
COMMITTEE ON ECONOMIC DEVELOPMENT

COUNCILMEMBER MURIEL BOWSER, CHAIRPERSON
FISCAL YEAR 2015 COMMITTEE BUDGET REPORT



TO: Members of the Council of the District of Columbia

FROM: Councilmember Muriel Bowser
Chairperson, Committee on Economic Development

DATE: May 15, 2014

SUBJECT: Report and Recommendations of the Committee on Economic Development on the Fiscal Year 2015 Budget for Agencies Under its Purview

The Committee on Economic Development (“Committee”), having conducted hearings and received testimony on Mayor Vincent Gray’s proposed operating and capital budgets for Fiscal Year (FY) 2015 for the agencies under its purview, reports its recommendations for review and consideration by the Committee of the Whole. The Committee also comments on several sections in the FY 2015 Budget Support Act of 2014, as proposed by the Mayor, and recommends new subtitles.

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I. SUMMARY

A. FISCAL YEAR 2015 AGENCY OPERATING BUDGET SUMMARY TABLE (DOLLARS IN THOUSANDS)

Proposed Gross Funds by Revenue Type (Dollars in Thousands)							
	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change FY 2014 Approved to FY 2015
Office of the Deputy Mayor for Planning and Economic Development (EB0)							
LOCAL FUND	9,687	11,877	13,328	14,714	255	14,969	12.3%
SPECIAL PURPOSE REVENUE FUNDS	6,102	7,684	20,400	20,088	0	20,088	-1.5%
FEDERAL GRANT FUND	1,959	672	1,800	1,800	0	1,800	0.0%
INTRA-DISTRICT FUNDS	137	311	574	444	0	444	-22.6%
GROSS FUNDS (EB0)	17,885	20,543	36,102	37,046	255	37,301	3.3%
Department of Housing and Community Development (DB0)							
LOCAL FUND	8,153	11,514	11,054	15,625	300	15,925	44.1%
SPECIAL PURPOSE REVENUE FUNDS	6,058	3,596	9,621	6,500	0	6,500	-32.4%
FEDERAL GRANT FUND	41,652	42,243	40,821	41,354	0	41,354	1.3%
PRIVATE DONATIONS	18	0	0	0	0	0	NA
INTRA-DISTRICT FUNDS	21,807	38,767	146,208	125,148	(1,500)	123,648	-15.4%
GROSS FUNDS (DB0)	77,689	96,120	207,703	188,627	(1,200)	187,427	-9.8%
Housing Production Trust Fund (UZ0)							
DEDICATED TAXES	44,198	55,926	75,745	0	0	0	-100.0%
SPECIAL PURPOSE REVENUE FUNDS	1,850	0	66,931	0	0	0	-100.0%
ENTERPRISE AND OTHER FUNDS - DEDICATED TAX	0	0	0	40,422	0	40,422	NA
GROSS FUNDS (UZ0)	46,048	55,926	142,676	40,422	0	40,422	-71.7%
Housing Authority Subsidy (HY0)							
LOCAL FUND	4,000	14,213	38,963	42,963	0	42,963	10.3%
INTRA-DISTRICT FUNDS	18,000	19,969	0	0	0	0	NA
GROSS FUNDS (HY0)	22,000	34,182	38,963	42,963	0	42,963	10.3%
Housing Finance Agency (HF0)							
SPECIAL PURPOSE REVENUE FUNDS	8,884	8,735	9,689	0	0	0	-100.0%
ENTERPRISE AND OTHER FUNDS	0	0	0	9,662	0	9,662	NA
GROSS FUNDS (HF0)	8,884	8,735	9,689	9,662	0	9,662	-0.3%
Office of Cable Television (CT0)							
SPECIAL PURPOSE REVENUE FUNDS	5,605	5,883	8,464	9,549	0	9,549	12.8%
INTRA-DISTRICT FUNDS	17	35	0	0	0	0	NA
GROSS FUNDS (CT0)	5,621	5,918	8,464	9,549	0	9,549	12.8%
Washington Metropolitan Area Transit Authority (KE0)							
LOCAL FUND	138,068	195,156	200,810	219,136	731	219,867	9.5%
DEDICATED TAXES	52,186	54,430	59,119	62,686	0	62,686	6.0%
SPECIAL PURPOSE REVENUE FUNDS	31,085	35,265	41,159	46,517	0	46,517	13.0%
INTRA-DISTRICT FUNDS	57,206	0	0	0	0	0	NA
GROSS FUNDS (KE0)	278,545	284,851	301,088	328,339	731	329,070	9.3%
TOTAL GROSS FUNDS	456,672	506,276	744,686	656,608	(214)	656,394	-11.9%

B. FISCAL YEAR 2015 AGENCY FULL-TIME EQUIVALENT TABLE

Proposed Full-Time Equivalents by Revenue Type							
	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change FY 2014 Approved to FY 2015
Office of the Deputy Mayor for Planning and Economic Development (EB0)							
LOCAL FUND	28.2	49.5	65.0	69.0	1.0	70.0	7.7%
SPECIAL PURPOSE REVENUE FUNDS	22.0	8.1	10.0	10.0	0.0	10.0	0.0%
FEDERAL GRANT FUND	0.0	0.0	0.0	0.0	0.0	0.0	NA
INTRA-DISTRICT FUNDS	0.0	3.2	4.0	4.0	0.0	4.0	0.0%
GROSS FUNDS (EB0)	50.2	60.7	79.0	83.0	1.0	84.0	6.3%
Department of Housing and Community Development (DB0)							
LOCAL FUND	32.5	36.5	36.9	35.0	0.0	35.0	-5.0%
SPECIAL PURPOSE REVENUE FUNDS	25.3	26.7	32.9	16.0	0.0	16.0	-51.3%
FEDERAL GRANT FUND	45.4	42.5	54.1	77.5	0.0	77.5	43.4%
PRIVATE DONATIONS	0.0	0.0	0.0	0.0	0.0	0.0	NA
INTRA-DISTRICT FUNDS	28.0	24.0	35.3	30.5	0.0	30.5	-13.5%
GROSS FUNDS (DB0)	131.2	129.7	159.0	159.0	0.0	159.0	0.0%
Housing Production Trust Fund (UZ0)							
DEDICATED TAXES	0.0	0.0	0.0	0.0	0.0	0.0	NA
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
ENTERPRISE AND OTHER FUNDS - DEDICATED	0.0	0.0	0.0	0.0	0.0	0.0	NA
GROSS FUNDS (UZ0)	0.0	0.0	0.0	0.0	0.0	0.0	NA
Housing Authority Subsidy (HY0)							
LOCAL FUND	0.0	0.0	0.0	0.0	0.0	0.0	NA
INTRA-DISTRICT FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
GROSS FUNDS (HY0)	0.0	0.0	0.0	0.0	0.0	0.0	NA
Housing Finance Agency (HF0)							
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
ENTERPRISE AND OTHER FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
GROSS FUNDS (HF0)	0.0	0.0	0.0	0.0	0.0	0.0	NA
Office of Cable Television (CT0)							
SPECIAL PURPOSE REVENUE FUNDS	32.3	34.1	39.5	39.0	-1.5	37.5	-5.1%
INTRA-DISTRICT FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
GROSS FUNDS (CT0)	32.3	34.1	39.5	39.0	-1.5	37.5	-5.1%
Washington Metropolitan Area Transit Authority (KE0)							
LOCAL FUND	0.0	0.0	0.0	0.0	0.0	0.0	NA
DEDICATED TAXES	0.0	0.0	0.0	0.0	0.0	0.0	NA
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
INTRA-DISTRICT FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
GROSS FUNDS (KE0)	0.0	0.0	0.0	0.0	0.0	0.0	NA
Total Gross Funds FTEs	213.7	224.5	277.5	281.0	-0.5	280.5	1.1%

**C. FISCAL YEAR 2015 AGENCY CAPITAL BUDGET SUMMARY
TABLE (DOLLARS IN THOUSANDS)**

	FY15	FY16	FY17	FY18	FY19	FY20	Total
Economic Development	203,625	146,561	153,833	118,833	130,400	127,400	880,452
EB0 - DEPUTY MAYOR FOR ECONOMIC DEVELOPMENT	63,000	39,400	35,000	0.00	13,000	10,000	160,400
BARRY FARM, PARK CHESTER, WADE ROAD	2,000	0.00	0.00	0.00	0.00	0.00	2,000
MCMILLAN SITE REDEVELOPMENT	4,000	21,400	15,000	0.00	0.00	0.00	40,400
NEW COMMUNITIES	38,200	500	20,000	0.00	13,000	10,000	80,500
SAINT ELIZABETHS E CAMPUS INFRASTRUCTURE	8,500	17,500	0.00	0.00	0.00	0.00	26,000
WALTER REED REDEVELOPMENT	1,300	0.00	0.00	0.00	0.00	0.00	1,300
WASA NEW FACILITY	9,000	0.00	0.00	0.00	0.00	0.00	9,000
KE0 - MASS TRANSIT SUBSIDIES	141,625	107,161	118,833	118,833,	117,400	117,400	721,252
PROJECT DEVELOPMENT	1,099	1,099	1,099	1,099	699	699	5,794
WMATA CIP CONTRIBUTION	65,526	56,062	67,734	67,734	66,701	66,701	390,458
WMATA FUND - PRIIA	50,000	50,000	50,000	50,000	50,0000	50,000	300,000
WMATA MOMENTUM	25,000	0.00	0.00	0.00	0.00	0.00	25,000

D. SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS

OFFICE OF THE DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT (EB0)

Operating Budget Recommendations

- The Committee recognizes a transfer of \$150,000 from the Committee on Finance and Revenue for Earned Income Tax Credit education. The DC Earned Income Tax Credit (EITC) is a special tax break, based on the federal EITC, designed specifically for low- and moderate-income workers. People who qualify for the EITC will pay less in taxes or even get cash back. The grant will be provided to community organizations to support efforts to assist EITC-eligible residents apply for the credit. This transfer is represented in DMPED's operating budget, Activity 2030-Economic Development Financing and CSG 50-Subsidies and Transfers.
- The Committee recognizes a transfer of \$800,000 from the Committee on Finance and Revenue in FY 2016, sourced from the Howard Town Center Tax Abatement, to the Office of the Deputy Mayor for Planning and Economic Development to fund emerging business district demonstration project. As this transfer will occur in FY 2016, there is no representation on the charts of this budget report.
- The Committee understands the importance of the workforce investment plan and thus recognizes a transfer of \$104,936 from the Office of Cable Television to DMPED, which will be used to fund an additional full-time equivalent at the Workforce Investment Council. This Career Pathways Coordinator will develop a cross-agency plan for connecting basic skills programs to career pathways, set shared, city-wide priorities, and identify opportunities for alignment and collaboration between the District's education, workforce, and human services providers.

Capital Budget Recommendations

- The Committee on Economic Development accepts a transfer of \$1.2 million from the Committee on Health to be used create a loan to sustain and maintain a 100% affordable housing project in Ward 7 supporting former Lincoln Heights residents under the New Communities Initiative. This transfer is represented in DMPED's capital budget, New Communities Project EB008C, but the expectation is that the loan will be facilitated by DHCD.

