despite a dearth of new construction, the office vacancy rate across the county increased from 10.4 percent at the end of 2019 to 14.4 percent during the first quarter of 2023. As lease renewals continue to transpire, there will be upward pressure on office vacancy rates for years to come. Not coincidentally, leasing activity has declined in recent quarters. During 2023's initial quarter, Howard County experienced the fewest square feet leased since at least the start of 2018.

ARTIFICIAL INTELLIGENCE HAS POTENTIALLY DISLOCATING WORKFORCE EFFECTS

Rapid advancements in Artificial Intelligence (AI) have the potential to revolutionize industries, create new economic opportunities, and disrupt traditional employment markets. At this time, it is impossible to project exactly how this will alter the economic landscape. This updated strategic plan covers 2024 to 2026, and it seems unlikely, though not impossible, that AI will significantly disrupt Howard County's economy over that span.

GROWING IMPERATIVE FOR INCLUSIVE GROWTH

Given the increased demand for broadly shared growth, this updated strategic plan identifies indicators related to the labor market, income, wealth, and business environment that can be tracked to monitor the county's level of inclusivity.



A CONTEMPORARY, COMPELLING RESPONSE

This report evaluates the strategies presented in HCEDA’s 2017 plan, discusses how they should be altered in the context of an economy that has been fundamentally changed by the COVID-19 pandemic, and provides two additional strategies.

STRATEGY: DEDICATE ADDITIONAL RESOURCES FOR SPECIAL PROJECTS

Given the rapidity with which economic conditions are changing, Sage suggests that a higher share of budget and capacity be set aside for special projects. There are many issues that have emerged in recent years, including cybersecurity challenges, qualifying for the Paycheck Protection Program, or contending with workforce shortages. The future is likely to bring with it many rapid fluctuations in business fortunes, and there should be at any given moment a reserve of capacity, expertise, and learning curve adroitness that can be brought to bear in order to offer local enterprises technical support and guidance.

STRATEGY: PRIORITIZE RESEARCH AND MESSAGING

The strategy and tactics outlined in the 2017 report remain valid. However, HCEDA must emerge as more of a go-to source for local business intelligence. Specific actions to be taken include revamping the HCEDA.org data page, monitoring economic disruptors like AI or remote work, and collaborating with other Howard County entities.

STRATEGY: CONTINUED ROBUST BRE AND LIMITED BUSINESS ATTRACTION EFFORTS

While BRE should remain a core focus of HCEDA, resources should be prioritized for business with an in-person presence (as opposed to remote work) and those operating in the manufacturing, distribution, and logistics segments. In situations where downsizing proves inevitable, HCEDA should support efforts to find smaller spaces within Howard County. Business attraction efforts should be limited to high-potential opportunities.

STRATEGY: UNLEASH INNOVATION POTENTIAL

Efforts along the dimensions of promoting innovation have thus far proved fruitful, and HCEDA should continue to robustly support the dynamic status quo. Support for the Maryland Innovation Center should be expanded as resources permit. HCEDA should also continue to support and influence the Columbia Gateway Innovation District, steering the planning process toward the development of a district that prioritizes a dense, mixed use environment conducive to the attraction and retention of innovative firms.



NEW STRATEGY: MONITOR ECONOMIC DISRUPTIONS

Economic disruptions, like AI, the proliferation of remote work, and structural worker shortages, have the potential to fundamentally alter industries and workplace dynamics. Because many of these potentially disruptive phenomena are in their relative infancy, the breadth of economic impact is yet to be fully understood (understatement).

Accordingly, it is critical that HCEA closely monitor emerging economic disruptors in the local economy and maintain a framework designed to tailor responses as opportunities and threats emerge. That framework must be designed with flexibility—given uncertainty—and should broadly include: 1) dedicating resources to monitoring disruptions through research and communication with business leaders, 2) influencing the development of a workforce development strategy, if necessary, and 3) providing targeted support to business that may be affected by these disruptions.

NEW STRATEGY: ALIGN HCEA ACTIVITIES WITH HOWARD COUNTY'S GENERAL PLAN

This update to HCEA's strategic plan coincides with the imminent update of Howard County's General Plan (HoCo By Design). In each policy area, the General Plan outlines policy statements and implementing actions. For each implementing action, the General Plan identifies a lead agency and supporting agencies. HCEA is identified as the lead agency for implementing and completing a few actions, primarily in the area of economic prosperity.

In light of these responsibilities, HCEA should review the general plan with an eye toward specific implementation actions and determine how those actions can be integrated into existing HCEA operations. Furthermore, HCEA should undertake an institutional mapping exercise to identify agencies in the county with complementary or overlapping efforts and coordinate to reduce redundancy.

AN ADDITIONAL LAYER: INFLUENCE AND SUPPORT KEY COUNTY INITIATIVES

Various reports continue to indicate that Maryland is home to one of the nation's least competitive business environments. Accordingly, HCEA should extend its influence beyond its core activities in order to speak to issues such as housing policy (critical to labor force formation and growth), placemaking, public safety, tax rates, workforce development and education. The goal is to be a voice for the entrepreneurial community. While much of influence should be focused on the county seat, there is likely some room for advocacy in the state capital as well.

The 2017 strategic plan identified placemaking, workforce, transit, and quality of life as areas of influencing and support for HCEA. This plan provides adjusted guidance in the form of three areas upon which influence and support should be directed: placemaking, transit, and adaptive reuse of office space. Notably, all four of the previously identified areas are covered either below or in the strategies identified above.



PLACEMAKING

Placemaking has taken on even greater importance in the context of a post-pandemic economy. Because remote work has increased the relative importance of attracting workers to live within the county, efforts like the Downtown Columbia Plan and the soon-to-be redeveloped Gateway District represent areas that would benefit from HCEDA influence.

TRANSIT

The transit connectivity gap that has historically characterized Howard County remains firmly in place. Areas like Clarksville are crisscrossed by highways, often lacking not only sidewalks, but areas safe for walking and biking. These considerations are firmly beyond HCEDA's principal missions. However, there is room for advocacy here given the preferences expressed by many young people for transit options and the need to be as appealing to entrepreneurs as possible.

SUPPORT ADAPTIVE REUSE OF OFFICE SPACE

Whatever the highest and best use of real estate, HCEDA should be identifying opportunities for adaptive reuse throughout the county and advocating for redevelopment to maximize beneficial economic impact and contributions to quality of life, whether in the form of expanding housing opportunities, creating additional spaces for specialty retailers, artists, or others.

CONCLUSION

This updated strategic plan has attempted to adjust and contemporize the 2017 strategic plan strategies in the context of the post-pandemic world. The current period is associated with rapid technological transformation, dramatically different spatial requirements, a dearth of available human capital, and rampant reshoring and near-shoring of manufacturing activities. Ultimately, the Sage study team offers four adjusted strategies, two new strategies, and a call for HCEDA to be an even more formidable influencer regarding placemaking, adaptive reuse of real estate, and transportation options.

The study team has also put forth a set of metrics that align with these altered and added strategies:

- Proportion of jobs paying a family-sustaining wage;
- Reduced employment and compensation gaps across demographic groups;
- Diminished poverty rates in every major demographic segment;
- Increased homeownership for all major demographic groups;
- Percentage of businesses founded by or owned by a woman or person of color;
- Percentage of government/county contracts going to small, minority- or women-owned businesses.



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Introduction

HCEDA MISSION

The Howard County Economic Development Authority (HCEDA) is a public-private partnership organized to catalyze shared prosperity and sustainability in Howard County. HCEDA's mission is to promote economic growth and stability in Howard County through support for existing and new businesses; to act as a liaison between public and private economic development and planning organizations; and to recommend policies to County government that support attainment of economic objectives.

STRATEGIC PLANNING PROCESS

Every five years, HCEDA updates its strategic economic development plan, which provides an assessment of Howard County's current situation and broader trends. The plan also outlines strategies guiding HCEDA activities in coming years.

Each strategic plan update supplies an opportunity for HCEDA to reflect on activities of the previous five years and reevaluate strategies. The 2023 strategic plan also coincides with the update of Howard County's General Plan (HoCo By Design), a comprehensive visionary document that guides decisions regarding growth and development in a range of areas including land use, transportation, housing, and economic development, among others. The economic development portion of the new General Plan will guide some of HCEDA's activities over the next five to ten years.¹

With each updated strategic plan, some things stay the same while others change in response to unforeseen shifts and events over the previous five years. The most obvious and impactful event that transpired over the previous five years is the coronavirus pandemic, which began in 2020. COVID-19 had public health, economic, and behavioral impacts. The pandemic also put a spotlight on, and often exacerbated, existing disparities within and between communities in the U.S. This has contributed to growing calls for economic policy to broaden definitions of success to include racial and economic inclusion outcomes.²

HCEDA's 2017 plan revolved around five strategies: Lead with Robust BRE, Cultivate Strategic Business Attraction Opportunities, Unleash the Potential of Innovation, Prioritize Research and Messaging, Dedicate Resources for Special Projects. In addition to those anchor strategies, the 2017 plan called on HCEDA to provide influence and support for key county priorities important for

¹ Hoco By Design, 2/23/2023 Draft. <https://www.hocobydesign.com/>;

² Joseph Parilla, Ryan Donahue, and Sarena Martinez. "Institutionalizing inclusive growth: Rewiring systems to rebuild local economies?". Brookings Institute. April 7, 2022. <https://www.brookings.edu/research/institutionalizing-inclusive-growth-rewiring-systems-to-rebuild-local-economies/>



county economic growth, but that fall outside HCEDA’s control/role. The 2017 plan identified placemaking, transit, workforce, and quality of life as areas of influencing and support for HCEDA. An example of how HCEDA plays a support/influence role is by providing the economic rationale for a long-term master plan for Columbia Gateway and supplying support to those participating in the master planning process.

To develop the latest strategic plan Sage Policy Group, Inc. collected and analyzed local and national data, reviewed trends and developments in other communities and regions, and collected community feedback from key stakeholders regarding conditions in Howard County and aspects of the strategic economic development plan.

Note that the 2017 plan serves as a solid foundation, consistent with long-standing economic development best-practices and based on upon market conditions at that time, on which to build future strategic planning efforts. This updated 2023 strategic plan does not redefine strategies established by authors of that previous iteration but rather evaluates them to determine the extent to which modifications are merited.

Situation Assessment

NATIONAL TRENDS & DEVELOPMENTS

A NEW WORLD

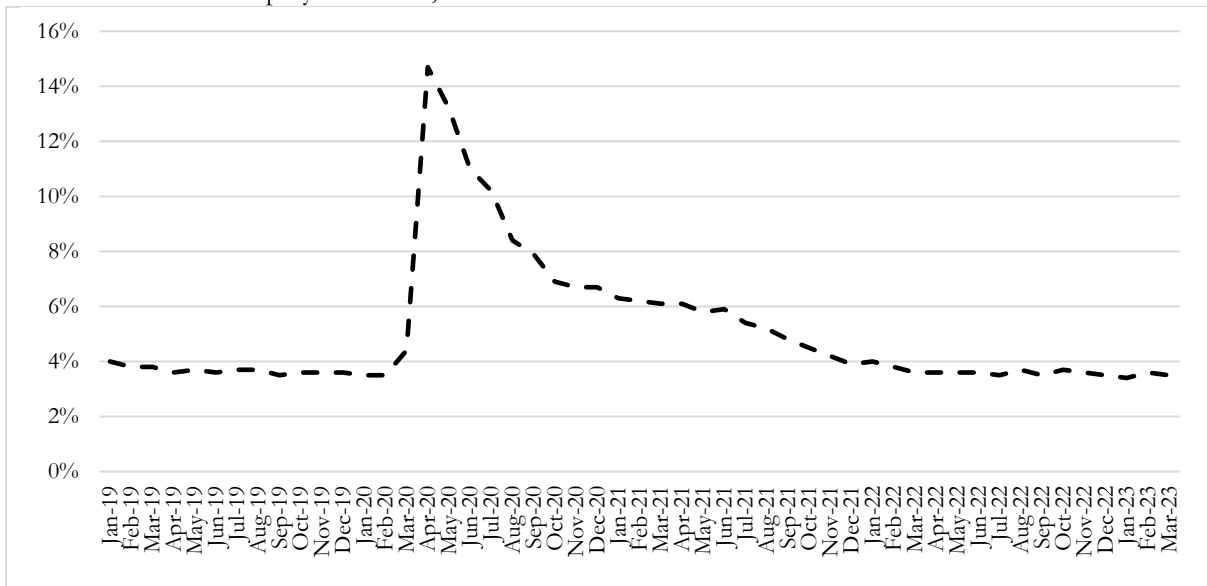
Between February and April 2020, the nation lost nearly 22 million jobs and unemployment surged, rising by more than 11 percentage points in two months. Job losses were not experienced equally across industries or workers. Leisure and hospitality employment declined by nearly 50 percent in two months as restaurants closed and people stayed home to prevent viral spread. Industries that could perform more work remotely were also affected, but less dramatically (for example, professional and business services employment fell by 10.6 percent between February and April 2020).

