

My name is Jacob Sesker, and I am a Maine-based economic development consultant. The following comments reflect my own views as an individual and subject matter expert, and not those of any client or interest.

There is much in the strategic plan that is commendable. However, I want to narrowly focus my testimony on some fundamental mismatches that are evident after reading and considering the strategic planning documents.

First is a mismatch between our aspirations and the commercial real estate market. It is true, as the plan indicates, that MoCo has cost advantages over coastal cities (locations such as NYC, SF, Boston, Seattle, and DC). However, MoCo is not actually competing with those locations for investment and HQ tenants in most industries. Succinctly, we are already cheaper than major coastal markets but are generally failing to compete with those locations. On the other hand, our manufacturing sector has grown, and most of the money flowing to real estate globally and nationally is flowing to industrial products – manufacturing facilities, laboratories, data centers, and warehouses. Generally, those products tend to favor lower real estate prices and planning and entitlement processes that favor speed to market. *What does the plan recommend that will change our value proposition? How do we create a story that we can sell to those who make decisions about tenant locations and investment? Do we need to change our pitch to focus on non-office uses? And do we even have land that is suitable or zoned for such uses?*

Second is a mismatch between the information that we have and the momentum for policy solutions. MoCo is “stuck in the middle” insofar as the county is increasingly irrelevant from the perspective of most HQ location searches and is too expensive or complex for most of the kinds of commercial development that are being financed today. And the County is stuck in the middle also when it comes to residential development – too expensive to meet the needs of low-income families, but with not enough growth in high-income families to drive economic or revenue growth to a level that can support current increases in the low-income population. The plan does not acknowledge or address this phenomenon and fails to address the associated challenges head-on. Succinctly, we have all the information we need to understand the problem, but we lack the courage necessary to change policy direction or just pick a lane.

Should MoCo expand and simplify tax credits and incentives? Should MoCo more actively engage in the land use development process, for example, by creating a redevelopment authority? Should MoCo use its CIP to get more actively engaged in financing projects and facilities that will facilitate growth?

Third is a mismatch between the amount of growth and development that is occurring in the County and the amount that is necessary to support the social safety net spending and land use exactions that have come to define MoCo's political culture. Housing affordability is a challenge that imposes significant costs on society, political jurisdictions, households, and individuals. And Montgomery County has done more to address that challenge than most local jurisdictions in the region or the nation. If doing so is going to remain a priority for MoCo, then more growth and commercial development are necessary because residential development – especially residential development that includes significant mandated inclusionary zoning – is not by itself going to produce the levels of revenue necessary to support that local safety net. *Given that the County is already capturing more low-income households than any other jurisdiction in the region, how much is too much? Is housing affordability helping advance the County's economic development? And if not, why is it identified as to be a key component of the county's economic development strategy (rather than, say, recognizing it as a statement of shared social values)? If we continue to impose significant inclusionary zoning requirements via zoning and master plans, what will drive the economic growth that is necessary to support that effort? And if we're not willing to do what it takes to change the growth trajectory of the county, should we change our expectations about how much affordable housing we can and should capture in the coming years?*

Thank you for the opportunity to provide this testimony, and for your continued public service during this unprecedented challenge to the local and global economies.