Policy Recommendations

- The Committee recommends that the agency further refine the five-year economic development strategy so that an implementing plan can be formulated.
- The Committee recommends that DMPED undertake a comprehensive assessment of District-owned facilities, which shall be submitted to the Council no later than July 15, 2015.
- The Committee recommends that DMPED coordinate efforts with the Office of the Chief Financial Officer to improve the transparency of its budget and use the attached proposal as a guide to do so.
- The Committee urges DMPED to prepare a solution to the WASA Relocation problem as soon as possible. Although \$15 million has been committed to this project, DMPED has spent less than \$100,000 to date.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DB0)

Operating Budget Recommendations

- The Committee recognizes a transfer of \$300,000 from the Office of Cable Television, FY 2013 Cable Television Franchise Fee revenues, which will be used for Home Purchase Assistance Program (Activity 3030), Subsidies and Transfers Comptroller Source Group (CSG 50).
- The Committee recommends that LEAD Safe (Activity 3050), Subsidies and Transfers Comptroller Source Group (CSG 50) be reduced by \$5.8 million, and that \$4.1 million is transferred to Affordable Housing Project Financing (Activity 2010), Subsidies and Transfers Comptroller Source Group (CSG 50) for the development of affordable housing for senior citizens, age 65-years and older, \$200,000 is transferred to Affordable Housing Project Financing (Activity 2010), Subsidies and Transfers Comptroller Source Group (CSG 50) for the development of a pilot project that would study how best to develop affordable housing and wrap-around services for the District's LGBT seniors, and \$1.5 million is transferred to the Committee on Human Services for a rapid re-housing pilot program for individuals.

Capital Budget Recommendations

- The Department of Housing and Community Development has no associated capital funds.

Policy Recommendations

- The Committee recommends that DHCD fill all position vacancies as quickly as possible to better implement its mission and achieve the goals of its numerous programs and initiatives related to housing and community development.
- DHCD should work more closely with DCRA and OTR to buy vacant and blighted properties at tax sale to be used for the creation of affordable housing throughout the District of Columbia.
- The Committee urges DHCD, DMPED and the other relevant agencies to set up a long-term affordable housing strategic plan. This should include concrete goals for the number of units that it must produce or assist in the production from each component of the continuum of affordable housing types. It must also identify key agencies responsible for each task, regular coordination and communications, an oversight and reporting process. Finally, this plan requires a robust performance measure system that tracks the progress of each program in a consistent and clear manner. It must also do so transparently and involve the public and housing advocates.
- The Committee recommends that the agency more effectively and quantitatively track metrics for the small business assistance programs and focus efforts on select “pilot” corridors to create the most impactful change.
- The Committee recommends that DHCD’s Housing Regulation Administration, Rental Conversion and Sale Division conduct more education and outreach so that condominium associations improve governance practices and comply with the new requirements of the Condominium Amendment Act of 2014 recently adopted by the Council.
- The Committee recommends that DHCD, and the Rent Administrator and Rental Housing Commission in particular, decide rent control cases more quickly. Delaying decisions can result in significant costs being borne by landlords and tenants. The agency should also work with stakeholders to streamline the process and evaluate the effectiveness of the District’s rent control laws in providing clean, safe, and affordable housing to those individuals who most need it.
- The Committee recommends that DHCD streamline the information that housing providers must disclose to potential tenants when they lease a unit.
- The Committee urges DHCD to negotiate a resolution to the dispute with the Park Southern Apartments regarding the defaulted loan to ensure that residents are able to remain in their affordable units.
- The Committee urges the adoption of a policy to designate \$100 million per year to the Housing Production Trust Fund. With more than 70,000 households on a waiting list for public housing, 8,000 existing public housing units in need of rehabilitation or replacement, and thousands of individuals and families who are homeless, increased production for affordable housing is paramount.

HOUSING PRODUCTION TRUST FUND (UZ0)

Operating Budget Recommendations

- The Committee makes no recommendations to the Mayor's proposed budget for FY 2015.

Capital Budget Recommendations

- The Housing Production Trust Fund has no associated capital budget.

Policy Recommendations

- The Committee recommends that DHCD conduct an audit of all HPTF spending in order to minimize administrative costs, and thereby build more affordable housing.

DISTRICT OF COLUMBIA HOUSING AUTHORITY (HY0)

Operating Budget Recommendations

- The Committee makes no recommendations to the Mayor's proposed budget for FY 2015.

Capital Budget Recommendations

- The District of Columbia Housing Authority has no associated capital funds.

Policy Recommendations

- The Committee urges DCHA to research and establish a long-term housing strategic plan. This should include potential solutions and responses to the suspension of the DCHA housing waiting list, a capital improvements plan for its 8,000 units, a maintenance plan, and a senior housing program.
- The Committee recommends DCHA closely monitor vacant properties to efficiently turn them over to new tenants.
- The Committee advises DCHA to implement the applicable recommendations made in the Comprehensive Housing Strategy Task Force. In particular, the Committee recommends supporting the Affordable Housing Data and reporting System that will create a database of locally financed affordable housing units, creating a One Pitch meeting to streamline initial support for new production or preservation projects, and hosting an annual resident services and housing development symposium to encourage collaboration.

- The Committee urges DCHA, DMPED and DHCD to submit an annual report detailing progress made at each New Communities site, per Title IX, section 9018 of the FY 2014 Budget Support Act of 2013.
- Based on the assessment of the New Communities Initiative by the three consulting firms as commissioned by DMPED, and the report required by the FY 2014 Budget Support Act of 2013, the Committee recommends that DCHA submit to it a new feasible timeline for the New Communities Initiative by July 15, 2014.
- The Committee encourages DCHA to work with the Office of Public Safety to increase the number of security cameras in place throughout its housing portfolio.
- The Committee advises DCHA to collaborate with its sister agencies and foundations to help public housing residents achieve financial self-sufficiency through on-site programs.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY (HF0)

Operating Budget Recommendations

- The Committee makes no recommendations to the Mayor's proposed budget for FY 2015.

Capital Budget Recommendations

- The District of Columbia Housing Finance Agency (HFA) has no associated capital funds.

Policy Recommendations

- The Committee recommends that HFA work with DCHA, DHCD and stakeholders to address the disposition of Parkway Overlook. In doing so, the Committee underscores the importance of ensuring affordability.
- The Committee recommends that HFA implement relevant recommendations contained in the Comprehensive Housing Strategy Task Force's report. In particular, the Committee underscores the importance of the District developing a database of affordable housing units in the city that the District finances or supports.
- The Committee urges HFA to identify methods to provide information to District residents about HFA programs, including partnering with large employers and the District government to provide information to their employees.
- The Committee urges HFA to identify methods to increase homeownership across the District of Columbia, especially in Wards 7 and 8.
- The Committee requests that HFA provide it with a breakdown, by Ward, of single-family mortgages issued by HFA through its DC Open Doors Program.

- The Committee urges the agency to consider whether its current headquarters location at the intersection of 8th and U Street, NW is the highest and best use of that space or whether there might be a time in the near future when a relocation is financially beneficial for the agency and for the economic development of the U Street corridor.

OFFICE OF CABLE TELEVISION (CT0)

Operating Budget Recommendations

- The Committee reduces FTE authority by \$104,936 at the Office of Cable Television as follows:
 - Audio Visual Production Specialist: \$73,836 (salary + fringe)
 - Produce (Part-time): \$31,100
- That same authority and funding is transferred to the Office of the Deputy Mayor for Planning and Economic Development to fund an additional full-time equivalent at the Workforce Investment Council. This position, titled “Career Pathways Coordinator,” will develop a cross-agency plan for connecting basic skills programs to career pathways, set shared, city-wide priorities, and identify opportunities for alignment and collaboration between the District’s education, workforce, and human services providers.
- The Committee rescinds \$1,800,000 of available funds from the FY 2013 End of year Fund Balance of the Cable Television Special Account and recognizes that same amount in the unrestricted fund balance of the General Fund of the District of Columbia. That same amount is directed as follows:
 - \$300,000 is transferred to the Home Purchase Assistant Program administered by the Department of Housing and Community Development (DHCD Program 3030);
 - \$500,000 to the Emergency Rental Assistance Program (“ERAP”) administered by the Department of Human Services. This program helps low-income District residents facing housing emergencies by providing funding for overdue rent if a qualified household is facing eviction (including late costs and court fees). The program also supports security deposits and first month’s rent for residents moving to new apartments. The amount paid on behalf of eligible families depends on certain factors and ERAP payments can only be used once per year for each eligible household;
 - \$500,000 to the Committee on Education’s Office of the State Superintendent of Education to fund the Community Schools Investment Fund; and
 - \$500,000 to the Office of Motion Picture and Television Department to restore the Film Incentive Fund.

Capital Budget Recommendations

- The Office of Cable Television has no associated capital funds.

Policy Recommendations

- The Committee recommends that OCT focuses more on regulating cable providers in the District and working to protect and advance the cable-related interests of the District and its residents. Main tenets of this sort of focus would include completing cable franchise renewals, making cable provider area coverage statistics more transparent, and educating the public about cable bills.
- The Committee strongly recommends that OCT strengthen its efforts to educate the public, focusing on strategies to engage the public where they are, as opposed to inviting residents to meetings or events held at one location in the city. As there is currently only one employee handling customer service, the Committee recommends OCT consider moving FTEs to handle customer service and outreach.
- The Committee recommends that OCT comes up with clear plans for the rebranding of TV-13 and Phase 3, the technology upgrade of the Wilson Building. The Committee also recommends the agency consider in its plans whether it should broadcast hearings from other agencies, like the Zoning Commission and the Alcoholic Beverage Regulation Administration, that hold public meetings.
- The Committee recommends that in the coming months, OCT undertake a comprehensive assessment of viewership, demographics, and viewing habits of its PEG channels.
- The Committee strongly recommends OCT strive to make information concerning cable coverage in the District more readily available to residents. This will help educate the public and foster competition among cable providers.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (KE0)

Operating Budget Recommendations

- The Committee is including language in the Budget Support Act to provide free transportation to SYEP participants for the first three weeks of that program and recognizes a one-time transfer of \$731,000 from the Committee on Transportation and the Environment to pay for it in FY 2015. This will increase the School Subsidy (Activity SCHS), Subsidies and Transfers Comptroller Source Group (CSG 50) by \$731,000. This funding aligns with the intent of Bill 20-620, the Free Transportation for Summer Youth Amendment Act of 2013, introduced by Councilmember Bowser.

Capital Budget Recommendations

- The committee makes no recommendations to the mayor's proposed capital budget.

Policy Recommendations

- The Committee encourages DDOT and WMATA to work more closely and effectively in their efforts to improve bus service, particularly in Priority Corridor Networks, by deploying traffic signal priority and optimization, dedicated bus lanes, and real time arrival screens, among others.
- The Committee encourages WMATA to work more effectively with the Department of Employment Services to hire more District residents, in addition to reforming its background screening policies to allow more returning citizens the opportunity to work at WMATA.
- The Committee recommends that WMATA to improve reliability, minimize the impact of track work and service disruptions, particularly on nights and weekends, and be more creative in pricing, marketing, and service offerings that cater to the changing demands of WMATA's riders.
- The Committee believes WMATA must do a better job in its bus safety and anti-vandalism campaign, including better coordination with MPD and DCPS through a youth outreach campaign at the beginning of each school year and staggered release times.
- The Committee encourages WMATA to do what it can to find efficiencies and keep operating costs reasonable to minimize future fare increases while maintaining quality of service.

II. AGENCY FISCAL YEAR 2015 BUDGET RECOMMENDATIONS

A. INTRODUCTION

The Committee on Economic Development is responsible for matters related to economic, industrial, and commercial development; the disposition of property for economic development purposes; development, maintenance, preservation, and regulation of the housing stock, including rental housing; and neighborhood development, improvement, stabilization, and urban affairs; cable television; and matters relating to the Washington Metropolitan Area Transit Authority.

Committee Chair Muriel Bowser began her tenure as Committee Chairperson at the beginning of Council Period 20. She is joined on the Committee by Councilmembers Jack Evans, Kenyan McDuffie, Anita Bonds, and Vincent Orange. The Committee has continued to monitor agency performance and expenditures in an effort to increase transparency and improve efficiency throughout government.

The Committee held budget oversight hearings to solicit public input on the proposed budgets for the agencies under its purview on the following dates:

April 9, 2014	Office of the Deputy Mayor for Planning and Economic Development
April 30, 2014	Washington Area Metropolitan Transit Authority, Housing Finance Agency, District of Columbia Housing Authority, Office of Cable Television
May 2, 2014	Department of Housing and Community Development

The Committee received important comments from members of the public during these budget oversight roundtables. Copies of witness testimony are included in this report as *Attachments A, B, and C*. A video recording of the hearings can be obtained through the Office of Cable Television or at oct.dc.gov. The Committee welcomes public input on the agencies and activities within its purview.