From February to April 2020 unemployment rose more among women (+12.8pp) than men (+10pp), possibly because some women left the labor force to care for children no longer attending school in person. Job losses were also felt more acutely for some racial/ethnic groups. During the peak period of unemployment, Hispanic/Latino workers experienced the highest jobless rate, 18.8 percent in April 2020. Black workers experienced the second highest rate of joblessness, peaking at 16.8 percent in May 2020. By comparison, the peak rate of unemployment among White workers, while also dramatically elevated, was somewhat lower than for most other groups at 14.1 percent (April 2020).³

³ U.S. Bureau of Labor Statistics, *Current Employment Statistics (CES)*, State and Metro Area Employment, Hours, & Earnings.



Exhibit 1: U.S. Unemployment Rate, 2019-2023



Source: U.S. Bureau of Labor Statistics; Sage Policy Group

There is also an abundance of data indicating that minority-owned businesses sustained far more economic damage than other businesses during the pandemic. Surveys consistently indicate that minority-owned businesses suffered relatively worse outcomes due to the pandemic-induced economic downturn. For instance, firms owned by people of color were more likely to suffer reduced business operations. Data indicate that 67 percent of Asian- and Black-owned firms experienced diminished operations; 63 percent of Hispanic-owned firms experienced diminishment, and 54 percent of white-owned firms were thusly impacted. Moreover, revenue and employment declines were more commonplace among firms owned by people of color according to the Federal Reserve’s Small Business Credit Survey (SBCS) conducted in late-2020.⁴

A poll of 500 small businesses conducted by the U.S. Chamber of Commerce and MetLife in July 2020 found that 66 percent of minority-owned businesses were concerned about permanent closure compared to 57 percent of non-minority small businesses. The poll also found that minority-owned businesses were more likely to need capital to sustain their businesses (19% planning on applying for a loan compared to 6% for non-minority businesses) and to have trouble getting that capital (13% reported trying and failing to secure a loan compared to 8% of non-minority businesses).⁵

Minority-owned businesses also reported greater difficulty accessing emergency relief. Paycheck Protection Program (PPP) loans were initially not eligible for distribution through online lenders, and minority-businesses are more often unbanked. A report by the Brookings Institute indicates that in

⁴ Federal Reserve Banks. “Small Business Credit Survey – 2021 Report on Employer Firms” (2021).

⁵ U.S. Chamber of Commerce, “MetLife & U.S. Chamber Special Report on Race and Inequality on Main Street” (2020). <https://www.uschamber.com/diversity/august-2020-special-report-race-and-inequality-main-street>.



Washington D.C., small businesses in majority-Black neighborhoods waited 37 days for PPP assistance on average, 10 days longer than small businesses in majority-white neighborhoods.⁶ Along these same lines, the SBCS found that Black-owned firms were five times as likely as white-owned firms to be denied the level of funding for which they applied.

Howard County has enjoyed a reputation as a diverse community associated with broadly shared prosperity. Undoubtedly, economic development professionals seek to continue to extend a legacy of inclusion. That said, the combination of pandemic and technological advancements along with shifting consumer, worker, and other behaviors impacts all groups. As this report will strongly suggest, economic development strategies likely must shift dramatically to countervail the dislocating impacts of the altered world, both to ensure broadly shared prosperity and to keep Howard County as financially sustainable as its stakeholders expect it to remain.

HOWARD COUNTY TRENDS & DEVELOPMENTS

The Baltimore-Washington region could be expected to outperform the nation during the pandemic's earliest and most destructive stages. At the heart of the region's relatively greater economic immunity is the presence of a large institutional sector, one comprised of multiple large federal agencies, research universities and laboratories, and major medical centers. In Maryland, the employment location quotient for federal government is 3.08, meaning that the federal government's share of statewide employment is more than 3 times that of the corresponding national proportion.^{7,8} In Howard County, the federal government employment location quotient is low (0.35), but the employment location quotient for professional, scientific, and technical services is 2.83, a sector that encompasses businesses providing an array of services, including to federal agencies.

This pre-existing economic structure helped shield the region (and Howard County) from some of the pandemic outcomes felt in other regions, including those heavily dependent on tourism. While unemployment rose to almost 15 percent nationwide in April 2020, the Baltimore-Washington corridor generally fared better. The Baltimore-Columbia-Towson MSA unemployment rate peaked at 10.4 percent, about 5 percentage points below the national's high point of joblessness. Unemployment in the Washington metropolitan area failed to climb above 10 percent.

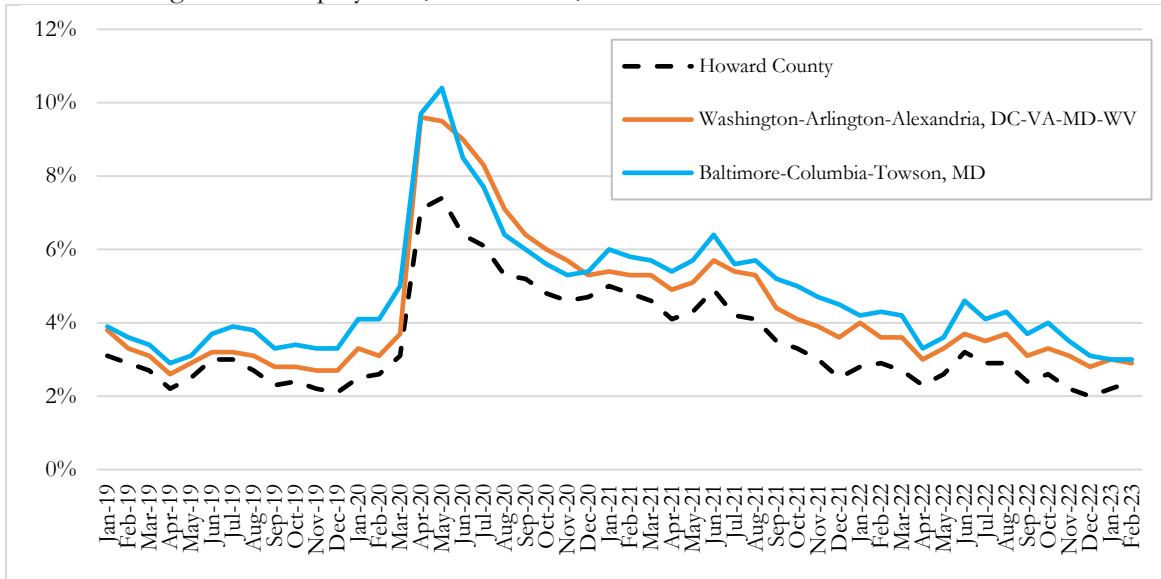
⁶ Liu, Sifan, and Joseph Parilla. "New data shows small businesses in communities of color had unequal access to federal COVID-19 relief." *Brookings Institution Report* (2020).

⁷ A location quotient is a ratio that compares the concentration of an industry in an area to the concentration of that industry nationwide. If an industry has an employment location quotient equal to 1 in a county or region, that means that that industry represents the same share of total employment in the area as it does in the entire U.S. An employment location quotient greater than 1 indicates that the industry has a greater share of local employment than is the case nationwide. The example often cited is Las Vegas. Due to the large presence of casinos, hotels, and other entertainment venues, Las Vegas is associated with a location quotient of greater than 1 in leisure and hospitality.

⁸ U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW) Program—QCEW Location Quotient Details. <https://www.bls.gov/cew/about-data/location-quotients-explained.htm>.



Exhibit 2: Regional Unemployment, Select Areas, 2019-2023



Source: U.S. Bureau of Labor Statistics; Sage Policy Group

Despite regional resilience, resident employment in Howard County has yet to fully recover three years after pandemic onset. Between February and April 2020, more than 20,000 Howard County residents either became unemployed or left the labor force. As of February 2023, fewer than half that number has returned to employment. A significant number of Howard County residents remain out of the workforce, undoubtedly due in part to large-scale retirement. Data indicate that the labor force is smaller than it was pre-pandemic. Statewide, the labor force was 5.9 percent smaller in February 2023 than in February 2020. In Howard County, the labor force is 6.4 percent below its February 2020 scale.

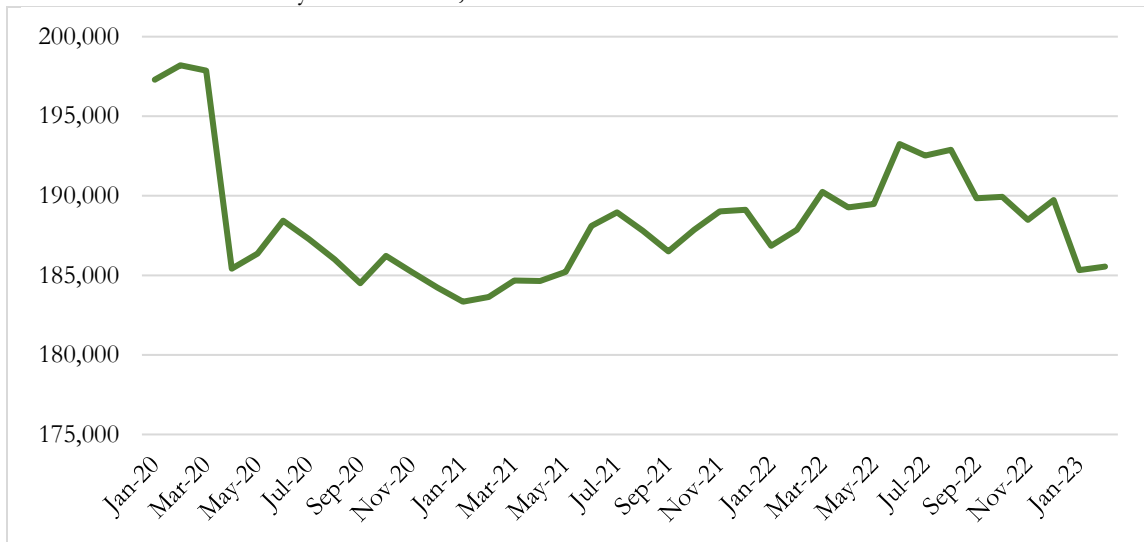
Exhibit 3: Resident Employment, Howard County and Surrounding Counties

County	Feb. 2020 to Apr. 2020	Current Employment (Feb. 2023)	
		vs. February 2020	% Of Feb-Apr 2020 Losses Recovered
Maryland	-326,230	-172,515	-52.9%
Anne Arundel County	-34,783	-18,315	-52.7%
Baltimore County	-49,034	-25,818	-52.7%
Carroll County	-10,430	-5,440	-52.2%
Frederick County	-14,863	-5,763	-38.8%
Howard County	-20,881	-11,027	-52.8%
Montgomery County	-61,077	-25,115	-41.1%
Prince George's County	-55,379	-28,618	-51.7%

Source: U.S. Bureau of Labor Statistics, *Local Area Unemployment Statistics (LAUS)*; Sage Policy Group



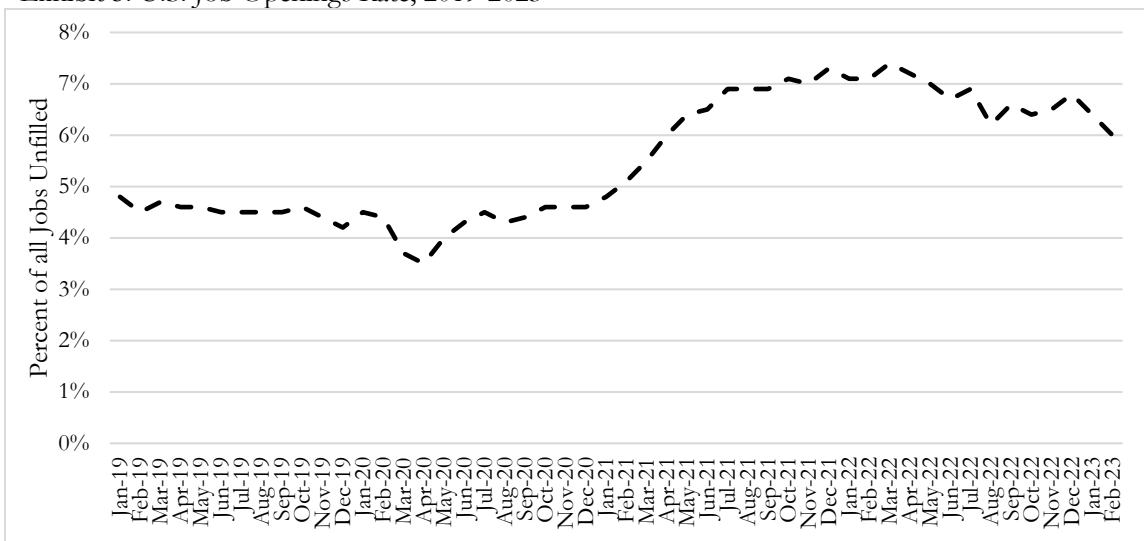
Exhibit 4: Howard County Labor Force, 2019-2023



Source: U.S. Bureau of Labor Statistics; Sage Policy Group

In part because of a shrunken labor force, employers continue to struggle to staff up fully. This is, of course, a national problem. But labor force challenges are shared, and they are not to be ignored. The inadequacy of the labor force constrains business and tax base growth in Howard County.