B. OFFICE OF THE DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT (EB0)

Fiscal Year 2015 Operating Budget, By Revenue Type (Dollars in Thousands)

	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor	Committee Variance	FY 2015 Committee	Percent Growth FY 2014 Approved to FY 2015 Committee
DMPED							
Local Funds	9,687	11,877	13,328	14,714	255	14,969	12.3
Dedicated Taxes	0	0	0	0	0.0	0	0.0
Special Purpose	6,102	7,684	20,400	20,088	0.0	20,088	-1.5
Federal Funds	1,959	672	1,800	1,800	0.0	1,800	0.0
Private Funds	0	0	0	0	0.0	0	0.0
Intra-District	137	311	574	444	0.0	444	-22.6
GROSS FUNDS	17,885	20,543	36,102	37,046	255	37,301	3.3

Fiscal Year 2015 Full-Time Equivalents, By Revenue Type

	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor	Committee Variance	FY 2015 Committee	Percent Growth FY 2014 Approved to FY 2015 Committee
DMPED							
Local Funds	28.2	49.5	65.0	69.0	1.0	70	7.7
Dedicated Taxes	0	0	0	0	0	0	0.0
Special Purpose	22.0	8.1	10.0	10.0	0.0	10.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private Funds	0	0	0	0	0	0	0.0
Intra-District	0.0	3.2	4.0	4.0	0.0	4.0	0.0
GROSS FUNDS	50.2	60.7	79.0	83.0	1.0	84	6.3%

Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)							
Comptroller Source Group	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change FY 2014 Approved to FY 2015
11-REGULAR PAY - CONT FULL TIME	2,870	3,669	5,032	4,929	85	5,014	-0.4%
12-REGULAR PAY - OTHER	1,931	1,912	2,487	2,958	0	2,958	18.9%
13-ADDITIONAL GROSS PAY	26	34	0	0	0	0	NA
14-FRINGE BENEFITS - CURR PERSONNEL	911	1,092	1,612	1,546	20	1,565	-2.8%
15-OVERTIME PAY	0	0	0	0	0	0	NA
Subtotal Personnel Services	5,738	6,708	9,132	9,432	105	9,537	4.4%
20-SUPPLIES AND MATERIALS	17	20	40	31	0	31	-22.5%
30-ENERGY, COMM. AND BLDG RENTALS	0	16	740	0	0	0	-100.0%
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	65	64	65	12	0	12	-81.5%
32-RENTALS - LAND AND STRUCTURES	233	243	905	0	0	0	-100.0%
34-SECURITY SERVICES	6	10	13	0	0	0	-100.0%
35-OCCUPANCY FIXED COSTS	0	0	1,655	0	0	0	-100.0%
40-OTHER SERVICES AND CHARGES	7,640	8,993	8,025	10,754	0	10,754	34.0%
41-CONTRACTUAL SERVICES - OTHER	1,765	2,759	2,302	3,302	0	3,302	43.4%
50-SUBSIDIES AND TRANSFERS	2,419	1,722	13,200	13,500	150	13,650	3.4%
70-EQUIPMENT & EQUIPMENT RENTAL	2	10	25	15	0	15	-40.0%
Subtotal Nonpersonnel Services	12,147	13,836	26,970	27,614	150	27,764	2.9%
Gross Funds	17,885	20,543	36,102	37,046	255	37,301	3.3%

Proposed Operating Budget by Program and Activity (Dollars in Thousands)							
Program/Activity	FY 2012 Actuals	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Change FY 2014 Approved to FY 2015
100F-AGENCY FINANCIAL OPERATIONS							
110F - BUDGET OPERATIONS	253	275	264	280	0	280	16
SUBTOTAL 100F-AGENCY FINANCIAL OPERATIONS	253	275	264	280	0	280	16
2000-DEPUTY MAYOR FOR PLANNING AND ECONOMIC							
2010 - AGENCY OVERSIGHT	310	996	324	335	0	335	11
2020 - COMMUNITY OUTREACH	2,444	2,578	2,256	802	0	802	(1,454)
2030 - ECONOMIC DEVELOPMENT FINANCING	8,279	12,412	11,856	18,096	150	18,246	6,390
2080 - H STREET RETAIL AREA GRANT (NEIGHBORHOOD INVESTMENT FUND)	491	521	5,000	5,000	0	5,000	0
SUBTOTAL 2000-DEPUTY MAYOR FOR PLANNING AND ECONOMIC	11,523	16,507	19,436	24,233	150	24,383	4,948
4000-INSTRUMENTALITY ECONOMIC DEVELOPMENT							
4020 - DEVELOPMENT AND DISPOSITION ACTIVITY	6,109	3,762	16,402	12,533	105	12,638	(3,764)
SUBTOTAL 4000-INSTRUMENTALITY ECONOMIC DEVELOPMENT	6,109	3,762	16,402	12,533	105	12,638	(3,764)
Total Proposed Operating Budget	17,885	20,543	36,102	37,046	255	37,301	1,199

- The Committee recognizes a transfer of \$150,000 from the Committee on Finance and Revenue for Earned Income Tax Credit education. The DC Earned Income Tax Credit (EITC) is a special tax break, based on the federal EITC, designed specifically for low- and moderate-income workers. People who qualify for the EITC will pay less in taxes or even get cash back. The grant will be provided to community organizations to support efforts to assist EITC-eligible residents apply for the credit. This transfer is represented in DMPED's operating budget, Activity 2030-Economic Development Financing and CSG 50-Subsidies and Transfers.
- The Committee recognizes a transfer of \$104,936 from the Office of Cable Television, which will be used to fund an additional full-time equivalent at the Workforce Investment Council. This Career Pathways Coordinator will develop a cross-agency plan for connecting basic skills programs to career pathways, set shared, city-wide priorities, and identify opportunities for alignment and collaboration between the District's education, workforce, and human services providers.
- The Committee recognizes a transfer of \$800,000 from the Committee on Finance and Revenue in FY 2016, sourced from the Howard Town Center Tax Abatement,

to the Office of the Deputy Mayor for Planning and Economic Development to fund emerging business district demonstration projects. As this transfer will occur in FY 2016, there is no representation on the charts of this budget report.

Mayor's Proposed Fiscal Year 2015-2020 Capital Budget, DMPED, by Project								
Project Name	Number	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	6-Year
McMillan Site Redevelopment	AMS11C	4,000	21,400	15,000	0	0	0	40,400
Saint Elizabeths E Campus Infrastructure	AWR01C	8,500	17,500	0	0	0	0	26,000
Walter Reed Redevelopment	AWT01C	1,300	0	0	0	0	0	1,300
New Communities	EB008C	37,000	500	20,000	0	13,000	10,000	80,500
Barry Farm, Park Chester, Wade Road	EB013C	2,000	0	0	0	0	0	2,000
WASA New Facility	EB409C	9,000	0	0	0	0	0	9,000
Agency Total		61,800	39,400	35,000	0	13,000	10,000	159,200
Committee's Approved Fiscal Year 2015-2020 Capital Budget, DMPED, by Project								
Project Name	Number	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	6-Year
McMillan Site Redevelopment	AMS11C	4,000	21,400	15,000	0	0	0	40,400
Saint Elizabeths E Campus Infrastructure	AWR01C	8,500	17,500	0	0	0	0	26,000
Walter Reed Redevelopment	AWT01C	1,300	0	0	0	0	0	1,300
New Communities	EB008C	38,200	500	20,000	0	13,000	10,000	81,700
Barry Farm, Park Chester, Wade Road	EB013C	2,000	0	0	0	0	0	2,000
WASA New Facility	EB409C	9,000	0	0	0	0	0	9,000
Agency Total		63,000	39,400	35,000	0	13,000	10,000	160,400

(Dollars in Thousands)

- The Committee on Economic Development accepts a transfer of \$1.2 million from the Committee on Health create a loan to sustain and maintain a 100% affordable housing project in Ward 7 supporting former Lincoln Heights residents under the New Communities Initiative. This transfer is represented in DMPED's capital budget, New Communities Project EB008C, but the expectation is that the loan will be facilitated by Department of Housing and Community Development.

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The Office of the Deputy Mayor for Planning and Economic Development (DMPED) is charged with executing the Mayor's economic development strategy, which encourages growth and investments across the District.

The Office's strategy is centered on three major priorities: Attracting Businesses, Revitalizing Neighborhoods, and Creating Jobs.

Business Attraction and Retention: The goal of this program is to bring federal, nonprofit and private partners together to expand the District's tax bases, attract and retain businesses of all sizes, bring good-paying jobs to residents and strengthen the business climate. Targeted services to advance this effort include the Development Ambassador's Program, a comprehensive set of incentives for businesses and a dedicated team marketing to and working with key audiences to sell the message of Washington, DC as a superior business location.

Neighborhood Revitalization: Creating vibrant and stable neighborhoods, rebuilding retail corridors and working to ensure that every District investment yields real benefits for residents and local businesses, DMPED manages a portfolio of projects located across all eight District Wards. The projects vary in size from small-scale neighborhood retail to the \$10 billion initiative to reclaim the long-neglected Anacostia Waterfront.

Job Creation and Government Coordination: DMPED coordinates a cluster of government agencies that regularly work with the business community to create jobs for our residents by growing and supporting businesses currently in the District and attracting new businesses. DMPED oversees the Workforce Intermediary that will connect residents with jobs while working closely with DOES to provide increased workforce development opportunities.

b. Mayor's Proposed Fiscal Year 2015 Operating Budget

Proposed Operating Budget Summary

The Mayor's proposed FY 2015 gross funds budget for DMPED is \$37,046,425, an increase of \$944,409 from FY 2014, or 2.6%. The full-time equivalent (FTE) level of 83 represents an increase of 4 positions from FY 2014, or 5.1%.

Local Funds: The Mayor's local funds budget is \$14,714,000, an increase of \$1,386,000, or 10.4% over the FY 2014 approved budget of \$13,328,000. This funding level supports 69 FTEs, an increase of 4, or 6.2%, compared to the FY 2014 approved level.

Special Purpose Revenue Funds: The Mayor's proposed special purpose budget is \$20,088,000, a decrease of \$312,000, or -1.5%, from the FY 2014 approved budget of \$20,400,000. This funding supports 10 FTEs, representing no change from the FY 2014 approved level.

Federal Funds: The Mayor's proposed federal funds budget is \$1,800,000, representing no change from the FY 2014 approved level. This funding does not support any FTEs.

Intra-District Funds: The Mayor’s proposed FY 2015 intra-district finds budget is \$444,000, a decrease of \$130,000, or -22.6%, from the FY 2014 approved budget of \$574,000. This funding supports 4 FTEs, representing no change from the FY 2014 approved level.

Committee Analysis and Comments

Staffing: The Mayor’s proposed FY 2015 budget for DMPED includes a staffing increase of 4 total FTEs, for a total FTE allotment of 83. A listing of the proposed increase appears below:

Title of New FY 15 Positions	Salary	FTE Request
Business Development Specialist	\$90,291	1
Business Development Specialist	\$66,306	1
Development Manager – Walter Reed	\$112,986	1
Special Assistant	\$95,693	1

Two of these positions, the Walter Reed Development Manager and Special Assistant, are positions that are associated with the Walter Reed Army Medical Center redevelopment project. While in the past they have been funded by a grant from the Department of Defense, DMPED is unsure of when the grant will be made this fiscal year and is thus accounting for the positions in its budget to ensure their funding until reimbursement by the federal government.

Over the recent years, DMPED has been funded for an increasing number of FTEs, most recently at 79 FTEs in FY 2014. However, in recent months, DMPED has experienced some turnover in staff with 13 departures in the last 12 months. Of the 13 departures, eight have been filled. Combined with the current request for four new FTEs, the Mayor’s FY 2015 proposed budget would see DMPED with budget authority for nine new or unfilled positions. The Committee urges DMPED to ensure that staff allocation is optimized to ensure the agency operates effectively.

5-year Economic Development Strategy: In November 2012, the administration released its 5-year Economic Development strategy. Put together by a team of students from area business schools, the plan lays out 6 broad-based visions.

1. "Establish the most business-friendly economy in the nation" by assisting

businesses through targeted programs and relaxing building height restrictions in certain parts of the city;

2. "Create the largest technology center on the East Coast" with a hub at St. Elizabeths and tax incentives for tech firms and investors;
3. "Become the nation's destination of choice" by improving infrastructure (including a "District-wide Wi-Fi system") and promoting tourism;
4. "End retail leakage" by changing zoning and bringing retail to underserved areas to help reduce the \$1 billion spent each year by D.C. residents on retail outside the city;
5. "Build a best-in-class global medical center" at the McMillan site; and
6. "Become the top North American destination for foreign investors, businesses and tourists," particularly through efforts in China.

The Committee commends this vision but notes that the strategy lacks specific steps for achieving the ultimate goal of 100,000 new jobs and \$1 billion of new revenue in five years. The Committee recommends, as it did a year ago, that the agency further refine the five-year economic development strategy so that an implementing plan can be formulated.

Great Streets: The Great Streets Initiative is a multi-year, multiple-agency effort to transform eleven under-invested corridors into thriving and inviting neighborhood centers using public actions and tools as needed to leverage private investment. The initiative consists of a number of loan and grant programs administered by the Office of the Deputy Mayor for Planning and Economic Development, the District Department of Transportation (DDOT), and the Office of Planning (OP).

Small Business Capital Grants: The purpose of the Small Business Capital Improvement Grant is to support existing small businesses, attract new small businesses, increase the District's tax base and create new jobs for District Residents. When funding is made available, the Office of the Deputy Mayor awards individual grants up to a maximum of \$85,000 per small business. Business owners with locations along the Great Streets corridors may apply for these Small Business Capital Improvement Grants. Grant funds may be utilized to reimburse the grantee for the purpose of capital expenditures to improve the subject property.

In FY 2013, the Great Streets Initiative expanded its grants program for small businesses from one corridor (H Street) to five. This expanded effort was initiated on Georgia Avenue and 7th Street, NW, North Capitol, NW, Pennsylvania Avenue, SE, and Nannie Helen Burroughs, NE. These grants were available through O-type funding comprised of fees assessed in connection with the provision to any for-profit or not for profit entity of loans, grants, credit support, revenue bonds, notes or other obligations such as Income Tax Secured Revenue Bonds.

Last Year: Title VIII, Subtitle D of the FY 2014 Budget Support Act of 2013, the Great Streets Neighborhood Retail Priority Area Amendment Act of 2013, expanded the

Great Streets Retail Priority designations to include Rhode Island Avenue, NE, Bladensburg Road, NE, North Capitol Street, NW, and Connecticut Avenue, NW. As such, the following 11 corridors benefit from the Great Streets Initiative as Great Streets Retail Priority Areas.

1. H Street, NE
2. Georgia Avenue, NW
3. 7th Street, NW
4. North Capitol Street, NW
5. Rhode Island Avenue, NE
6. Bladensburg Road, NE
7. Nannie Helen Burroughs Avenue, NE
8. Minnesota Avenue/Benning Road, NE
9. Pennsylvania Avenue, SE
10. Martin Luther King Jr. Avenue and South Capitol Street, SE
11. Connecticut Avenue, NW

The Great Street Neighborhood Retail Priority Area Amendment Act of 2013 also included a new section that enumerated the use of Great Streets funds, notwithstanding any tax increment financing, to support corridor revitalization programs in designated Retail Priority Areas through:

- Small business retention and attraction programs;
- Neighborhood branding and marketing;
- Blighted and vacant property mitigation;
- Redevelopment of private property through financial incentives, technical assistance, temporary urbanism initiatives, and property acquisition and disposition, among other mechanisms identified by the Mayor;
- Streetscape and roadway infrastructure improvements to enhance walkability, pedestrian safety, lighting, and transportation; and
- Beautification and greening of the public realm, through public art, landscaping, storm water retention, and litter control.

Included in the Mayor's proposed FY 2015 Budget Support Act of 2014, Title II(H), the H Street Retail Priority Area Incentive Amendment of 2014, proposes to effectively combine the dedicated funding of the H Street Retail Priority Grant Fund with that of all other 10 corridors. The H Street Retail Priority Area Grant Fund is a non-lapsing fund that receives as much as \$5 million annually and \$25 million in the aggregate of incremental real property tax generated by the H Street, N.E., Retail Priority Area. Additionally, the Section expands the eligibility of grant funding on the H Street Retail Priority Area to include those corridor revitalization programs listed in the Great Streets Neighborhood Retail Priority Amendment Act of 2013 listed above.

The Committee recognizes that there is \$5 million annually in the H Street Retail Priority Grant Fund and urges DMPED to ensure an effective and fair process when

awarding this expanded Great Streets funding on all eleven Great Streets corridors in FY 2015.

Building Infrastructure: The Reeves Center, located at 2000 14th Street, NW, was built in 1986 and currently houses several government agencies. When constructed, the building was meant to be a state-of-the art government facility that, with its abundant workers and proximity to the Metro, would serve to revitalize the U Street Corridor. The plan has been a success and there is now enough day time activity to support existing businesses and to draw even more. As an economic development tool then, the existence of the Reeves Building is not only reduced, but its usefulness as office space is waning as its age begins to show. So, the time is near when the District will decide whether to maintain the building or dispose of it for economic development purposes, housing, or even another purpose. For example, in the summer of 2013, the Mayor announced a tentative plan that would result in the construction of a new arena for the DC United soccer team. This plan sketches out a land swap that would see the District trading the Reeves Center for privately owned land at Buzzard Point, the proposed location of the new soccer arena. This is a creative use of District owned property that may be too valuable to retain.

Another example of a potentially valuable District property is 441 4th Street, NW, better known as One Judiciary Square. The building was completed in 1990 and has since then housed a variety of agencies, including the Council. It is currently home to the District of Columbia Office of the Attorney General (OAG), Department of Human Resources (DCHR), Office of Zoning, Office of the State Superintendent of Education, and others. Unfortunately, the property is in rapidly declining condition. Several floors are dimly lit, walls require fresh paint, floors need new carpeting and tiling, and it seems half empty and neglected. The building nonetheless has immense value, as it is located atop the Judiciary metro station.

These are two obvious examples of District assets that may prove to be too valuable to retain. But they serve as a larger example of the need for a proactive inventory assessment process. And there's good reason to begin that assessment now. The Washington Metropolitan Area is one of the most stable real estate markets in the United States, with vacancy rates below the national average. This is largely a result of the federal government's presence. Another factor, however, is the Height of Buildings Act of 1910, which imposes a height limit on buildings and restricts vertical development and increases demand. Also pushing demand is the District's population growth, which averages 1,100 new residents per month.

Given these factors, the Committee, understanding that the Department of General Services handles the District's property inventory, recommends that DMPED undertake a comprehensive assessment of District-owned facilities in terms of their potential for economic development.

China Center: Established in 2012, the DC China Center is a public-private partnership whose mission is to develop the commercial relationship between Washington, DC and China; its first international office. The office focuses on facilitating

the entry of District companies into the China market, as well as attracting Chinese foreign direct investment to the District. The DC China Center, located in Shanghai, is supported by the DC Mayor's Office, Office of the Deputy Mayor for Planning and Economic Development, Department of Small and Local Business Development, and in collaboration with private-sector members of the DC business community. The District has a \$200,000 annual budget for the DC China Center.

Business Marketing/WDCEP: The District has long financially supported the work of the Washington, DC Economic Partnership (WDCEP). The Partnership serves to promote and market business opportunities throughout the District and contributes to business retention and attraction activities. Specifically, the Partnership serves as an information clearinghouse for prospective businesses, tells the story of the District's economic resurgence, hosts networking and economic development events, publishes neighborhood profiles, and organizes neighborhood retail site tours. The District's grant to WDCEP in FY 2014 was \$1,145,000, up \$69,350, or 6.4% from FY 2013's \$1,075,650 grant.

Workforce Investment Council: The DC Workforce Investment Council (WIC) is a group of public and private organizations empowered to advise the Mayor and District government about:

- Developing, implementing, and continuously improving the District's Workforce Investment system;
- Enhancing and developing accountability and performance systems;
- Developing and encouraging private sector participation; and
- Encouraging public input and support.

DMPED has administrative oversight of the WIC. The WIC is responsible for developing a five-year strategic workforce investment plan for the District. The plan encourages the fostering of regional partnerships and support from surrounding jurisdictions, assessing the effectiveness of local and regional workforce investment activities, and assisting local and regional employers in meeting hiring needs.

The Committee understands the importance of this workforce investment plan and thus recognizes a transfer of \$100,000 from the Office of Cable Television, FY 2013 Cable Television Franchise Fee revenues, to DMPED, which will be used to fund an additional full-time equivalent at the Workforce Investment Council. This Career Pathways Coordinator will develop a cross-agency plan for connecting basic skills programs to career pathways, set shared, city-wide priorities, and identify opportunities for alignment and collaboration between the District's education, workforce, and human services providers.

Budget Transparency: The budget chapter for DMPED lacks sufficient detail to make it accessible and transparent. For instance, although the agency operates at least a dozen programs and initiatives, just three programs detail its entire budget: Agency Financial Operations, Deputy Mayor for Planning and Economic Development, and Instrumentality Economic Development. These are vague program titles, but the larger

problem is the difficulty ascertaining exactly how the agency proposes to spend taxpayer dollars.

The Committee recently received a proposal for a restructured and more transparent DMPED budget from the Council Budget Office. It can be viewed as Attachment 2 to this report.¹ The Committee recommends that DMPED coordinate efforts with the Office of the Chief Financial Officer (OCFO) to improve the transparency of its budget and look to the attached proposal as a model for achieving this restructuring.

c. Mayor’s Proposed Fiscal Year 2015-2020 Capital Budget

Proposed Capital Budget Summary

The Mayor’s proposed capital budget for DMPED during FY 2015 is \$61,800,000, a decrease of \$62,600,000, or 50.1% FY 2014 capital budget of \$124,400,000. The 6 year capital plan for DMPED is \$159,200,000. This capital plan includes seven active projects: Barry Farm, Park Chester, Wade Road; McMillan Sand Filtration Site; New Communities - Lincoln Heights, Richardson Dwellings Northwest One; Saint Elizabeths Campus Infrastructure; The Yards Public Infrastructure (WASA Facility); and Walter Reed Redevelopment. A description of these projects is provided below.

Committee Analysis and Comments

Debt Cap: The Debt cap limits the amount the District can spend on debt service to no more than 12% of its general fund expenditures. OCFO estimates that by FY 2018, the District will have reached this self-imposed borrowing limit.

District of Columbia Debt Cap Analysis	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Total Debt Service on Existing & Planned Tax-Supported Debt	\$742,864,603.00	\$820,748,420	\$898,310,517	\$938,526,088	\$993,696,674
General Fund Expenditures	\$7,211,413,684.00	\$7,566,658,205	\$7,803,661,940	\$8,041,054,112	\$8,288,554,397
Ratio of Debt Service to Expenditures	10.301%	10.847%	11.511%	11.672%	11.989%

Data provided by the Office of the Chief Financial Officer, Office of Finance and Treasury

Although the Council of the District of Columbia may increase the debt cap to 17%—the maximum amount permitted by Congress—the Committee hopes this will not be necessary in the near future.