Exhibit 5: U.S. Job Openings Rate, 2019-2023



Source: U.S. Bureau of Labor Statistics; Sage Policy Group



Community Self-Assessment

Stakeholders were invited to participate in the strategic planning process through focus groups and an online survey developed by Sage and distributed by HCEDA. In March 2023, Sage conducted a series of focus groups with key stakeholders to acquire perspectives regarding economic conditions in Howard County, including county strengths as well as opportunities for improvement. After the focus groups, HCEDA distributed the survey in order to garner additional input.

STRENGTHS & CHALLENGES

Almost unanimously, stakeholders described Howard County in positive, often glowing terms. Participants often identified shared and elevated quality of life as among Howard County's strengths. Quality of life derives from the county's educational resources, public services, parks/greenspace, employment opportunities, safety, tourism assets, etc. When asked to rate quality of life in Howard County on a scale of 1-10, every survey respondent rated quality of life as an 8 or above (more than half rated it 9 or above).

Stakeholders also described the county as an inclusive and progressive place, with the level of diversity expanding over time. No survey respondents disagreed with the statement that "Howard County is inclusive", with approximately 62 percent strongly agreeing with the notion that Howard County is inclusive and another 31 percent agreeing somewhat.⁹

Respondents identified public service resources, including public service staff (government/schools), as a tremendous Howard County strength. Government and school employees have a reputation for being very helpful and sincere. In maintaining high levels of public service, the importance of maintaining a positive relationship between government and its employees was stressed. While many resources are available for businesses, several stakeholders noted that those resources may not be as well-known or publicized as they could be.

The county's region in the heart of a major urban corridor was also often identified as a principal advantage, including from the perspectives of employment and business opportunities as well as support for tourism. More than 90 percent of survey respondents strongly agreed with the statement "Howard County is a good place to own and run a business" and more than 87 percent strongly agreed with the statement "Howard County is a good place to work".¹⁰

⁹ Strong agreement is defined here as an 8-10 on a scale of 1-10; some agreement is defined here as 6-7 on a scale of 1-10.

¹⁰ Strong agreement is defined here as an 8-10 on a scale of 1-10; some agreement is defined here as 6-7 on a scale of 1-10.



Exhibit 6: Community Feedback—Howard County Strengths/Weaknesses

HOCO’s Strengths/Advantages	HOCO’s Weaknesses/Challenges
<ul style="list-style-type: none"> ▪ Quality of life & amenities ▪ Educational resources ▪ Public services/resources ▪ Business/job opportunities ▪ Community character (progressive, inclusive, collaborative) ▪ Diverse population/workforce ▪ Central location in the region 	<ul style="list-style-type: none"> ▪ Affordable housing; limited housing types ▪ High cost of living ▪ Public transportation ▪ Land availability ▪ Awareness of public services, resources, opportunities ▪ School capacity; school staffing ▪ Underserved populations

Stakeholders also shared insights regarding circumstances that could be improved. Housing and transportation were the most cited areas. With respect to county housing stock, affordability stood out as the primary issue. The dearth of public transportation/transit options was also often cited as a weakness in the county’s public services/infrastructure. The inability to travel to and from work via public transportation inside the county limits opportunity for both residents and employers as well as inconveniences older residents who can no longer drive.

There was considerable discussion regarding opportunities to better support minority businesses, including by better advertising public services and programs. Among the opportunities was stepped up marketing of procurement opportunities within the minority business community. There was also some discussion of Howard County’s comparative disadvantages when it comes to land availability to support development, the location of available commercial space, and limited youth sports facilities.

Many businesspeople also complained about grave difficulty recruiting and retaining staff. But these stakeholders also indicated that these issues were hardly unique to Howard County.

DEFINING SUCCESS IN THE POST-PANDEMIC ECONOMY

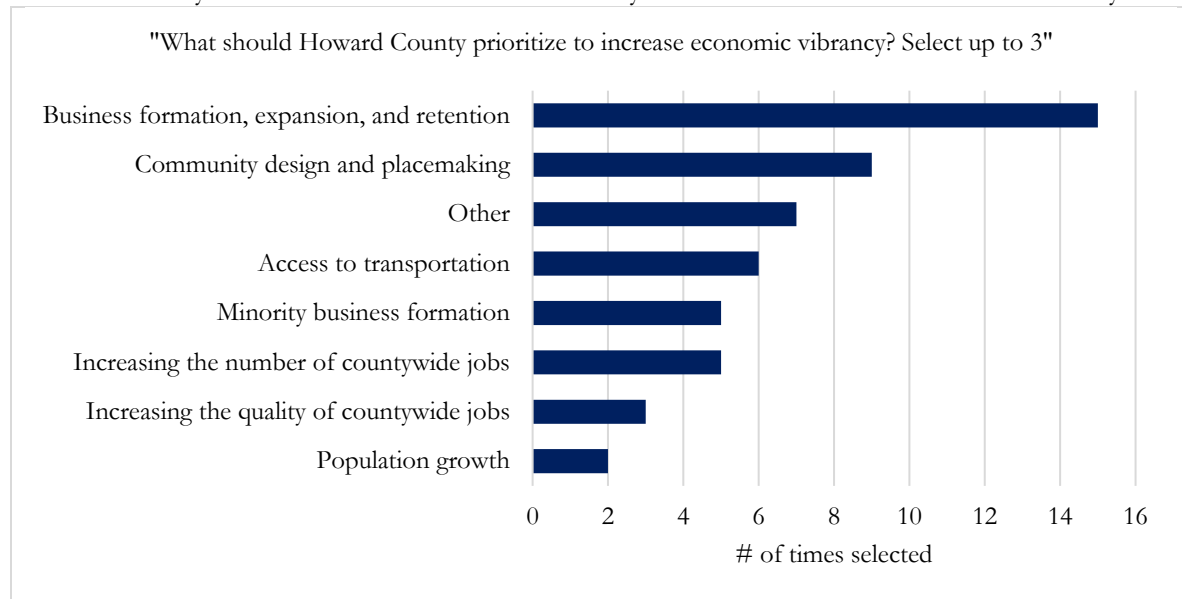
A major topic of discussion among stakeholders was what a successful community and economy looks like in the post-pandemic world. The Sage study team asked a similar question to survey respondents to which they were requested to answer in long form. Between focus group discussions and survey responses, common themes that emerged include:

- A community that is **inclusive**, caring, and supportive
- A place that provides opportunities to both **live and work**
- The existence of sufficiently **affordable** housing options
- Usable **transportation options**
- A place that supports and values **thriving businesses**
- An economy that supports increasingly **productive workers**, including remote, hybrid, and in-person workers
- A community with a **mix of spaces**, including flexible space for meeting or hybrid work, greenspace, arts/cultural space, recreation space, etc.



As was the case pre-pandemic, economic development stakeholders continue to believe that business retention and expansion (BRE) is important for Howard County. Placemaking represents another desired focal point. Some of these aspirations fit neatly within the core of HCEDA's mission and operations while others could be considered a bit outside the inner circle, falling into a realm in which HCEDA can play the role of influencer and advocate.

Exhibit 7: Survey Results-What should Howard County Prioritize to Increase Economic Vibrancy?



Source: HCEDA; Sage Policy Group

While stakeholders identified certain traditional economic development metrics as retaining relevance, there was also considerable debate and discussion regarding how future success should be measured. Among the metrics with ongoing pertinence are job creation, business formation, business retention, and business expansion. Nonetheless, traditional metrics like commercial real estate absorption were viewed as less germane than in the past when it was presumed that rapidly expanding business would occupy significant amounts of additional space, whether office, retail, or flex/industrial. But with many workers working remotely, including many operating at the commanding heights of the tech and service economies, commercial square footage absorption is no longer considered as dependable a success measure. While diversity also represents a category of enormous interest along the dimensions of business presence and occupational categories, this was a concern prior to the pandemic, though arguably has become even more of a focus in its aftermath.

At the same time, a new generation of success metrics is emerging. Among these are: 1) the proportion of net new jobs that offer living wages; 2) the share of development proximate to transit stations; 3) the carbon footprint of existing and new enterprises, 4) improved traffic congestion; and 5) various measures of diversity.



Exhibit 8: Economic Indicators/Measures

Traditional Development Indicators	Possible New Development Indicators
<ul style="list-style-type: none"> ▪ Share of jobs in county held by residents. ▪ Commercial real estate tax base growth ▪ New businesses, business expansions ▪ Jobs created, retained ▪ Commercial space-occupancy/leasing ▪ Traditional under-represented group presence in high-wage industries and occupational categories 	<ul style="list-style-type: none"> ▪ Middle-wage jobs created as share of total jobs ▪ Proximity to transit of new jobs/residential development/commercial development ▪ Average commute travel time ▪ Share of new jobs held by residents. ▪ Carbon footprint associated with incremental growth ▪ State and nationwide share of intellectual property generated by local business/resident community, including patents.

Analytical Findings

HOWARD COUNTY HAS A STRONG & DIVERSE BUSINESS BASE

The county boasts employment concentrations in professional, scientific, and technical services, wholesale trade, and construction. These industries offer job opportunities for workers with diverse experience and educational backgrounds. That is an important element of economic inclusivity.

Exhibit 9: Howard County and Surrounding Counties: Private Industries with the Highest Employment Location Quotients, 2022Q3

County	Industry	LQ	County	Industry	LQ
Anne Arundel	Transportation & warehousing	1.43	Frederick	Construction	1.82
	Construction	1.37		Prof., scientific, & technical services	1.47
	Prof., scientific, & technical services	1.32		Retail trade	1.31
Baltimore Co.	Finance & insurance	1.37	Montgomery	Prof., scientific, & technical services	2.16
	Construction	1.27		Other services (exc. public admin)	1.44
	Health care & social assistance	1.25		Real estate and rental and leasing	1.36
Carrol	Construction	2.10	Prince George's	Construction	1.73
	Wholesale trade	1.42		Real estate and rental and leasing	1.18
	Retail trade	1.39		Retail trade	1.14
Howard	Prof., scientific, & technical services	2.83	Maryland	Prof., scientific, & technical services	1.47
	Wholesale trade	1.99		Educational services	1.26
	Construction	1.28		Construction	1.17

Source: U.S. Bureau of Labor Statistics, *Quarterly Census of Employment and Wages (QCEW) Program*; Sage Policy Group
 Notes: 1. ND: No data. 2. Location quotient is the percentage of employment in a given sector relative to the percentage of employment in this sector at the national level. Values above 1.0 reflect a concentration greater than the national average. Values below 1.0 reflect lesser concentration. For example, Las Vegas will have a location quotient greater than 1 in the Leisure and Hospitality industry because this industry makes up a larger share of Las Vegas' employment total than it does for the country.