When asked to opine on the looming limit to our borrowing capacity, Deputy Mayor for Planning and Economic Development Victor Hoskins stated that as we get

¹ Please see Attachment D, “Proposal for Restructured DMPED Budget”

closer to the limit, we will just have to decide what projects should get priority. Deputy Mayor Hoskins further stated the District has been an attractive place for foreign investment and as we get closer to the debt cap, we should look for more foreign investment. This way, we can keep from reaching the limit. The Committee understands that the District has been fortunate enough to attract millions from foreign investors but is wary of relying on foreign investors, who are subject to their own interests and constraints, to solve our debt cap problem.

In the face of declining federal resources and growing infrastructure needs, jurisdictions must become increasingly creative about finding new capital financing tools. A number of state, local and national governments have pursued public-private partnerships (P3s) as a result. P3s allow private investors to fund, design, construct, operate, maintain, and sometimes even own major infrastructure projects that would otherwise be managed by government agencies.

Recognizing the importance of looking to new capital financing tools as the District moves forward, Chairperson Bowser introduced Bill 20-0595, the Public-Private Partnership Act of 2013. As law, this act would facilitate the procurement and administration of public-private partnerships in the District and create the systems and infrastructure needed to ensure the success of these partnerships in the future.

Ongoing Capital Projects: The Mayor’s proposed capital budget for DMPED during FY 2015 is \$61,800,000, a decrease of \$62,600,000, or 50.1% FY 2014 capital budget of \$124,400,000. The 6 year capital plan for DMPED is \$159,200,000. This capital plan includes seven active projects: Barry Farm, Park Chester, Wade Road; McMillan Sand Filtration Site; New Communities - Lincoln Heights, Richardson Dwellings Northwest One; Saint Elizabeths Campus Infrastructure; The Yards Public Infrastructure (WASA Facility); and Walter Reed Redevelopment. A description of these projects is provided below.

Mayor's Proposed Fiscal Year 2015-2020 Capital Budget, DMPED, by Project								
Project Name	Number	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	6-Year
McMillan Site Redevelopment	AMS11C	4,000	21,400	15,000	0	0	0	40,400
Saint Elizabeths E Campus Infrastructure	AWR01C	8,500	17,500	0	0	0	0	26,000
Walter Reed Redevelopment	AWT01C	1,300	0	0	0	0	0	1,300
New Communities	EB008C	37,000	500	20,000	0	13,000	10,000	80,500
Barry Farm, Park Chester, Wade Road	EB013C	2,000		0	0	0	0	2,000
WASA New Facility	EB409C	9,000	0	0	0	0	0	9,000
Agency Total		61,800	39,400	35,000	0	13,000	10,000	159,200

(Dollars in Thousands)

McMillan Site Redevelopment: The 25-acre former McMillan Reservoir Sand Filtration Site, located at North Capitol Street and Michigan Avenue, is expected to be redeveloped into a mixed-use project that shall include historic preservation, open space, residential, retail, office, and hotel uses. The goal is to create an architecturally distinct, vibrant, mixed-use development that provides housing, employment, retail, cultural, and recreational opportunities for District residents. The project will include affordable and workforce housing and 35 percent of the local contracting opportunities must go to Certified Business Enterprises (CBEs). More than half of all new jobs created must be offered to District residents and 20 percent of the development opportunity will be awarded to CBEs.

This project made some progress in FY 2013, with the Historic Preservation Review Board conceptually approving the McMillan Redevelopment Plan in November of 2013. Presently, the Zoning Commission is holding public hearings for the Planned Unit Development (“PUD”) for the project throughout May 2014. However, the Council must still approve the Land Disposition Agreement before the entitlement process can move forward.

As such, while the project was previously scheduled to spend \$10 million in FY 2015, the project’s budget has been reduced to \$4 million for FY 2015. DMPED stated that after reviewing McMillan’s progress to date and timeline, it was determined that the entitlement process would continue to take more time and the larger amount of funds were not needed since land development work would not commence until a later fiscal year.

St. Elizabeths Campus Infrastructure: Less than three miles and just a few Metro stops from the U.S. Capitol, St. Elizabeths East invites a mixed-use development that simultaneously serves nearby communities, nearby federal office tenants, and the local demand for retail, residential, and office/educational uses – all enhanced by substantial District of Columbia investment and planning to support the surrounding neighborhoods and infrastructure of this incomparable campus.

The St. Elizabeths project is to receive \$122.9 million of total allotment, including \$29,500 in FY 2014. To date, the project has received \$67.4 million, including \$58 million in FY 2013. Although \$40 million has been advanced to DDOT and additional budget has been advanced to the District of Columbia Department of General Services (DGS) and Office of Planning (OP), more than \$60 million of allotment has not yet been spent or encumbered by contract.

Phase I of the improvements will be sufficient to support approximately 60% of the proposed development. Phase 2 of the improvements, sufficient to support 100% of the proposed development, will be procured in two years when the remainder of the \$122 million capital budget allotment becomes available. DDOT is currently finalizing the estimates for the Stage 2 infrastructure improvements, which are expected to be covered by the remaining capital budget. Remaining funding will be spent on the projects currently being managed by the Department of General Services.

A Request for Proposals (“RFP”) for Phase 1 was released on March 31, 2014, with submissions due on June 27, 2014. Nonetheless, the project has seen some construction begin. The Gateway Pavilion, an open, multi-use space that includes an indoor café, opened in October 2014. The pavilion’s purpose is to re-activate the area and get nearby residents engaged with the campus after years of it being closed. Also, DMPED is working with other agencies to potentially house an interim innovation hub with a digital inclusion center at the site and is also working to secure an anchor tenant for the site.

Walter Reed Redevelopment: As part of the Department of Defense’s Base Realignment and Closure (BRAC) process, the District formed the Local Redevelopment Authority (LRA) to prepare the Reuse Plan for the Walter Reed Army Medical Center (WRAMC), the functions of which were being relocated to a new facility in Bethesda, MD. The Plan provides a strategic framework to integrate the site within the existing fabric of the neighborhoods surrounding WRAMC by recommending approximately 3.1 million square feet of a mix of uses and quality open space. This mix of uses will support a significant number of new jobs for the District and will provide an estimated \$30 million of new stabilized tax revenues. The Reuse Plan was unanimously approved by Council on July 20, 2012.

More recently, the LRA selected Hines-Urban Atlantic-Trident as the joint-venture development team for the project in November 2013 and the US Department of Housing and Urban Development (“HUD”) approved the Reuse Plan in January 2014. In March 2014, Mayor Gray swore in the members of the Walter Reed Army Medical Center Community Advisory Committee in accordance with the FY 2014 Budget Support Act of 2013.

The total capital allotment for the Walter Reed project is \$4.8 million of budget and has received \$2.5 million of allotment. To date \$1.6 million of allotment has not yet been spent or encumbered by contract.

In FY 2014, DMPED spent its capital allotment as follows:

- Survey Work (topographic and boundary surveys)
- A structural assessment of Building 4 (the parking garage in front of Building 2) to determine if the structure could in fact support new building on top of it.
- Planning and community engagement consultant support.
- Consultant support related to the development and analysis of the RFQ/RFP process and responses.
- Consultant support to assist the District with the preparation and development of a draft Economic Development Conveyance application for the US Army and DoD.

Some progress has also been made with Engine Company 22. The Army will convey the land to the Federal Emergency Management Agency who will then convey it

to the District. This District is slated to gain control of the land in Fall 2014 and the groundbreaking for the new facilities is planned to occur soon after. The new fire station is designed to be state-of-the-art and be three stories high, with one level of parking.

The Committee has reiterated on several occasions its desire that the Walter Reed project receive the same prioritization and capital budget as other projects similar in scope. And each time, DMPED has reiterated that the Walter Reed project will receive all necessary capital, probably beginning in FY 2015 or FY 2016. Unfortunately, this project saw no increase in capital funding in the Mayor's FY2015 Proposed Budget – just \$1.3 million for FY 2015 and nothing allotted after that. DMPED explains that it currently has adequate funds from its capital budget and grant provided by the Office of Economic Adjustment in the Department of Defense to continue the process. However, as the District moves closer to acquiring the land and disposing it to the master developer, the District's budget structure will have to be reevaluated.

New Communities: The New Communities Initiative (NCI), started in 2005, is a comprehensive public-private partnership intended to improve the quality of life for families and individuals living in the following four neighborhoods in the District of Columbia: (1) Northwest One (Ward 6); Barry Farm (Ward 8); Lincoln Heights/Richardson Dwellings (Ward 7); and Park Morton (Ward 1). These designated New Communities sites are characterized by high rates of poverty, unemployment, and dilapidated housing stock. NCI seeks to revitalize such distressed public housing sites by building mixed-income and vibrant communities.

NCI operates under four guiding principles: (1) one for one replacement of units; (2) the opportunity to stay or return; (3) the redevelopment of mixed income housing; and (4) the policy of building new first, prior to demolition, in order to minimize displacement. Additionally, NCI adheres to the following goals: protecting and expanding affordable housing, promoting mixed-income communities, creating economic opportunities through better jobs, education, training and human services programs, rebuilding schools, libraries and recreation centers, and engaging residents in the decision-making process and the design of their neighborhood.

NCI also includes a widely praised Human Capital component, which provides education, job training, and human services programs to the residents of New Communities sites. The goal is to improve these New Communities physically, but also to offer new opportunities to its residents. Last fiscal year, over 450 residents were engaged in case management services designed to help them with literacy, adult learning, job training, employment, youth development and health. With these human capital efforts, residents have received general equivalency or high school diplomas, as well as full-time employment. Additionally, over 100 residents have been moved into new mixed-income housing with the option of continuing case management services.

NCI is funded through the securitization of a dedicated portion of the Housing Production Trust Fund (HPTF). This funding acts as a gap-financing tool and is managed by the Office of the Deputy Mayor for Planning and Economic Development (DMPED).

The OCFO debt cap analysis assumes total HPTF bond issuances of approximately \$125.3 million, which is the total issued to date. Since May 1, 2013, all new bonds issued for NCI will be secured with income tax revenue, consistent with the FY 2014 Budget Support Technical Clarification Amendment Act of 2013.

Redeveloping the four New Communities requires significant private-public partnerships. One of the key partners is the developer. In three of the four communities (Park Morton, Northwest 1 and Barry Farm) DMPED has either selected, or is taking the necessary procurement steps to select a master developer by the end of the calendar year. Once a developer is hired, DMPED will be able to move the redevelopment from the conceptual stage to the design stage. That stage will inform the timeline, project phasing and development cost to fully implement the redevelopment plans within New Communities. Another significant private partner will be lenders and syndicators to leverage public financing.

To date, DMPED has invested funding in over a dozen projects within the New Communities footprint (including 2 M Street, SeVerna Phase 1 and Phase 2, Matthews Memorial Terrace, Sheridan Station Phase 1, the new Barry Farm Recreation Center, The Avenue and 4800 Nannie Helen Burroughs). Two more projects, (Sheridan Station Phase III and 5201 Hayes Street) are slated to close on its financing this calendar year. The total capital needed for future replacement units will be based on design of future phases of development.

On February 12, 2013 and October 22, 2013, the Committee on Economic Development held public roundtable hearings on NCI to assess its progress and challenges with members of the public, real estate developers as well as DCHA and DMPED. Under Phase I of the New Communities Implementation Strategy, an estimated creation of 3,500 mixed-income housing units is expected, including 900 affordable replacement units. However, to date, only 1,070 units have been built or are under construction, 149 replacement units have been developed, and 127 residents have relocated to these new replacement units. This meager progress of the initiative was highlighted in local new-media² and cited by many as a cause for the recent homelessness crisis. Unfortunately, recent events give cause to assume even greater delays should be expected at the Park Morton NCI site.

Park Morton: At Park Morton, in February 2014, DMPED terminated negotiations with developer Landex Corporation, asserting that the project was unacceptably delayed. Since then, DCHA, in partnership with DMPED, released a Request for Proposals for qualified planning and development teams for Park Morton's redevelopment. Selection of the development team is anticipated to be completed by the end of the year. The Committee is disappointed with Park Morton's lack of progress and encourages DCHA to conduct a feasibility study for Park Morton.

² See, e.g., D.C.' Lincoln Heights waits for renewal as the city's affordable-housing strategy languishes. http://www.washingtonpost.com/local/dcs-lincoln-heights-waits-for-renewal-as-citys-affordable-housing-strategy-languishes/2014/01/08/c57456a4-789a-11e3-8963-b4b654bcc9b2_story.html.

The Committee advises DMPED and DCHA to increase transparency and urgency as the agencies work with the residents of the sites to determine the best path forward. To advocates and residents alike, the details of the demolition and relocation remain murky. The timeline and estimated cost also appear to continue to change. The lack of transparency makes it difficult to see NCI's progress, money spent and whether the funding is sufficient. Lack of transparency also means that the Committee is unable to ascertain whether the four guiding principles are being respected. Therefore, a new annual NCI reporting requirement for DCHA and DMPED was implemented in the FY 2014 Budget Support Act of 2013, which the Committee has yet to receive.

In addition, at recent oversight hearings, the Office of the Deputy Mayor for Planning stated that three consulting firms had been hired to do an assessment of the entire New Communities Initiative and give recommendations on how to effectively move forward. While this Committee was told to expect a March delivery, DMPED has since stated that it anticipates a late Spring delivery. The Committee is disappointed with this delay and eagerly awaits the results of this assessment.

WASA Facility: In its Budget Report last year, the Committee expressed concerns last year with the new capital project proposed by the Mayor requesting \$18,000,000 during FY 2014 and FY 2015 to relocate DC Water facilities from parcels scheduled to be transferred to Forest City Washington, developers of The Yards. Once transferred, these three parcels will be redeveloped with mixed uses. The funds will be used for hard and soft costs of constructing a new facility to accommodate DC Water's server services and vehicle fleet and vehicle maintenance activities currently located adjacent to the DC Water Main Sewage Pumping Station and the Yards project. In addition to parking for more than 350 vehicles, the relocation cost includes the construction of a 35,000 building to support DC Water's emergency sewer maintenance program, six indoor Jet-Vacs, and six salt hoppers.

The Committee's primary concern last year was that a relocation site had not been definitively identified and recommended reducing the project by \$8,000,000 of FY 2014, leaving \$1,000,000 to engage in site identification activities and community outreach efforts. The full \$9,000,000 was to remain available for FY 2015. \$6,000,000 was given to the project for FY 2014, but to date, the Committee's fears have come true. No site has yet to be identified and just \$97,000 of the budgeted \$6,000,000 for FY 2014 has been used. Yet, \$9,000,000 is proposed for this project's FY 2015 budget.

City Administrator Lew stated that the city is considering a potential two-part solution that would include a possible relocation of part of the DC Water fleet to a Prince George's, Maryland site and relocating the rest to a site at Ward 5. Unfortunately, it seems there has been no progress on this project and no timeline for when there may be some. The Committee recognizes this project is essential for the construction of The Yards, and fully supports and recommends finding a resolution as soon as possible.

Balance capital funds: As of March 31, 2014, DMPED had an available balance allotment for 21 capital projects of \$115.9 million.

	Project Name	Available Allotment Balance 3/31/14
1	Lincoln Theatre	\$2,246,253
2	Temporary Construction – FEMS Demountable	\$2,500,000
3	4427 Hayes Street NE	\$0
4	Barry Farm, Park Chester, Wade Road	\$979,207
5	Boathouse Row	\$875
6	Economic Development Pool	\$6,816,923
7	Federal Lands Transfer Project	\$41,569
8	Fort Lincoln New Town Development	\$0
9	Georgia Avenue Great Streets	\$1,129,698
10	Lincoln Heights, Richardson Dwellings	\$1,000,000
12	McMillan Site Development	\$1,336,078
13	New Communities	\$47,890,606
14	Old Convention Center Redevelopment	\$0
15	Pennsylvania Avenue SE Properties	\$645,161
16	Poplar Point	\$825,000
17	Saint Elizabeths E Campus Infrastructure	\$34,263,951
18	Skyland Shopping Center	\$4,908,309
19	Temple Courts/NW1 Redevelopment	\$3,278,287
20	Walter Reed Redevelopment	\$2,058,925
21	WASA New Facility	\$6,000,000
	Total	\$115.9M

2. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2014 Operating Budget Recommendations

- The Committee recognizes a transfer of \$150,000 from the Committee on Finance and Revenue for Earned Income Tax Credit education. The DC Earned Income Tax Credit (EITC) is a special tax break, based on the federal EITC, designed specifically for low- and moderate-income workers. People who qualify for the EITC will pay less in taxes or even get cash back. The grant will be provided to community organizations to support efforts to assist EITC-eligible residents apply for the credit. This transfer is represented in DMPED's operating budget, Activity 2030-Economic Development Financing and CSG 50-Subsidies and Transfers.
- The Committee recognizes a transfer of \$800,000 from the Committee on Finance and Revenue in FY 2016, sourced from the Howard Town Center Tax Abatement,

to the Office of the Deputy Mayor for Planning and Economic Development to fund emerging business district demonstration projects. As this transfer will occur in FY 2016, there is no representation on the charts of this budget report.

- The Committee understands the importance of the workforce investment plan and thus recognizes a transfer of \$104,936 from the Office of Cable Television, FY 2013 Cable Television Franchise Fee revenues, to DMPED which will be used to fund an additional full-time equivalent at the Workforce Investment Council. This Career Pathways Coordinator will develop a cross-agency plan for connecting basic skills programs to career pathways, set shared, city-wide priorities, and identify opportunities for alignment and collaboration between the District’s education, workforce, and human services providers.

b. Fiscal Year 2014 Capital Budget Recommendations

- The Committee on Economic Development accepts a transfer of \$1.2 million from the Committee on Health to be used create a loan to sustain and maintain a 100% affordable housing project in Ward 7 supporting former Lincoln Heights residents under the New Communities Initiative. This transfer is represented in DMPED’s capital budget, New Communities Project EB008C, but the expectation is that the loan will be facilitated by DHCD.

Committee's Approved Fiscal Year 2015-2020 Capital Budget, DMPED, by Project								
Project Name	Number	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	6-Year
McMillan Site Redevelopment	AMS11C	4,000	21,400	15,000	0	0	0	40,400
Saint Elizabeths E Campus Infrastructure	AWR01C	8,500	17,500	0	0	0	0	26,000
Walter Reed Redevelopment	AWT01C	1,300	0	0	0	0	0	1,300
New Communities	EB008C	38,200	500	20,000	0	13,000	10,000	81,700
Barry Farm, Park Chester, Wade Road	EB013C	2,000		0	0	0	0	2,000
WASA New Facility	EB409C	9,000	0	0	0	0	0	9,000
Agency Total		63,000	39,400	35,000	0	13,000	10,000	160,400

(Dollars in Thousands)

c. Policy Recommendations

- The Committee recommends that the agency further refine the five-year economic development strategy so that an implementing plan can be formulated.
- The Committee recommends that DMPED undertake a comprehensive assessment of District-owned facilities, which shall be submitted to the Council no later than July 15, 2015.

- The Committee recommends that DMPED coordinate efforts with the Office of the Chief Financial Officer to improve the transparency of its budget and use the attached proposal as a guide to do so.
- The Committee urges DMPED to prepare a solution to the WASA Relocation problem as soon as possible.

C. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DB0)

Proposed Gross Funds by Revenue Type <i>(Dollars in Thousands)</i>							
	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change
LOCAL FUND	8,153	11,514	11,054	15,625	300	15,925	44.1%
SPECIAL PURPOSE REVENUE FUNDS	6,058	3,596	9,621	6,500	0	6,500	-32.4%
FEDERAL GRANT FUND	41,652	42,243	40,821	41,354	0	41,354	1.3%
PRIVATE DONATIONS	18	0	0	0	0	0	NA
INTRA-DISTRICT FUNDS	21,807	38,767	146,208	125,148	(1,500)	123,648	-15.4%
GROSS FUNDS (DB0)	77,689	96,120	207,703	188,627	(1,200)	187,427	-9.8%

Proposed Full-Time Equivalents by Revenue Type							
	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change
LOCAL FUND	32.5	36.5	36.9	35.0	0.0	35.0	-5.0%
SPECIAL PURPOSE REVENUE FUNDS	25.3	26.7	32.9	16.0	0.0	16.0	-51.3%
FEDERAL GRANT FUND	45.4	42.5	54.1	77.5	0.0	77.5	43.4%
PRIVATE DONATIONS	0.0	0.0	0.0	0.0	0.0	0.0	NA
INTRA-DISTRICT FUNDS	28.0	24.0	35.3	30.5	0.0	30.5	-13.5%
GROSS FUNDS (DB0)	131.2	129.7	159.0	159.0	0.0	159.0	0.0%

Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)							
Comptroller Source Group	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change FY 2014 Approved to FY 2015
11-REGULAR PAY - CONT FULL TIME	9,250	9,387	11,962	12,720	0	12,720	6.3%
12-REGULAR PAY - OTHER	1,244	942	605	559	0	559	-7.5%
13-ADDITIONAL GROSS PAY	231	158	176	176	0	176	0.0%
14-FRINGE BENEFITS - CURR PERSONNEL	2,068	2,017	2,060	2,377	0	2,377	15.4%
15-OVERTIME PAY	5	9	0	0	0	0	NA
Subtotal Personnel Services	12,798	12,513	14,802	15,832	0	15,832	7.0%
20-SUPPLIES AND MATERIALS	89	137	299	299	0	299	0.0%
30-ENERGY, COMM. AND BLDG RENTALS	5	32	32	11	0	11	-67.2%
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	121	96	124	103	0	103	-17.3%
32-RENTALS - LAND AND STRUCTURES	1,788	1,973	2,018	2,238	0	2,238	10.9%
34-SECURITY SERVICES	6	30	131	0	0	0	-100.0%
35-OCCUPANCY FIXED COSTS	0	39	126	74	0	74	-41.1%
40-OTHER SERVICES AND CHARGES	548	828	6,431	7,531	0	7,531	17.1%
41-CONTRACTUAL SERVICES - OTHER	10,714	16,564	26,051	22,126	0	22,126	-15.1%
50-SUBSIDIES AND TRANSFERS	51,319	63,759	157,460	131,584	(1,200)	130,384	-17.2%
70-EQUIPMENT & EQUIPMENT RENTAL	301	149	229	830	0	830	262.9%
80-DEBT SERVICE	0	0	0	8,000	0	8,000	NA
Subtotal Nonpersonnel Services	64,892	83,607	192,901	172,795	(1,200)	171,595	-11.0%
Gross Funds	77,689	96,120	207,703	188,627	(1,200)	187,427	-9.8%

Proposed Operating Budget by Program and Activity (Dollars in Thousands)							
Program/Activity	FY2012 Actuals	FY2013 Actual	FY2014 Approved	FY2015 Mayor's Proposed	Committee Variance	FY2015 Committee Proposed	Change FY2014 Approved to FY2015
1000-AGENCY MANAGEMENT PROGRAM							
1010-PERSONNEL	450	228	1,784	0	0	0	(1,784)
1015-TRAINING AND EMPLOYEE DEVELOPMENT	96	199	117	1,641	0	1,641	1,524
1020-CONTRACTING AND PROCUREMENT	0	0	0	0	0	0	0
1030-PROPERTY MANAGEMENT	2,519	2,620	4,008	4,451	0	4,451	442
1040-INFORMATION TECHNOLOGY	811	681	717	1,402	0	1,402	685