Howard County is also a community of small businesses. While there are several large employers, they tend to be institutional as opposed to corporate. According to the most current U.S. Census Bureau data (2020), businesses with fewer than 5 employees account for more than half of all business establishments in Howard County and establishments with 5-50 employees account for nearly 40



percent.¹¹ Household data reflect this as well. In 2021, more than 9 percent of the civilian employed population aged 16 years and older in Howard County were self-employed workers.¹²

Howard County is also home to a significant number of minority owned enterprises. The U.S. Census Bureau's Annual Business Survey indicates that in 2017 approximately 24 percent of employer firms in Maryland were owned by minorities. In Howard County, that share was higher, with nearly 30 percent of employer firms owned by minorities. The same data series indicates that minority-owned firms account for nearly 1 in 4 jobs among firms with employees.¹³

Exhibit 10: Statistics for Employer Firms by Minority/Nonminority Ownership, 2017

% of Total	Maryland	Howard County
Minority Owned Employer Firms	24.4%	29.8%
Employees of Minority Owned Employer Firms	17.8%	23.8%
Sales, Value of Shipments, or Revenue of Minority Owned Employer Firms	13.6%	18.4%
Annual Payroll of Minority Owned Employer Firms	15.6%	21.8%

Source: U.S. Census Bureau, *Annual Business Survey*, Table AB1700CSA01; Sage Policy Group

11 U.S. Census Bureau, *County Business Patterns*, Table CB2000CBP.

12 U.S. Census Bureau, *American Community Survey*, 2021 ACS 1-Year Estimates, Table S2407.

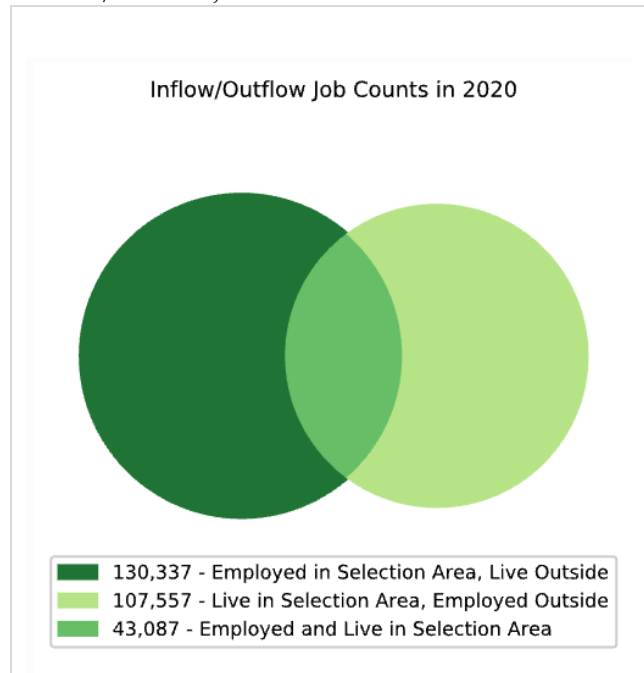
13 U.S. Census Bureau, *Annual Business Survey*, Table AB1700CSA01.



THE GAP IN TRANSIT CONNECTIVITY

HCEDA’s 2017 strategic plan concluded that Howard County is not well connected by transit to key job centers in the Baltimore/Washington region and that limited plans and a shortage of funding exist to address this gap. The connectivity gaps persists. In part, this contributes to the cross-county flows of workers each working day. Given the lack of transit access, Howard County can deliver fewer workers to jobsites than it would otherwise, resulting in more workers imported into the county. Fully 75 percent of the jobs in Howard County are held by people living beyond. Similarly, only 28 percent of people who live in Howard County and are employed work in the county. Not only does this contribute to gridlock, but these are sub-optimal outcomes from environmental perspectives.

Exhibit 11: Howard County Employment Inflow/Outflow, 2020



Source: U.S. Census Bureau. Longitudinal-Employer Household Dynamics Program, OnTheMap Application; Sage Policy Group.

Locations that employ Howard County residents in large numbers include Baltimore City (13% of employed residents), Montgomery County (12.9%), Baltimore County (11.4%), and Anne Arundel County (10.5%). Howard County jobs are held by residents from Baltimore County (14.8% of jobs), Anne Arundel County (13.3%), Montgomery County (9.2%), Prince George’s County (8.6%), and Baltimore City (7.6%).



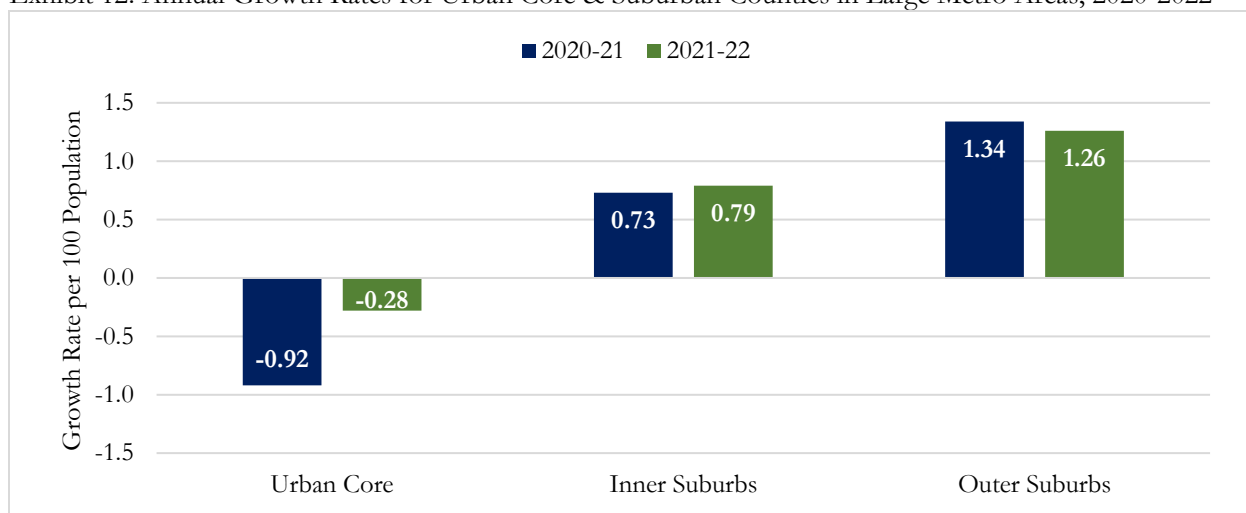
MOVEMENT AWAY FROM DENSE URBAN CORES

Among the 2017 HCEDA strategic plan findings was that “dense urban cores are once again magnets for talent and firms”. COVID-19 brought a reversal to that trend during its peak (2020-2021), with remote work allowing talent to move across the country, no longer tethered by jobsites.

In 2021 national population growth declined dramatically due to reduced immigration, more deaths, and fewer births. The pandemic also had an impact on movement of residents within the U.S. -- notably movement away from large metro areas and from cities to suburbs, prompted by a desire to social distance, the ability to work remotely, and other factors. Brookings’ analysis of counties in large metropolitan areas indicates that population in urban core counties contracted by 0.92 percent in 2020-2021 compared to growth of 0.73 percent in inner suburbs and 1.34 percent in outer suburbs.

Newly released data indicate that cities and large metropolitan areas may have moderated or even reversed some of those population losses sustained at pandemic peak. U.S. Census Bureau’s Vintage 2022 estimates of population and components of population change indicate that some large counties and cities experienced slower domestic outmigration between 2021-2022 compared to 2020-2021. In the aggregate, urban core county population losses decelerated from -0.92 percent to -0.28 percent in 2021-2022 according to Brookings’ William Frey’s typology.¹⁴

Exhibit 12: Annual Growth Rates for Urban Core & Suburban Counties in Large Metro Areas, 2020-2022



Source: William H. Frey. “Pandemic-driven population declines in large urban areas are slowing or reversing, latest census data shows”. *Brookings Metro*. April 19, 2023; Sage Policy Group

¹⁴ William H. Frey. “Pandemic-driven population declines in large urban areas are slowing or reversing, latest census data shows”. *Brookings Metro*. April 19, 2023. <https://www.brookings.edu/research/pandemic-driven-population-declines-in-large-urban-areas-are-slowing-or-reversing-latest-census-data-shows/>



While many have speculated that big cities and metro areas would never return to pre-pandemic levels of population growth, these new data suggest that many may recover demographically, driven in part by rebounding international migration. Cities like New York and Miami continue to demonstrate magnetic appeal to the mobile young, among others. Many of these new residents hail from abroad, including those associated with wealthy families and significant educational attainment. In other words, cities are hardly dead.

Still, the pandemic has permanently changed some of our behaviors. While the scale of remote work has declined from its pandemic heights, it remains and will remain pervasive. A recent survey of 3,500 Americans indicates that 68 percent prefer to work remotely.¹⁵ This implication is clear. Attracting firm headquarters no longer guarantees that substantial numbers of top people will follow. The goal should be to attract talent to housing stock. While that may overlap with attracting firms to office, industrial, or other sites within the county, the correlation between business attraction and human capital attraction is considerably looser than it once was.

With Howard County expanding its appeal by emphasizing greater walkability (e.g., downtown Columbia), world-class resources, and schools associated with elevated reputation, there is every reason to believe that Howard County can remain a magnet for talent. Indeed, talent has become more suburban-oriented over time in much of the nation. While the early 2010s was associated with significant population growth in some of the nation's largest cities and metropolitan areas, that growth declined toward the end of the decade. Annual growth in highly dense urban core counties declined from 0.95 percent in 2010-2011 to 0.11 percent in 2018-19, indicating a pre-pandemic dispersal of talent.¹⁶

¹⁵ Sara Korolevich, "The State Of Remote Work In 2021: A Survey Of The American Workforce". *GoodHire*. August 24, 2021. <https://www.goodhire.com/resources/articles/state-of-remote-work-survey/>

¹⁶ William H. Frey. "Even before coronavirus, census shows U.S. cities' growth was stagnating". *Brookings*. April 6, 2020. <https://www.brookings.edu/research/even-before-coronavirus-census-shows-u-s-cities-growth-was-stagnating/>



SHIFT FROM GLOBAL TO LOCAL

A principal finding of the 2017 strategic plan was that “global engagement has become a local imperative”, stressing the need to engage with firms and clusters associated with global potential and attendant economies of scale and scope. While globalization is still an economic reality, there has also been a shift in focus towards localization in certain sectors.

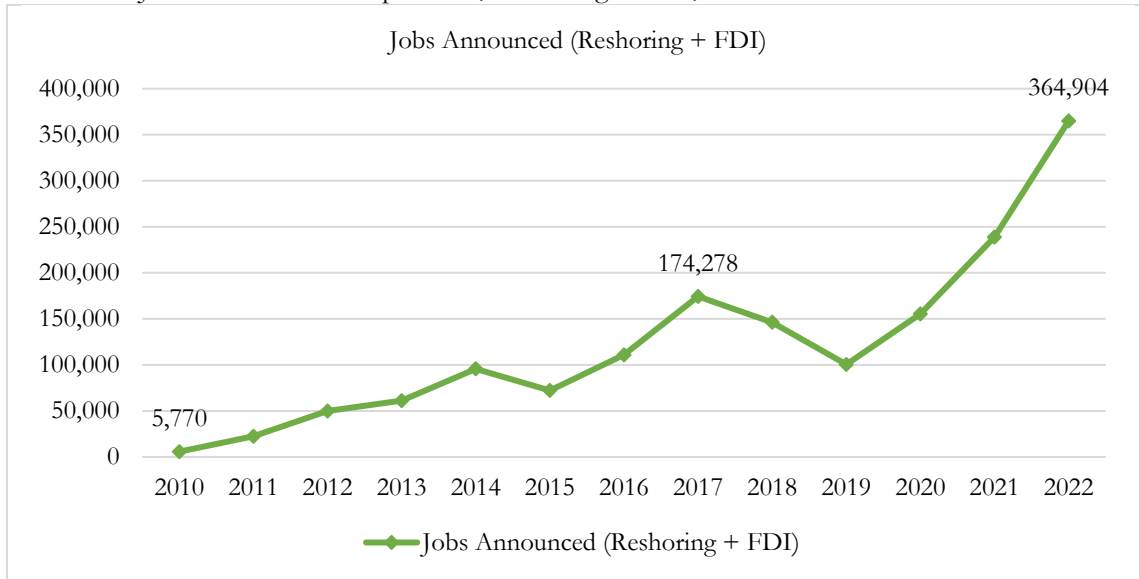
Even prior to the pandemic, the idea of reshoring (bringing business operations back to the U.S. that were previously located abroad) had gained popularity among some companies and policymakers concerned about the risks of relying too heavily on foreign suppliers. The COVID-19 pandemic disrupted global supply chains and further exposed risks of relying on foreign suppliers. This has led some companies to rethink supply chain strategies and consider reshoring. Federal policies in the form of subsidies, incentives, and content requirements are also driving reshoring and development of industrial capacity in the U.S. In August 2022, President Biden signed both the Chips & Science Act and the Inflation Reduction Act, with the goals of expanding domestic production of computer chips and inputs to alternative energy, among other priorities.

According to data from the Reshoring Initiative, reshoring and foreign direct investment (FDI) manufacturing job announcements in the U.S. were at the level ever recorded in 2022, up 53 percent from the 2021 record. This growth was due to a huge surge in manufacturing capacity enhancements slated to transpire in the production of electric vehicle batteries and computer chips. The list of nations most closely associated with reshoring to the U.S. between 2010 and 2022 includes China (51% of reshoring jobs), Mexico (17%), Canada (7%), and Korea (6%). The top countries that accounted for jobs from FDI in the U.S. during that time period are Japan (16% of FDI jobs), Germany (15%), China (13%), and Korea (10%).¹⁷

¹⁷ Reshoring Initiative® 2022 Data Report. https://reshorenw.org/content/pdf/2022_Data_Report.pdf



Exhibit 13: Job Announcements per Year, Reshoring + FDI, 2010-2022



Source: Reshoring Initiative® 2022 Data Report; Sage Policy Group

Recent growth in manufacturing related construction spending suggests that the U.S. is briskly ramping up its manufacturing capacity. As of early 2023, manufacturing related construction spending in the U.S. was more than 90 percent higher than it was at the start of the pandemic not adjusted for inflation.¹⁸

One of the headwinds facing this manufacturing development is ensuring that the U.S. has a sufficient supply of skilled workers to fill manufacturing positions. For economic development agencies, this means supporting workforce development and recruitment efforts related to manufacturing, including in categories such as welding, machining, and tool and die makers.

Accordingly, Howard County’s draft General Plan, Hoco By Design, includes the following implementing actions under its EP-6 Policy Statement: “Continue to intentionally grow jobs in the manufacturing, warehouse, distribution, and logistics industries in response to last-mile distribution demand, new machinery, innovation practices, and other automated processes.”¹⁹ HCEDA is the agency assigned to lead this implementing action.

¹⁸ U.S. Census Bureau, *Value of Construction Put in Place*. <https://www.census.gov/construction/c30/c30index.html>

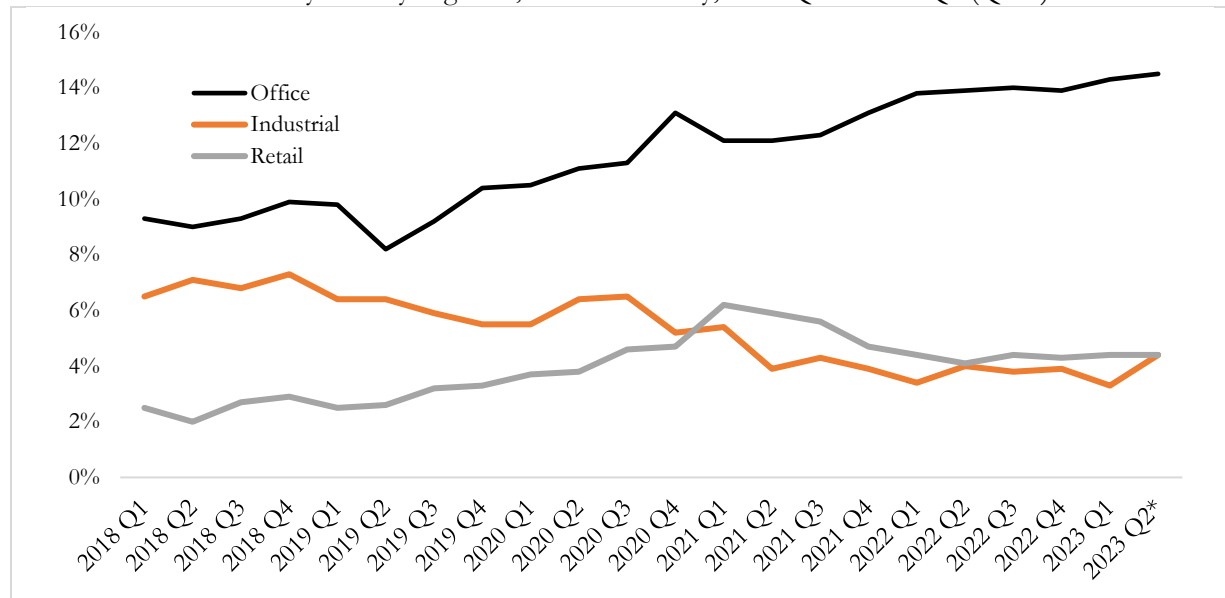
¹⁹ Hoco By Design, 2/23/2023 Draft. <https://www.hocobydesign.com/>; Chapter 5-Economic Prosperity



NONRESIDENTIAL REAL ESTATE'S ALTERED CIRCUMSTANCES

During the first quarter of 2023, the vacancy rate for industrial space in Howard County was more than a percentage point lower than in the quarter before the pandemic began according to data from MacKenzie Commercial Real Estate. Average rents for industrial space have increased 43.1 percent over that span, an indication of strong demand in an economy characterized by substantial demand for the production and distribution of goods.

Exhibit 14: CRE Vacancy Rate by Segment, Howard County, 2018 Q1 to 2023 Q2 (QTD)



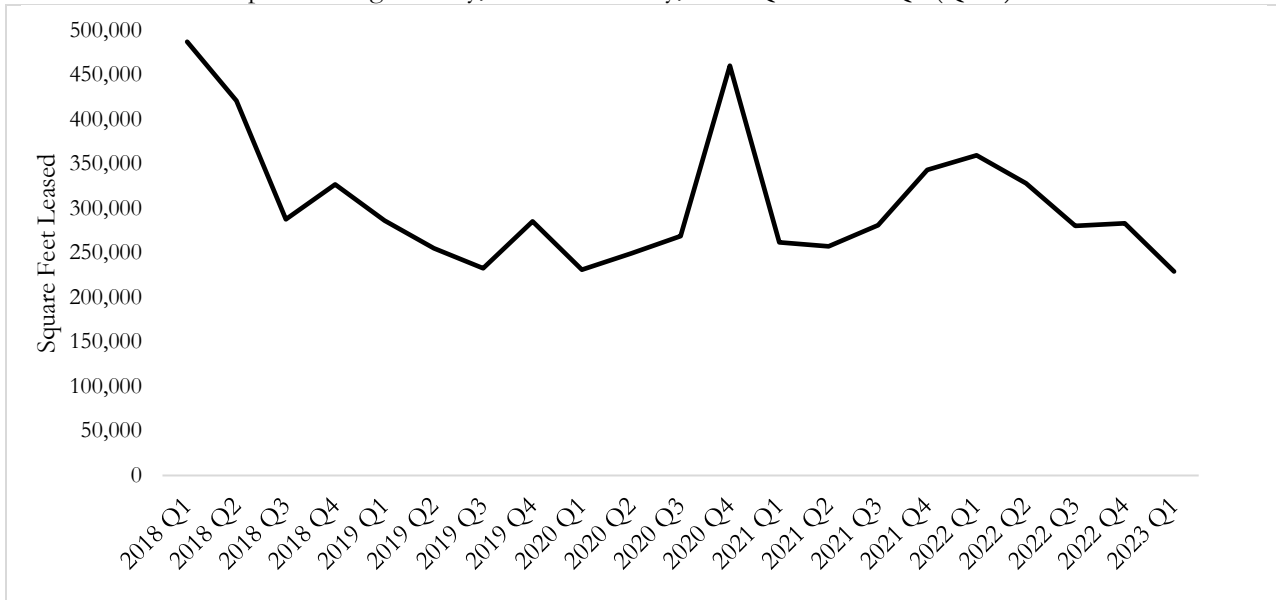
Source: MacKenzie Commercial Real Estate; Sage Policy Group *NOTE: Quarter to date

Retail has also fared surprisingly well, in part because not much new brick and mortar retail space is being constructed. While the vacancy rate for retail space in Howard County has increased from 3.3 percent at the end of 2019 to 4.4 percent during the first quarter of 2023, it's well below the 6.2 percent rate observed during the first quarter of 2021. Howard County's retail market has also outperformed the remainder of the state. Through the first month of the second quarter of 2023, Howard County's retail vacancy rate is 0.9 percentage points lower than the statewide analogue.

Unsurprisingly, the segment that has languished is office space. Despite a dearth of new construction, Howard County's office vacancy rate increased from 10.4 percent at the end of 2019 to 14.4 percent during the first quarter of 2023. Gross rent for office space is the same as it was prior to the pandemic, and that is in nominal terms. Rents are down in real terms. What's more, actual vacancy is likely higher, but vacant space is not deemed to be vacant as long as it remains leased. As lease renewals continue to transpire, there will be upward pressure on office vacancy for years to come. Not coincidentally, leasing activity has declined in recent quarters. During 2023's initial quarter, Howard County experienced the fewest square feet leased since at least the start of 2018.



Exhibit 15: Office Space leasing Activity, Howard County, 2018 Q1 to 2023 Q2 (QTD)



Source: MacKenzie Commercial Real Estate; Sage Policy Group

There is also likely to be a slip in the assessed value of Howard County office space in future years. There is a debt maturity wall facing the segment, with hundreds of billions of dollars in U.S. commercial real estate coming due. With the nation's banking segment reeling from recent events, including the March 2023 failures of both Silicon Valley and Signature banks, there are many banks that seek to diminish lending risk, including by limiting exposure to commercial real estate. With many owners finding that they cannot refinance their debt or must do so at extraordinarily high rates of interest, valuations are set to decline. This extends beyond office space. Analysts at Morgan Staley believe that retail property valuations could decline as much as 40 percent nationwide.²⁰

²⁰ Neil Callanan, "A \$1.5 Trillion Wall of Debt Is Looming for US Commercial Properties". *Bloomberg*. April 8, 2023. <https://www.bloomberg.com/news/articles/2023-04-08/a-1-5-trillion-wall-of-debt-is-looming-for-us-commercial-properties#xj4y7vzkg>



ARTIFICIAL INTELLIGENCE HAS POTENTIALLY DISLOCATING WORKFORCE EFFECTS

In 1998, Nobel Prize winning economist Paul Krugman said, “by 2005, it will become clear that the internet’s impact on the economy has been no greater than the fax machines.” That prediction did not age well and serves as a cautionary tale about predictions regarding the potential for other innovations, including Artificial Intelligence (AI), to transform the economy.

Rapid advancements in Artificial Intelligence have the potential to revolutionize industries, create new economic opportunities, and disrupt traditional employment markets. To illustrate this potential, the authors of this report prompted Chat GPT-4, the most advanced language learning model (LLM) at the time of this writing, “Can you produce a few paragraphs regarding the potential workforce impacts of AI on Howard County, Maryland?” This was the output:

“In Howard County, Maryland, the potential workforce impacts of artificial intelligence (AI) can be both transformative and challenging. As a region with a strong presence in industries such as healthcare, technology, and education, the adoption of AI technologies could lead to significant changes in the local labor market. However, the county’s strategic location between Washington, D.C., and Baltimore provides an opportunity to leverage AI advancements for economic growth and increased productivity.

One of the most significant impacts of AI on the workforce in Howard County will likely be felt in the healthcare sector. AI can revolutionize patient care through advancements in diagnostics, precision medicine, and treatment planning. While this will likely increase the efficiency and effectiveness of healthcare delivery, it may also lead to job displacement for some medical professionals. The growth of telemedicine and remote patient monitoring can result in a reduced need for on-site healthcare workers. To mitigate these potential job losses, healthcare professionals in Howard County will need to upskill and adapt to the changing landscape, focusing on areas where human interaction and empathy are still paramount.

Similarly, the technology sector in Howard County will experience a surge in demand for AI-driven solutions, particularly in cybersecurity, data analytics, and software development. While this presents exciting opportunities for local tech companies, it also signifies the need for an increasingly skilled workforce. As AI systems become more sophisticated, the demand for workers with specialized AI expertise will grow. However, as automation becomes more widespread, lower-skilled jobs in the sector could be at risk of displacement. To address this challenge, public and private organizations in Howard County should invest in reskilling and upskilling programs to prepare local workers for the jobs of the future.