Proposed Operating Budget by Program and Activity (Dollars in Thousands)							
Program/Activity	FY2012 Actuals	FY2013 Actual	FY2014 Approved	FY2015 Mayor's Proposed	Committee Variance	FY2015 Committee Proposed	Change FY2014 Approved to FY2015
1050-FINANCIAL MANAGEMENT	950	1,562	6,297	1,900	0	1,900	(4,397)
1055-RISK MANAGEMENT	45	0	0	0	0	0	0
1060-LEGAL	1,289	1,328	1,447	1,458	0	1,458	11
1070-FLEET MANAGEMENT	19	25	20	329	0	329	309
1080-COMMUNICATIONS	77	312	164	823	0	823	659
1085-CUSTOMER SERVICE	148	129	263	40	0	40	(223)
1087-LANGUAGE ACCESS	0	1	9	9	0	9	0
1090-PERFORMANCE MANAGEMENT	1,828	1,447	1,820	2,510	0	2,510	690
SUBTOTAL 1000-AGENCY MANAGEMENT PROGRAM	8,235	8,532	16,646	14,562	0	14,562	(2,084)
100F-AGENCY FINANCIAL OPERATIONS							
110F-BUDGET OPERATIONS	339	270	389	561	0	561	172
120F-ACCOUNTING OPERATIONS	331	266	456	269	0	269	(187)
130F-FISCAL OFFICER	292	471	858	816	0	816	(42)
SUBTOTAL 100F-AGENCY FINANCIAL OPERATIONS	963	1,008	1,703	1,646	0	1,646	(57)
2000-DEVELOPMENT FINANCE DIVISION							
2010-AFFORDABLE HOUSING PROJECT FINANCING	37,778	54,841	134,859	118,194	4,300	122,494	(12,366)
2013-DFD PROJECT FINANCING STM NSP	0	374	0	0	0	0	0
2015-COMMUNITY FACILITIES PROJECT FINANCING	3,720	1,598	1,727	1,727	0	1,727	0
2020-TENANT APARTMENT PURCHASE ACTIVITY	81	45	0	0	0	0	0
SUBTOTAL 2000-DEVELOPMENT FINANCE DIVISION	41,579	56,858	136,586	119,921	4,300	124,221	(12,366)
3000-RESIDENTIAL AND COMMUNITY SERVICE DIV							
3010-NEIGHBORHOOD BASED ACTIVITIES	4,446	4,400	5,387	6,917	0	6,917	1,530
3020-COMMUNITY SERVICES - COMM REVITALIZATION	217	2,100	2,003	2,390	0	2,390	387
3030-RESIDENTIAL SERVICES - HPAP	8,484	13,335	12,747	11,222	300	11,522	(1,225)
3040-RESIDENTIAL SERVICES - EAHP	771	6	482	482	0	482	0
3050-RESIDENTIAL SERVICES - LEAD SAFE WASHING	882	1,007	9,628	7,508	(5,800)	1,708	(7,920)
3060-RESIDENTIAL SERVICES - SINGLE FAM REHAB	2,524	3,054	9,994	8,071	0	8,071	(1,923)
SUBTOTAL 3000-RESIDENTIAL AND COMMUNITY SERVICE DIV	17,324	23,902	40,240	36,589	(5,500)	31,089	(9,151)
4100-PROPERTY ACQUISITION & DISPOSITION DIV							
4120-PROPERTY ACQUISITION	1,634	884	2,641	6,179	0	6,179	3,538
4130-PROPERTY DISPOSITION	1,262	502	549	537	0	537	(13)
4140-PROPERTY MANAGEMENT	90	24	255	255	0	255	0

Proposed Operating Budget by Program and Activity (Dollars in Thousands)							
Program/Activity	FY2012 Actuals	FY2013 Actual	FY2014 Approved	FY2015 Mayor's Proposed	Committee Variance	FY2015 Committee Proposed	Change FY2014 Approved to FY2015
SUBTOTAL 4100-PROPERTY ACQUISITION & DISPOSITION DIV	2,986	1,410	3,445	6,970	0	6,970	3,525
4500-PORTFOLIO AND ASSET MANAGEMENT DIVISION							
4510-PORTFOLIO AND ASSET MANAGEMENT	531	433	2,077	2,576	0	2,576	499
4520-TAX CREDIT ALLOCATION	33	135	120	0	0	0	(120)
SUBTOTAL 4500-PORTFOLIO AND ASSET MANAGEMENT DIVISION	564	568	2,197	2,576	0	2,576	379
6000-HOMEOWNERSHIP AND HOME REHAB ASSISTANCE	18	0	0	0	0	0	0
7000-PROGRAM MONITORING DIVISION							
7010-CONTRACT COMPLIANCE	1,067	922	3,420	2,431	0	2,431	(990)
7020-QUALITY ASSURANCE	177	397	102	414	0	414	312
7030-HOMELESSNESS PREVENTION COMPLIANCE	2,409	16	88	95	0	95	7
SUBTOTAL 7000-PROGRAM MONITORING DIVISION	3,653	1,335	3,611	2,940	0	2,940	(670)
8100-HOUSING REGULATION ADMINISTRATION							
8110-RENTAL CONVERSION AND SALES DIVISION	722	861	1,257	915	0	915	(342)
8120-HOUSING RESOURCE CENTER	98	31	76	78	0	78	2
8130-INCLUSIONARY ZONING PROGRAM			0	536	0	536	536
8140-RENTAL ACCOMMODATIONS DIVISION	975	956	1,140	1,040	0	1,040	(100)
SUBTOTAL 8100-HOUSING REGULATION ADMINISTRATION	1,794	1,848	2,474	2,569	0	2,569	95
9100-RENTAL HOUSING COMMISSION							
9110-RENTAL HOUSING COMMISSION	573	589	802	853	0	853	51
SUBTOTAL 9100-RENTAL HOUSING COMMISSION	573	589	802	853	0	853	51
9960-AUDIT ADJUSTMENTS	2	0	0	0	0	0	0
NO PROGRAM INFORMATION		70					0
Total Proposed Operating Budget	77,689	96,120	207,703	188,627	(1,200)	187,427	(20,276)

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The Department of Housing and Community Development (DHCD) was established by the Reorganization Plan No. 3 of 1975, effective July 3, 1975 (21 DCR 2793). The agency's mission is to "create and preserve opportunities for affordable housing and economic development and to revitalize underserved communities."

DHCD is led by a Director, who is appointed by the Mayor with the advice and consent of the Council. It operates through the following nine divisions:

Development Finance Division: Provides funding for the development of rental, homeownership and community facility developments that serve District of Columbia neighborhoods. Loans, grants and other financing sources are offered through a competitive process either by a Request for Proposals (RFP) or a Notice of Funding Availability (NOFA).

Residential and Community Services Division: Works through Community Based Organizations (CBO) to provide comprehensive housing counseling services, small business technical assistance and façade improvement opportunities; administers the District's Home Purchase Assistance Program, Employer Assisted Housing Program and Negotiated Employee Affordable Home Purchase Program; and provides rehabilitation resources in the form of grants and loans that address health, safety and building code violations, to income eligible owner-occupant and rental units. Specific programs include Lead Safe Washington and Single Family Rehabilitation grants.

Property Acquisition and Disposition Division: Stabilizes neighborhoods by (i) encouraging property owners to utilize their vacant or abandoned property, (ii) acquiring blighted properties via friendly sale, donation, foreclosure and tax sale, and (iii) disposing of such properties by selling them to individuals or developers for the construction of affordable or market rate housing.

Portfolio and Asset Management Division: Manages the allocation of Low Income Housing Tax Credits (LIHTC) and provides portfolio management oversight to outstanding loans in the division.

Program Monitoring Division: Provides contract and regulatory compliance, as well as quality assurance, particularly in regard to federal grant programs that have extensive requirements such as the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs.

Housing Regulation Administration: Administers residential housing regulations relating to condominium conversions and registrations, rent adjustment procedures, licensing and other related matters. This includes the tenant opportunity to purchase program, rental stabilization, inclusionary zoning, and affordable dwelling unit compliance.

Rental Housing Commission: Enforces the Rental Housing Act of 1985, including service as neutral arbiter on appeals of disputes between tenants and landlords from the Office of Administrative Hearings and Rent Administrator.

Agency Management: Provides administrative support, management and internal oversight for the entire agency.

Agency Financial Operations: Provides financial management for the agency.

b. Mayor's Proposed Fiscal Year 2015 Operating Budget

Proposed Operating Budget Summary

The Mayor's proposed FY 2015 gross funds budget for DHCD is \$188,627,000, a decrease of \$19,076,000 from FY 2014, or 9.2%,. The FTE level of 159.0 in FY 2015 reflects no change from FY 2014.

Local Funds: The Mayor's local funds budget is \$15,625,000, an increase of \$4,571,000, or 41.4%, over the FY 2014 approved budget of \$11,054,000. This funding level supports 35.0 FTEs; a decrease of 1.8, or 5.0%, compared to the FY 2014 approved level.

Special Purpose Revenue Funds: The Mayor's proposed special purpose revenue funds budget is \$6,500,000, a decrease of \$3,121,000, or 32.4%, from the FY 2014 approved budget of \$9,621,000. This funding supports 16.0 FTEs, a decrease of 16.8, or 51.3%, compared to the FY 2014 approved level.

Federal Funds: The Mayor's proposed federal funds budget is \$41,354,000, an increase of \$533,000, or 1.3%, compared to the FY 2014 approved level. This funding supports 77.5 FTEs, an increase of 23.4, or 43.4%, compared to the FY 2014 approved level.

Intra-District Funds: The Mayor's proposed intra-district finds budget is \$125,148,000, a decrease of \$21,060,000, or 14.4%, compared to the FY 2014 approved budget of \$146,208,000. This funding supports 30.5 FTEs, a decrease of 4.8, or 13.5%, compared to the FY 2014 level.

Committee Analysis and Comments

Staffing: DHCD currently has 159.0 FTEs, and the Mayor's proposed budget maintains these staffing levels. This is reasonable considering the considerable resources DHCD is responsible for investing to produce greater amounts of affordable housing. The Committee is however concerned about how long it has taken for the agency to fill the 30 additional positions that were budgeted for it in FY 2014. As of April 18, 2014, which is more than half way through the fiscal year, there were 27 vacancies. This is 18% of DHCD's potential work force, and an unacceptably high number for an agency that has great challenges in spending funds in critical programs that help District residents such as Lead Safe Washington and Single Family Residential Rehabilitation, not to mention technical compliance issues with federal grant programs. Fortunately, 24 of these positions are in active recruitment and expected to be filled this quarter. The

Committee will continue to monitor the status of these vacancies to make sure DHCD has the labor force it needs.

Comprehensive Housing Strategy Task Force: The task force is a statutorily mandated body that examines the issue of affordable housing and makes policy recommendations to the District government about how it should manage its housing programs. Following up on its 2006 report, this task force, led by Harry Sewell and Deborah Ratner Salzberg, studied the issues for more than a year and produced a report in March 2013.³ That report set the strategic goals of preserving 8,000 existing affordable units, producing 10,000 net new units, and supporting the development of 3,000 market rate units by 2020. These goals are primarily targeted towards households earning less than 60% of the area median income, or \$64,000 for a family of four. To achieve its goals, the task force recommended a range of program and legislative fixes, including more stable funding of the Housing Production Trust Fund, local tax credits, more regular housing strategy reports and monitoring, as well as the creation of a Housing Investment Council to ensure proper implementation of these goals.

The District has made progress in achieving some of the Task Force’s recommendations in the year since they were first issued. More than \$100 million has or will be invested in the production of affordable housing in each of FY 2014 and FY 2015. The District is therefore well on its way to achieving the goal of 10,000 new units of affordable housing by the year 2020 ahead of schedule as the following chart demonstrates:

District Progress in the 10X20 Goal						
	Financing Date / Construction Start					Grand Total
		To Date	FY’14	FY’15	FY’16	
Status	1. Completed	2,426	-	-	-	2,426
	2. Under Construction	2,700	-	-	-	2,700
	3. Pipeline	-	3,774	227	-	4,001
	4. Conceptual	-	421	961	1008	2,390
	Grand Total	5,126	4,195	1,188	1,008	11,517

But, more progress can be made. With more than 70,000 households on a waiting list for public housing, 8,000 existing public housing units in need of rehabilitation or replacement, and thousands of individuals and families who are homeless, this increased production is a down payment that must be sustained.