The education sector in Howard County will also play a critical role in the AI-driven workforce transformation. As the need for AI-related skills grows, local schools, colleges, and universities will need to adapt their curricula and teaching methods to equip students with the necessary knowledge and skills. This may include offering courses on AI, machine learning, robotics, and other emerging technologies. Furthermore, educators themselves may need to adapt to AI-driven changes in their profession, as AI-powered tools can help with tasks like grading, curriculum development, and personalized learning.

In conclusion, the potential workforce impacts of AI on Howard County, Maryland, are both exciting and challenging. While AI advancements can create new opportunities in healthcare, technology, and education, they may also lead to job displacement and require upskilling for workers across various industries. To ensure a thriving local economy, it will be crucial for public and private organizations to work together in developing strategies to harness the benefits of AI while minimizing the risks.”

This serves as an accurate overview of both how AI could potentially impact Howard County’s economy and the capability of the technology, though it seems unlikely that healthcare, a heavily regulated sector, will be the most affected industry (at this time, AI excels at sounding authoritative even when inaccurate). This technology is still in its relative infancy — any discussion of long-term impacts is speculative — but initial workforce effects have begun to surface in recent weeks. For instance, on May 1st, IBM announced a pause in hiring for jobs that they expect can be performed by AI. The pause affects back-office jobs in functions like human resources, and IBM estimates that it could displace the need for 7,800 jobs over the next five years.²¹

AI will undoubtedly disrupt certain industries more than others. Chegg, a company that provides online study materials for students, saw its stock fall 50 percent after they revealed that Chat-GPT had cut into its growth. The market response to this was swift – many online education companies beyond Chegg experienced severe declines in stock price.

Chegg is also an example of how companies can and will adapt. According to Wall Street Journal reporting, Chegg recently announced plans to roll out CheggMate, which will be built with OpenAI’s GPT-4 model.²² Their stock has since rebounded, recouping a large share of earlier losses.

A recent working paper found that “around 80% of the U.S. workforce could have at least 10% of their work tasks affected by the introduction of LLMs, while approximately 19% of workers may see

²¹ Brody Ford, “IBM to Pause Hiring for Jobs That AI Could Do”. *Bloomberg*. May 1, 2023. <https://www.bloomberg.com/news/articles/2023-05-01/ibm-to-pause-hiring-for-back-office-jobs-that-ai-could-kill?sref=kic1dxAR>

²² Will Feuer. “Chegg Stock Cut in Half After Warning ChatGPT Is Hurting Growth”. *The Wall Street Journal*. May 2, 2023. <https://www.wsj.com/articles/chegg-stock-nearly-cut-in-half-after-warning-that-chatgpt-is-hurting-growth-98a172cc>



at least 50% of their tasks impacted.”²³ Importantly, “impacted” does not necessarily mean displaced. Among other things, AI will presumably improve worker productivity. Many employees will need to learn to use these tools to better perform their duties. These are some of the occupations with the highest exposure to LLMs:

- Mathematicians
- Tax preparers
- Financial quantitative analysts
- Writers and authors
- News analysts and reporters
- Proofreaders and copy markers
- Web and digital interface designers
- Interpreters and translators
- Survey researchers

Importantly, exposure doesn’t necessarily mean that AI will render these occupations obsolete. The advent of Microsoft Excel, for instance, drastically reduced the number of bookkeepers. That reduction, however, was countervailed by a large increase in the number of accountants.

To reiterate, these technologies are new and developing rapidly. At this time, it is impossible to project exactly how they will alter the economic landscape. This updated strategic plan covers 2024 to 2026, and it seems unlikely, though not impossible, that AI will significantly disrupt Howard County’s economy over that span. Accordingly, this strategic plan provides preliminary strategies on how HCEA can help mitigate potentially harmful effects of AI while leveraging its productivity-enhancing effects.

²³ Tyna Eloundou, Sam Manning, Pamela Mishkin, Daniel Rock. “GPTs are GPTs: An Early Look at the Labor Market Impact Potential of Large Language Models.” March 27, 2023. OpenAI, OpenResearch, University of Pennsylvania. <https://arxiv.org/pdf/2303.10130.pdf>



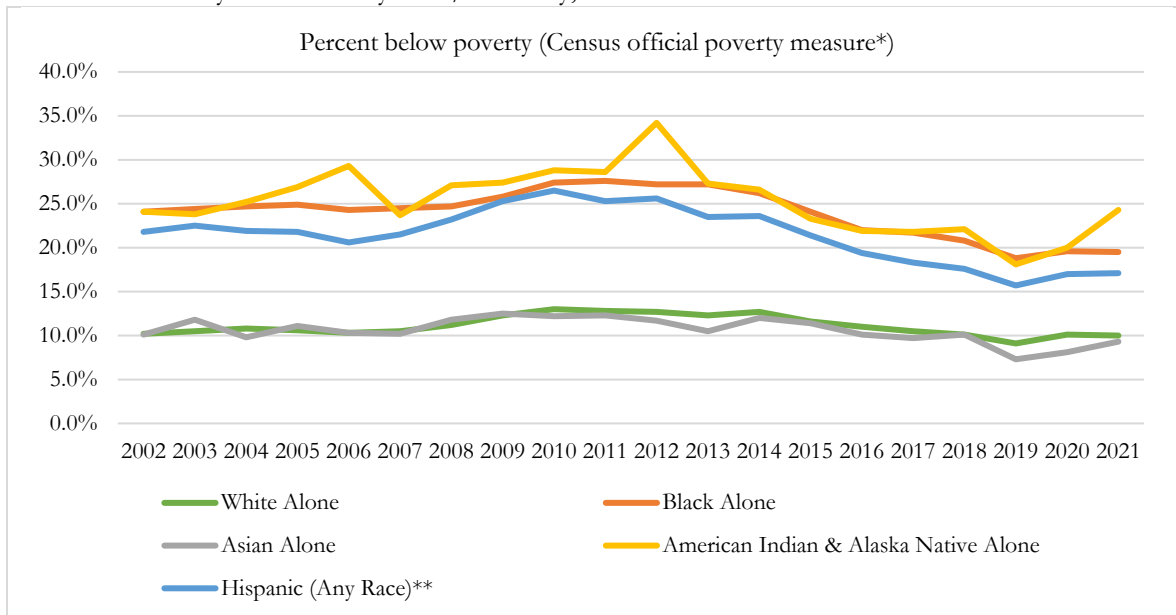
GROWING IMPERATIVE FOR INCLUSIVE GROWTH

HCEDA’s 2017 strategic plan acknowledged the notion that economic gains have not shared with sufficient breadth in recent decades. This is apparent in many ways, including in the forms of the large proportion of households suffering housing unaffordability and national trends like wage stagnation and the suburbanization of poverty.

It is true, however, that the pandemic has altered circumstances. Over the last few years, wages among entry-level and near-entry-level workers have expanded rapidly in the context of robust economic recovery, substantial retirement, low unemployment, and record levels of available, unfilled jobs. While the pandemic certainly generated plenty of dislocation (between 2019 and 2021, the share of individuals in poverty grew 1.1 percentage points), opportunities for prime age workers to find living wage jobs has perhaps never been greater than during the latter stages of 2021 and early stages of 2022.

This is not intended to minimize issues of poverty. Among certain groups, poverty has increased more rapidly. For instance, between 2019 and 2021 poverty grew by 1.4 percentage points among Hispanics (of any race), by 2.0 percentage points among Asians, and by 6.2 percentage points among American Indian/Alaska Natives.

Exhibit 16: Poverty in the U.S. by Race/Ethnicity, 2002-2021



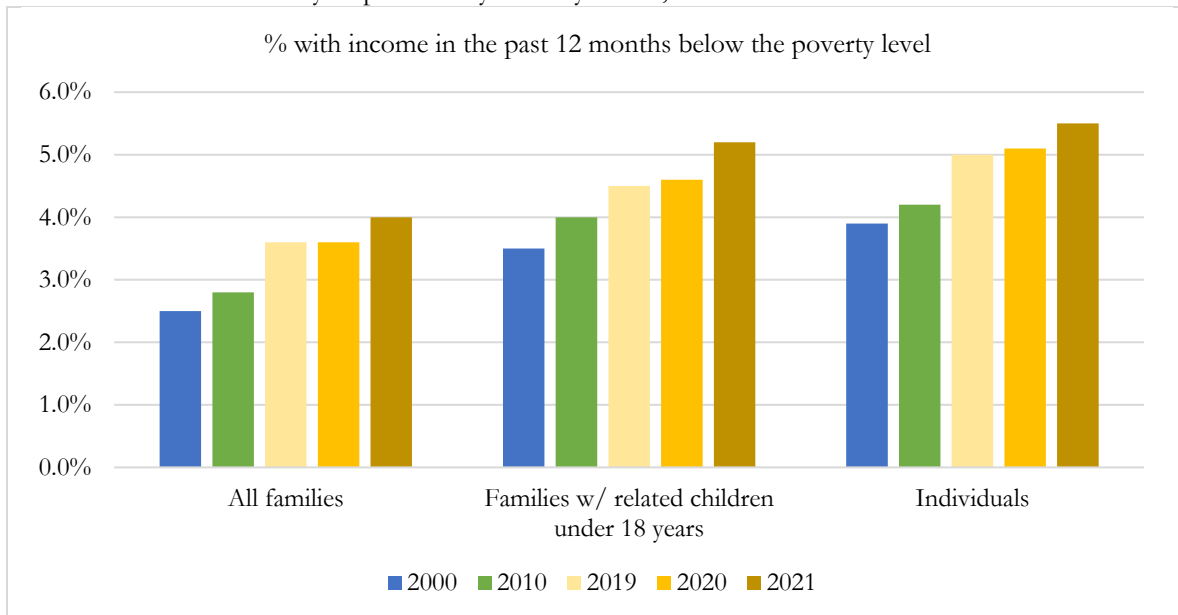
Source: U.S. Census Bureau, Current Population Survey, 1960 to 2022 Annual Social and Economic Supplements (CPS ASEC); Sage Policy Group. Notes: * The official poverty measure, in use since the 1960s, defines poverty by comparing pretax money income to a poverty threshold that is adjusted by family composition. ** Because Hispanics may be any race, data for Hispanics overlap with data for racial groups. *** The Census Bureau cautions that data users should exercise caution when interpreting aggregate results for the Hispanic population and for race groups because these populations consist of many distinct groups that differ in socioeconomic characteristics, culture, and recency of immigration.



While Howard County is a very wealthy county by all common measures, and thus shielded from a significant level of household financial insecurity, poverty still expanded in recent years. In 2010 approximately 2.8 percent of families were associated with incomes below poverty. By 2021, that share had risen to 4.0 percent, the equivalent of nearly 3,500 families living in Howard County (about 1,400 more than in 2010).²⁴

Even those Howard County residents fortunate enough to own a home often live with financial stress. According to Census Bureau data, in 2021 more than 21 percent of households in Howard County with a mortgage were spending more than 30 percent of their income on housing. Among renters, 45 percent are spending more than 30 percent of their income on housing. Moreover, owner-occupancy in Howard County is down slightly, from 74.7 percent in 2010 to 72.9 percent in 2021.²⁵

Exhibit 17: Howard County Population by Poverty Status, Select Years



Source: U.S. Census Bureau—2000 Census: DP-3 & American Community Survey: DP03; Sage Policy Group.

In recognition of these challenges, Howard County’s draft General Plan, Hoco By Design, incorporates policies and implementation actions that seek to directly advance equitable outcomes, some of which HCEDA is directly responsible for implementing or overseeing.²⁶

The push for inclusive growth is not based simply on notions of fairness. There is an expanding body of research indicating that inclusion produces far-reaching economic benefits while exclusionary outcomes and processes generate substantial social and economic costs.²⁷ For example, Bradbury and

²⁴ U.S. Census Bureau—2000 Census: DP-1; DP-3 & American Community Survey: DP03; S1101

²⁵ U.S. Census Bureau—American Community Survey: DP04

²⁶ Hoco By Design, 2/23/2023 Draft. <https://www.hocobydesign.com/>; Chapter 5-Economic Prosperity

²⁷ Joseph Parilla, Ryan Donahue, and Sarena Martinez. “Institutionalizing inclusive growth: Rewiring systems to rebuild local economies”. Brookings Institute. April 7, 2022. <https://www.brookings.edu/research/institutionalizing-inclusive-growth-rewiring-systems-to-rebuild-local-economies/>



Triest find that local areas with greater equality of opportunity (as measured by inter-generational mobility) are also associated with faster economic growth. This is because a higher share of a given population is able to achieve their potential or at least come closer to actualizing it.²⁸ Areas with broad-based opportunities also minimize fiscal and social costs of exclusion, such as those related to childhood poverty, higher crime and incarceration, and larger healthcare outlays.²⁹ In the aftermath of COVID-19, more inclusive economies were also healthier communities, supporting what health experts have acknowledged for years — that pre-existing socioeconomic conditions significantly influence health outcomes.³⁰

But inclusive growth is a fuzzy concept with no universally accepted operational definition. This means that communities or organizations must define what inclusion means for them. Brookings Metro offers one definition: ***Inclusive growth** is a process that encourages long-run growth (**growth**) by improving the productivity of individuals and firms in order to raise local living standards (**prosperity**) for all (**inclusion**).*³¹ Brookings also offers another, more nuanced definition which can be read [here](#).

How to track progress towards equity/inclusive growth is another issue. Brookings Metro assembled an inventory of projects that track economic indicators that have a focus on equity and inclusion. The inventory captures nearly 30 such projects spanning local, state, and national-level efforts.

For example, some organizations have used the percent of jobs paying a family-sustaining wage and the employment gap between white persons and persons of color to track labor market outcomes. The racial poverty gap (poverty rate for person of color population minus the poverty rate for white population) serves as an example of a metric related to income that could be used to measure inclusivity.

Similarly, the homeownership gap (percent of white households that own a home minus the percent of person-of-color households that own a home) is a relevant metric related to wealth. To assess the inclusivity of the business environment, some organizations have tracked business owner diversity (percent of small businesses founded or owned by women or people of color) and racial outcomes in city/county contracts (small versus large contracts going to minority and women-owned business enterprises).

²⁸ Bradbury, Katharine, and Robert K. Triest. "Inequality of opportunity and aggregate economic performance." *RSF: The Russell Sage Foundation Journal of the Social Sciences* 2, no. 2 (2016): 178-201. <https://www.rsfjournal.org/content/2/2/178.abstract>

²⁹ Joseph Parilla, "Opportunity for Growth: How Reducing Barriers to Economic Inclusion can Benefit Workers, Firms, and Local Economies" (Washington: Brookings Institution, 2017). <https://www.brookings.edu/research/opportunity-for-growth-how-reducing-barriers-to-economic-inclusion-can-benefit-workers-firms-and-local-economies/>

³⁰ Tim F. Liao and Fernando De Maio, "Association of Social and Economic Inequality with Coronavirus Disease 2019 Incidence and Mortality Across US Counties." *JAMA Network Open*, 2021.

³¹ Joseph Parilla, "Opportunity for Growth: How Reducing Barriers to Economic Inclusion can Benefit Workers, Firms, and Local Economies" (Washington: Brookings Institution, 2017). <https://www.brookings.edu/research/opportunity-for-growth-how-reducing-barriers-to-economic-inclusion-can-benefit-workers-firms-and-local-economies/>



That said, the Sage study team believes that fostering a broadly competitive economic development environment represents the best way to support broadly shared prosperity across various demographic segments, including dimensions of race, ethnicity, gender, nation of origin, and level of educational attainment. Accordingly, these indicators should be tracked to measure inclusivity, and efforts specifically targeted at improving inclusivity should be limited to those indicators that appear to lag despite broader economic improvement.

Exhibit 18: Examples of Indicators Related to Inclusive Growth

Indicators/Metrics	Domain/Themes			
	Labor Market	Income	Wealth	Business Environment
	<ul style="list-style-type: none"> ▪ Jobs paying a family-sustaining wage (percent share) ▪ Job creation (number of new middle wage jobs) ▪ Job growth adjacent to certain low-income neighborhoods ▪ Employment gap (white-person of color employment gap) ▪ Population employed in advanced industries (percent share) ▪ Wage gap (white-person of color wage gap) ▪ Change in the top-bottom neighborhoods employment rate gap (percentage-point) 	<ul style="list-style-type: none"> ▪ Median family income (in past 12 months) ▪ Median earnings for full-time workers ▪ Income equity (average monthly income gap by race) ▪ Gini coefficient ▪ Poverty (percent living below the poverty line) ▪ Child poverty (share of children in families below poverty line) ▪ Poverty gap (poverty rate for person of color population minus the poverty rate for white population) ▪ Community college tuition as a percent of household income ▪ Combined transit and housing cost burden 	<ul style="list-style-type: none"> ▪ Homeownership rate (percent of residents who are homeowners) ▪ Middle-class Homeownership (share of middle-income households that own their home) ▪ Homeownership gap (percent of white households that own a home minus the percent of person-of-color households that own a home) ▪ Racial homeownership gap (gap between households that are people of color and homeowners that are people of color) ▪ Access to banking services (number of banking institutions per 10,000 residents) ▪ Bank accessibility (number of banks and credit unions per 1000 people, within a 5-mile radius) ▪ Loan denial (home loan denial rates) 	<ul style="list-style-type: none"> ▪ Business owner diversity (percent of small businesses founded or owned by women or people of color) ▪ Small business growth (yearly percentage change in the total number of employees working for businesses with fewer than 50 employees) ▪ Business revenue (average annual receipts per firm and growth in receipts per firm; by race/ethnicity, by gender, by firm type, by industry) ▪ City/county contracts (small versus large contracts going to minority and women-owned business enterprises) ▪ Business value by race/gender (ratio of average business value of White-owned businesses to businesses owned by workers of color/men-owned to women-owned) ▪ Access to capital (investment in startups founded, owned, or led by women / people of color) ▪ Business income (annual income of Sole Proprietors)

Source: Brookings Metro; Sage Policy Group

The Brookings Metro inventory identifies more than 100 distinct data sources that have been used to generate indicators of inclusion.³² There are also other areas in which to measure inclusion, such as education, workforce development, access to banking, healthcare, and others.

³² Alan Berube and Nicole Bateman, “A roadmap to developing inclusive regional economic indicators” (Washington: Brookings Institution, 2021). <https://www.brookings.edu/wp-content/uploads/2021/10/Roadmap-report.pdf>



New and Modified Strategies for 2024-2026

INTRODUCTION

The 2017 strategic plan put forth five strategies to anchor HCEDA activities and four key county initiatives over which HCEDA does not have direct control but in which the organization may be involved. This update evaluates those strategies and initiatives in the context of a pandemic-altered economy, makes recommendations regarding how they should be adapted to the likely environment associated with 2024-27, and suggests new strategies and key initiatives.

STRATEGY #1: DEDICATE ADDITIONAL RESOURCES FOR SPECIAL PROJECTS

THE 2017 STRATEGY

This 2017 report described a framework regarding how HCEDA should approach “unpredictable or emerging challenges and opportunities that require intensive short-term attention.” This requires setting a defined period in which the problem must be addressed before it is transitioned to a different organization or adopted as a core part of HCEDA’s mission and outlining procedures for how the board should determine which special projects to pursue. Ultimately, this strategy endeavors to conserve HCEDA’s capacity so that core functions can be prioritized.

THE UPDATED STRATEGY

As a framework, this strategy should remain relatively unaltered. The deployment of limited resources to pursue unexpected problems and challenges is critical to HCEDA’s operations but should not detract from core functions like BRE efforts. That said, given the rapidity with which economic conditions are changing, Sage suggests that a higher share of budget and capacity be set aside for special projects. There are many issues that have emerged in recent years, including cybersecurity challenges, qualifying for the Paycheck Protection Program, or contending with workforce shortages. The future is likely to bring with it many rapid fluctuations in business fortunes, and there should be at any given moment a reserve of capacity and expertise that can be brought to bear in order to offer local enterprises with technical support and guidance.

STRATEGY #2: PRIORITIZE RESEARCH AND MESSAGING

THE 2017 STRATEGY

This strategy revolved around developing and maintaining sophisticated market intelligence to aid business retention (BRE) and attraction efforts. Specific tactics included the aggregation of relevant data, tracking interactions with firms and partners in a way conducive to the identification of trends, and the formulation of narratives related to BRE, innovation, and influencing and supporting key county investments that are out of HCEDA’s direct control.



THE UPDATED STRATEGY

The strategy and tactics outlined in the 2017 report remain valid, but pandemic-induced economic changes have increased the relevance of certain economic indicators. Furthermore, the post-pandemic reality justifies HCEDEO monitoring new potential economic threats and furthering efforts to collaborate with other Howard County organizations. Relevant tactics include:

Revamp HCEDEO.org data page: Simplify this page and either continually update or remove indicators that are not updated regularly. Where possible, present data in a narrative designed to support BRE and attraction efforts.

Monitor economic disruptors: AI, remote work, and other potential disruptors should be actively monitored. Plans should be in place to nimbly respond to these threats as they arise (for example, see “strategy: monitor ai-driven economic changes and provide support where necessary”).

Collaborate with other Howard County entities: Remote work has increased the relative importance of attracting residents vis-à-vis the attraction of employers. Accordingly, HCEDEO should consider collaborative research and messaging efforts with organizations like the Howard County Library or the Office of Workforce Development to reach a higher proportion of entrepreneurs, including those who work remotely as sole proprietors.

STRATEGY #3: CONTINUED ROBUST BUSINESS RETENTION AND EXPANSION, LIMITED BUSINESS ATTRACTION EFFORTS

THE 2017 STRATEGY

This strategy combines two strategies from the previous plan, which identified 1) robust business retention and expansion (BRE) as the primary anchor of the HCEDEO’s efforts to better ensure that existing local firms fulfill their potential to deliver job growth and sustained economic health and 2) cultivating strategic business attraction opportunities in limited but high-potential opportunities.

Critically, the 2017 plan prioritizes BRE over the attraction of new businesses. This prioritization is overwhelmingly supported by evidence and appears to be broadly accepted by EDOs. One of the key findings from the 2017 strategic plan was that business attraction is, in most cases, a less productive use of resources than BRE. This is due to the resource intensiveness and low success rate of direct sales outreach at the county level. Accordingly, the 2017 plan recommended honing the channels through which strong leads surface and being prepared to respond proactively and aggressively when high-potential attraction opportunities arise.



THE UPDATED STRATEGY

As the 2017 plan concluded, expending significant resources to induce firms to stay or in-migrate can prove futile. Firms often make their locational decisions based on an array of factors that are not susceptible to the influence of economic development agencies. This conclusion is supported by research. One can quibble or even reject such findings, but many economic development professionals have come to realize that expending significant resources attempting to induce firms to stay or in-migrate can prove futile. Firms often make their locational decisions based on an array of factors that are not susceptible to the influence of economic development agencies.

Accordingly, rather than emphasize dealmaking, HCEDA should support an economic environment that is broadly supportive of entrepreneurs. In many instances, therefore, the goal of meeting with businesses should not be to cajole them into staying, expanding operations, etc., but to gather market intelligence to support continuous refinement of the business climate. Here are some available tactics designed to encourage retention and attraction in a contemporary fashion:

Prioritize businesses with an in-person presence: The threat of large-scale vacancies in Howard County's nearly 20 million square feet of office space and the potential for declining valuations of that space represents perhaps the greatest threat to the county's economic vitality and commercial tax base over the next three years. The amount of countywide vacant office space has increased from a bit more than 2 million square feet during 2019's fourth quarter to approximately 2.9 million square feet at the onset of 2023's second quarter. There is likely even more vacant office space in the county, but it is not deemed vacant since for now it remains leased.

HCEDA should prioritize the retention of companies with a large base of in-person employees or the potential for a growing physical footprint. To identify the firms that should be prioritized in implementing this tactic, HCEDA should leverage the work done in identifying firms related to the 2017 plan's Middle Market and Scale Up tactic. In other words, while enormous resources, including in the form of subsidies and incentives should not be offered to recruit firms to Howard County, it is perfectly permissible (and indeed recommended) to strive for stability in commercial real estate markets by supplying added attention to firms that are likely to occupy physical space, whether office, retail, warehouse, flex, or other forms of space.

Certain industries are more likely to require physical space than others, including those related to production of goods, but HCEDA should also prioritize the retention and attraction of businesses operating in segments with high growth potential and those that are likely to benefit from agglomeration effects in the context of Howard County's highly educated workforce. These include cybersecurity, medical and diagnostic laboratories, other tech fields related to innovation, and government contractors and other forms of consulting.



If downsizing proves inevitable, support efforts to downsize within Howard County:

Companies are moving to smaller office spaces to reflect their shrinking need for physical space in the context of increased remote work. HCEDA should support businesses transitioning to smaller physical spaces in an effort to keep them within the county. There is evidence suggesting that businesses are signing leases for smaller spaces but in newer, more expensive buildings, and HCEDA should aid businesses in their transition from quantity to quality, perhaps by supplying information regarding appealing locations that fit the needs of individual enterprises.

An intentional approach to inclusive business growth: Howard County stakeholders expressed a strong preference for inclusive growth. To support employment opportunities for the roughly 36 percent of Howard County adults without a bachelor’s degree, HCEDA should prioritize the retention of businesses with a high proportion of jobs not requiring a college degree. This includes continued support for the agricultural marketing program, industrial and wholesale companies, and the Business Revitalization Initiative Through Entrepreneurship program (BRITE), among others.

If anything, these types of jobs are gaining in importance. Even as artificial intelligence threatens to redefine a bevy of white-collar segments, there is a lack of workers in the skilled trades. This includes carpenters, welders, mechanics, millwrights, machinists, truck drivers, HVAC professionals, pipefitters, crane operators and many others. Howard County, along with much of America, would benefit from an improved built environment, whether in the form of smoother roads, more reliable water systems and wastewater treatment plants, or even more attractive schools. At the same time, there is a shared American goal of replenishing critical supply chains, and Howard County must participate in reshoring and related activities to actualize its full economic development potential.

Foster manufacturing, distribution, & logistics growth: Relatedly, there should be a focus on intentionally growing companies operating in manufacturing, distribution, and logistics industries by dedicating resources and staff to promoting the county’s industrial base, including along the advantageously located Route 1 Corridor. There should also be an awareness of workforce development and training opportunities, including at Howard Community College and at local apprenticeship programs, that seek to help create the industrial workforce of the 21st century.

The notion that the Route 1 Corridor should become home to a denser industrial base is hardly new. According to the County’s draft General Plan, “To support a diverse economic development strategy for Howard County, the Route 1 Corridor must sustain a thriving industrial and warehouse base. County regulations and guidelines should be updated to promote new light industrial, warehouse, and flex spaces. Strategies to protect, promote, and expand existing industrial uses must be developed and implemented in coordination with the County’s Economic Development Authority (HCEDA) and Office of Workforce Development (HCOWD).”³³

³³ Hoco By Design. 2/23/2023 Draft. <https://www.hocobydesign.com/draft-release>



STRATEGY #4: UNLEASH THE POTENTIAL OF INNOVATION

THE 2017 STRATEGY

The 2017 plan recommended the creation and prioritization of spaces that attract entrepreneurs in innovative, high growth segments. Specifically, it was recommended that Howard County “transform its Maryland Center for Entrepreneurship (MCE) incubator into a space that makes the best use of the area’s assets, effectively competes with burgeoning urban areas nearby, and tests whether there is sufficient market demand for an innovation district.”

In implementing this tactic, HCEDA successfully relocated the Maryland Center for Entrepreneurship. This initiative expanded the incubator from 25,000 sq ft to over 60,000 sq ft and rebranded it as the Maryland Innovation Center (MIC). The facility now has modern amenities with full-service conference rooms, co-working space and small offices that now supports over 40 resident businesses, over 40 affiliate members, and enhanced small business support services.

The previous plan also recommended dedicated resources to aid revitalizing a reimagined Columbia Gateway, which has since been deemed the Columbia Gateway Innovation District. Howard County is currently procuring bids to complete a Master Plan for the Gateway Innovation District.

THE UPDATED STRATEGY

Robustly support the dynamic status quo: Not much change is recommended here. HCEDA should continue to leverage in-place resources at the Maryland Innovation Center. An HCEDA initiative, the MIC supplies space, mentorship, and connections to support companies representing approximately 20 industries to disrupt existing marketplaces. The MIC encompasses 63,000 square feet across five floors. Among other things, the MIC offers a network of Entrepreneurs in Residence as well as business partners to support entrepreneurs in their quest to amass economies of scale and scope. Critically, the MIC’s Business Revitalization Initiative Through Entrepreneurship program, or BRIT, provides under-represented businesses with coaching, mentoring, and technical assistance.³⁴ Support for all of this programming should continue and be expanded as resources permit.

Continue to influence and support the Columbia Gateway Innovation District: The process of developing the new master plan that will guide this redevelopment effort will have many stakeholders advocating for different priorities. HCEDA should endeavor to steer the planning process toward the development of a district that prioritizes a dense, mixed use environment conducive to the attraction and retention of innovative firms.

³⁴ Howard County Economic Development Authority - Maryland Innovation Center. <https://hceda.org/innovation-startups/maryland-innovation-center/>



STRATEGY #5: MONITOR ECONOMIC DISRUPTIONS

THE NEW STRATEGY

Economic disruptions, like AI, the proliferation of remote work, and structural worker shortages, have the potential to fundamentally alter industries and workplace dynamics. In the case of AI, for instance, the technology may diminish the value of certain long-treasured occupational skills, whether portfolio management or computer programming. Remote work, as mentioned earlier in this report, may fundamentally alter the demand for physical space, while structural labor scarcity is likely to impact where establishments locate and industries cluster. These disruptors are front of mind at the moment, but other similar factors are sure to arise over time.

Many of these phenomena will increase productivity in the long run, but at the cost of negative economic outcomes for some workers and industries. Accordingly, it is critical that HCEDA closely monitor these changes, as well as others that may arise, and maintain a framework designed to tailor responses as opportunities and threats emerge. That framework must be designed with flexibility (given uncertainty) and should broadly include the following tactics:

Monitor disruptions: Because of the uncertain but potentially drastic effects of economic disruptions, HCEDA should dedicate resources to monitoring any potential threats to the local business community or workforce. This will include researching emerging technologies and trends and maintaining open communication with business leaders to assess how disruptions are effecting their operations. Remaining on the vanguard of these subjects will position HCEDA to provide timely support to local business leaders as they seek to navigate emerging sources of uncertainty. Many of the resulting responses will fit under the heading of special projects.

Workforce development strategy: HCEDA should influence the collaboration between businesses, educational institutions, and the county to create a comprehensive workforce development strategy that focuses on equipping current and future workers with the skills required to thrive through disruptions. By offering support through vocational training programs, apprenticeships, and upskilling initiatives, HCEDA and partnering organizations can help workers adapt to new roles and industries. Additionally, these programs should prioritize inclusivity and accessibility, ensuring that people from diverse backgrounds and varying levels of expertise can benefit from them.

Targeted support: HCEDA and/or partner organizations should offer workshops designed to help Howard County enterprises understand the potential impact of disruptions on their industries and to identify ways to leverage emerging technologies and trends.



STRATEGY #6: ALIGN HCEDA ACTIVITIES WITH HOWARD COUNTY'S GENERAL PLAN

THE NEW STRATEGY

This update to HCEDA's strategic plan coincides with the imminent update of Howard County's General Plan (HoCo By Design). In each policy area, the General Plan outlines policy statements and implementing actions. For each implementing action, the General Plan identifies a lead agency and supporting agencies. These identified agents are responsible for implementation within specified timeframes.³⁵

HCEDA is identified as the lead agency for implementing and completing a few actions, primarily in the area of *economic prosperity*. This is described in further detail below:

Economic Prosperity (EP)

EP-3 - Support and diversify the local job market to maximize opportunities to grow regional employment.

EP-6 - Monitor economic disruptors, such as new technologies, autonomous vehicles, teleworking, and e-commerce, and employ adaptive and innovative strategies to meet emerging economic shifts.

EP-7 - Support an educated and skilled workforce with specific attention and resources devoted to breaking barriers to employment and education, while achieving greater racial and social inclusion in the workplace.

EP-8 - Encourage a business climate that supports small and diverse business growth and opportunities, and values cultural diversity and inclusion.

EP-9 - Promote and support modern farming initiatives that reflect the changing needs and economic drivers of agriculture in Howard County.

EP-10 - Continue and enhance established technical and funding efforts to support the farming community.

EP-11 - Support and encourage beginning farmers to build a diverse farming community.

Dynamic Neighborhoods (DN)

DN-10 - Establish policies, programs and planning and zoning practices aimed at reducing farmer-neighbor conflicts.

Supporting Infrastructure (INF)

INF-13 - Continue to support Howard Community College's expanding abilities to provide higher education for county residents and workers.

In light of these responsibilities, the following is recommended:

Review the General Plan, with an eye toward specific implementation actions associated with each of the policy statements listed above. Identify how each implementing action for which HCEDA is responsible fits into HCEDA's current strategies and operations. For example, EP-9, EP-10, and EP-11 are related to efforts HCEDA oversees through its Agricultural Marketing Program.

Undertake an institutional mapping exercise to identify agencies in the county with complementary or overlapping efforts and coordinate with these agencies. For example, EP-7 (workforce development) embodies efforts to be supplied by both HCEDA and the Office of Workforce Development (OWD).

³⁵ Hoco By Design, 2/23/2023 Draft. <https://www.hocobydesign.com/>; Chapter 10-Implementation. <https://www.hocobydesign.com/18058/widgets/57052/documents/38195>



Endeavor to satisfy the role of a redevelopment authority in the county. Despite the county's brilliant economic performance over time, there remain communities in need of revitalization. The goal is for the Authority to catalyze redevelopment in areas of need like along the Route 1 corridor, in Columbia villages associated with elevated commercial vacancy, or in other contexts. As a catalyst, the approach should be to find areas of need, identify desirable forms of investment, and then work with suitable private developers/investors who offer both sufficient investment capital and a sustainable and coherent vision for property redevelopment.

An Additional Layer: Influence and Support Key County Initiatives

In addition to the strategies outlined above, this strategic plan update calls for HCEA to continue its role as a potent influencer. Various reports continue to indicate that Maryland is home to one of the nation's least competitive business environments. Accordingly, HCEA should extend its influence beyond its core activities in order to speak to issues such as housing policy (critical to labor force formation and growth), placemaking, public safety, tax rates, workforce development and education. The goal is to be a voice for the entrepreneurial community. While much of influence should be focused on the county seat, there probably is some room for advocacy in the state capital as well.

The 2017 strategic plan identified **placemaking, workforce, transit, and quality of life** as areas of influencing and support for HCEA. This plan provides adjusted guidance in the form of three areas upon which influence and support should be directed. Notably, all four of the previously identified areas are either encompassed within these three or addressed in the strategies.

PLACEMAKING

Placemaking has taken on even greater importance in the context of a post-pandemic economy. Because remote work has increased the relative importance of attracting workers to live within the county, efforts like the Downtown Columbia Plan and the soon-to-be redeveloped Gateway District, represent areas that would benefit from HCEA influence.

TRANSIT

This strategic plan finds that the transit connectivity gap that has historically characterized Howard County remains firmly in place. Areas like Clarksville are crisscrossed by highways, often lacking not only sidewalks, but areas safe for walking and biking. These considerations are firmly beyond HCEA's principal missions. However, there is room for advocacy here given the preferences expressed by many young people for transit options and the need to be as appealing to entrepreneurs as possible.



SUPPORT ADAPTIVE REUSE OF OFFICE SPACE

While some bemoan the diminished fortunes of commercial real estate, others view it as an opportunity for adaptive reuse on a mass scale. This can translate into office buildings being converted into apartments or vacant shopping centers into mixed-use communities. Whatever the highest and best use of real estate, HCEDA should be identifying opportunities for adaptive reuse throughout the county and advocating for redevelopment to maximize beneficial economic impact and contributions to quality of life, whether in the form of expanding housing opportunities, or creating additional spaces for specialty retailers, artists, or others pursuing the American Dream.

Conclusion

The HCEDA strategic plan update has attempted to adjust and contemporize the 2017 strategic plan strategies in the context of the post-pandemic world. The current period is associated with rapid technological transformation, dramatically different spatial requirements, a dearth of available human capital, and rampant reshoring and near-shoring of manufacturing activities.

Ultimately, the Sage study team offers four adjusted strategies, two new strategies, and a call for HCEDA to be an even more formidable influencer regarding placemaking, adaptive reuse of real estate, and transportation options.

The study team has also put forth a set of metrics that align with these altered and added strategies. Among the suggested metrics for economic development success are:

- Proportion of jobs paying a family-sustaining wage;
- Reduced employment and compensation gaps across demographic groups;
- Diminished poverty rates in every major demographic segment;
- Increased homeownership for all major demographic groups;
- Percentage of businesses founded by or owned by a woman or person of color;
- Percentage of government/county contracts going to small, minority- or women-owned businesses.

Many of these metrics relate to a desire for greater inclusivity. Ultimately, however, a competitive economic development environment supports the aspirations of all people and is likely to help close traditionally large opportunity gaps.