To that end, the Committee is considering legislation introduced by Chairperson Bowser that would mandate a baseline annual investment of \$100 million in the Housing Production Trust Fund.⁴ The Council is also considering legislation that dedicates half of

³ District of Columbia Comprehensive Housing Strategy Task Force 2012, <http://www.taskforce2012.org/>.

⁴ Bill 20-708, *Housing Production Trust Fund Baseline Funding Act of 2014* (Introduced Mar. 4, 2014), available at <http://lims.dccouncil.us/Legislation/B20-0708>.

all future surplus funds to the Housing Production Trust Fund, as well as a bill that would require projects developed on District land include a certain percentage of affordable housing units beyond existing inclusionary zoning requirements.⁵ In keeping with a recommendation of the Task Force, Councilmember McDuffie has introduced legislation that would create a state low-income housing tax credit modeled after the highly effective federal program.⁶ The Committee on Economic Development will work closely to ensure these and other best practices are implemented to better address the District's affordable housing needs.

Performance Management and Strategic Planning: While this recent production marks real progress in the District's affordable housing goals, the Committee is mindful that these numbers don't take into account the number of affordable units lost each year, the growing population that increases demand (and thus pricing) for housing, and declining incomes for those who already have trouble securing housing. For that reason, DHCD and the District government generally must improve the performance measurement systems and strategic planning tools applied to affordable housing initiatives.

DHCD has recently developed a performance dashboard that provides a wealth of useful information about the affordable projects that are being developed with the assistance of government support. This will function both as an internal accountability tool for the agency and a transparency improvement for the public to better track progress of the project pipeline. The Committee commends DHCD for this initiative and looks forward to future iterations that also report on the performance of other aspects and division of the agency.

With the increasing affordable housing needs and the growing resources the District is directing towards them, DHCD and the Deputy Mayor for Planning and Economic Development have wisely hired the Urban Institute to create an assessment of the city's housing needs and recommendations for how they can best be solved. The Committee looks forward to seeing the results of this effort and hopes it will yield very concrete plans for how housing goals will be reached through public, private, and institutional investments.

Also arising from the Task Force recommendations is an affordable housing database being developed by the Office of the Chief Technology Officer (OCTO). At a cost of almost \$4 million, the Committee expects this to be a productive tool that will inform the development and implementation of the District's housing initiatives and performance tracking.

⁵ Bill 20-647, *Housing Production Trust Fund Supplemental Funding Act of 2014* (Introduced Jan. 23, 2014), available at <http://lims.dccouncil.us/Legislation/B20-0647>; Bill 20-594, *Disposition of District Land for Affordable Housing Amendment Act of 2013* (Introduced Dec. 3, 2013), available at <http://lims.dccouncil.us/Legislation/B20-059>.

⁶ Bill 20-706, *Low-Income Housing Tax Credit Act of 2014*, (Introduced Mar. 4, 2014), available at <http://lims.dccouncil.us/Legislation/B20-0706>.

DHCD reports that none of these performance measurement tools and resources have been incorporated into the Notice of Funding Availability (NOFA) and other production efforts to date. The Committee accepts that time is needed for their development. But, there is too much at stake on such a critical issue and hundreds of millions of dollars in public money that run the real risk of being wasted if these plans and tools are not squarely in place by the beginning of FY 2015.

Affordable Rental Housing: In addition to the creation of new affordable units, preservation of existing units must be a key component of any comprehensive strategy to support the continuum of affordable housing types. Rent control is one of the District's primary tools on this front. But, it is an imperfect tool that leaves both property owners and tenants dissatisfied and is therefore in need of reform. To start, the Rent Administrator must accurately count and track the number of housing units subject to rent control in the District. Secondly, tenants must be better informed of their rights and receive government or non-profit assistance and counseling to properly exercise them. To that end, the Committee recently adopted legislation that requires housing providers to provide potential tenants with a Tenant Bill of Rights, and is working with DHCD to streamline the panoply of information that housing providers are currently required to provide tenants at the time of entering into a lease.⁷

Steps must also be taken to ensure that more of those low- and middle-income households that are most in need of affordable housing have access to rent controlled units. The Committee held hearings on several relevant pieces of legislation this year and directed DHCD and stakeholders to work together to find solutions to these problems.

NOFA: The Notice of Funding Availability (NOFA) is the annual competitive solicitation process in which a host of programmatic funding is allocated to affordable housing projects. NOFA documentation lays out relatively clear criteria about how projects will be selected, and DHCD deserves credit for creating a new tiered system so that shovel-ready projects are awarded financing more quickly than those that need further refinement. DHCD launched its first ever multi-agency NOFA in FY 2013 to better distribute and prioritize District housing funds across a range of needs with coordination from the Department of Health (DOH), Department of Behavioral Health (DBH), Department of Human Services (DHS), DC Housing Finance Agency (HFA), and DC Housing Authority (DCHA). This allowed 5% of the funding allocated in the NOFA to go towards the construction of new units of permanent supportive housing, a key goal of the Interagency Council on Homelessness. The Committee looks forward to continued progress with the FY 2014 NOFA, which was issued in April. Responses are due in May and June for tier 1 and tier 2 projects, respectively.

HPAP: The Home Purchase Assistance Program (HPAP) is a relatively unique program in the District, and serves the affordable ownership sector of the continuum. The benefits of home ownership to low-income and minority families are numerous and well-documented in terms of wealth building, education, and stability, among others. It

⁷ Bill 20-58, *Tenant Bill of Rights Act of 2013* (Introduced Jan. 8, 2013), available at <http://lims.dccouncil.us/Legislation/B20-0058>.

also functions as a neighborhood stabilization and community building tool. But, the hurdles to home ownership, particularly saving enough for a down payment, can be significant. This is the void that HPAP continues to fill for thousands of District households.

Unfortunately, funding has dwindled from a high of \$38 million in FY 2008 to just \$8.5 million in FY 2012. The Mayor's HPAP budget for FY 2014 was \$12.7 million and is slated to see a \$1.5 million reduction in FY 2015 even as demand for down payment assistance is higher than ever. This will only be increased by the East of the River Homebuyer Program being led by DHCD in FY 2015. The Committee therefore recognizes a transfer of \$300,000 from the Office of Cable Television, which will be used for the Home Purchase Assistance Program (Activity 3030), Subsidies and Transfers Comptroller Source Group (CSG 50).

To further increase the effectiveness of HPAP, the Committee also recommends an increase of the maximum loan amount from \$40,000 to \$50,000. This change is discussed in greater detail in the Committee's Budget Support Act recommendations contained in Section IV below.

East of the River Homebuyers Program: At the urging of advocates, \$300,000 has been dedicated in the proposed FY 2015 budget to a new program meant to enhance home ownership in Wards 7 and 8, which currently have ownership rates of 40% and 24%, respectively. This is well below the District and national averages and deserves focused attention by the government and stakeholders given all the documented benefits that homeownership has both for residents and their neighborhoods. DHCD officials testified at the budget hearing that they were still developing the specifications of the program. The Committee wholeheartedly supports this new initiative and recommends that it include greater marketing of available government assistance programs like HPAP, financial and housing counseling so that residents are prepared for the purchase process, and partnering with private mortgage lenders to ensure buyers can obtain financing. As previously discussed, if this new program is successful, maintaining or increasing HPAP funding will be all the more important.

LEAD Safe and Single Family Rehab Programs: Administered by the Residential and Community Services Division, these two programs provide financial assistance for qualified low-income homeowners to make building code repairs and environmental remediation. They are vital to preserving affordable housing, in particular to allow the District's senior population to age-in-place. The Mayor's budget for FY 2014 increased the budget for these two programs to nearly \$10 million each, nine- and two-times their respective prior year levels.

As expected, DHCD was unsuccessful in spending the funds. At the halfway point for FY 2014, 93% of LEAD Safe and 96% of Single Family Rehab funds were still available. In FY 2013, Single Family Rehab was able to spend 85% of its \$3.58 million budget, while LEAD Safe spent only 40% of its \$2.5 million budget. The Mayor's FY 2015 budget proposal very prudently intends to decrease the budgets of these two

programs by approximately \$2 million each. The Committee believes this is a good start, but does not go far enough. As critical as the programs are to preserving affordable housing and allowing seniors to age-in-place, DHCD should not fund them at levels it demonstrably lacks the ability to disburse,⁸ particularly when other programs such as HPAP have such great demand for additional resources.

The Committee therefore recommends that LEAD Safe (Activity 3050), Subsidies and Transfers Comptroller Source Group (CSG 50) be reduced by \$5.8 million, and that \$4.1 million is transferred to Affordable Housing Project Financing (Activity 2010), Subsidies and Transfers Comptroller Source Group (CSG 50) for the development of affordable housing for senior citizens, age 65-years and older, \$200,000 is transferred to Affordable Housing Project Financing (Activity 2010), Subsidies and Transfers Comptroller Source Group (CSG 50) for the development of a pilot project that would study how best to develop affordable housing and wrap-around services for the District's LGBT seniors, and \$1.5 million is transferred to the Committee on Human Services for a rapid re-housing pilot program for individuals.

Senior Housing: In the District of Columbia, the average household income for homes headed by someone over the age of 65 and retired is \$33,678, and the poverty rate among seniors is 14.7%. Seniors also face serious challenges to maintaining and staying in their homes. Although preservation of existing housing stock for seniors is vital, so too is the development of new affordable housing that caters to senior citizens with a range of wrap-around services and activities. With these efforts, we can keep this vital population in our communities with the high quality of life they deserve.

The Committee therefore recommends that the Affordable Housing Project Financing (Activity 2010), Subsidies and Transfers Comptroller Source Group (CSG 50) be increased by \$4.1 million for the financing of affordable housing projects reserved for senior citizens, age 65-years and older.

LGBT Housing: Another population with significant housing needs is the District's Lesbian, Gay, Bisexual and Transgender (LGBT) community, and LGBT seniors in particular. A study from the National Gay and Lesbian Task Force found that there were 3 million LGBT Americans over the age of 65, and this number will double by 2030. LGBT seniors are four times less likely than their straight counterparts to have children or grandchildren to support them and are twice as likely to live alone. Many LGBT seniors also have trouble accessing spousal benefits because they never got married or entered a domestic partnership, or their relationship was not recognized by governments and employers. Despite considerable progress in protecting the civil rights of LGBT residents, they are still more likely than many other populations to face housing discrimination, according to the Equal Rights Center.

All of these factors combine to create a critical need to produce more affordable housing expressly for LGBT seniors. A 2013 study by the Philadelphia Public Health Management Corporation reported that 48% of local LGBT seniors found it difficult to

⁸ DHCD is providing an additional FTE each to administer these two programs.

afford housing, and 13% were living in unstable environments – including a rented room, house or apartment where their name was not on the deed/lease or a shelter. For that reason, Philadelphia, Pennsylvania and Los Angeles, California have launched programs to address the affordable housing needs of LGBT seniors.

The Committee therefore recommends that the Affordable Housing Project Financing (Activity 2010), Subsidies and Transfers Comptroller Source Group (CSG 50) be increased by \$200,000 for the development of a pilot project that would study how best to develop affordable housing and wrap-around services for the District's LGBT seniors.

Rapid Re-Housing Pilot Program: Rapid re-housing is a program that provides short-term, time-limited services and housing assistance to move families and individuals out of homelessness as quickly as possible. This program was initiated successfully in the District when the federal government invested significant one-time resources in 2009. When the federal stimulus funds expired, the District continued the program, but only for veterans and families.

In FY 2014, the Council allocated \$400,000 in one-time funding to launch a pilot program for individuals. The basis for this was that there are approximately 1,800 single adults in District-funded emergency shelters on any given night, about 20% of whom are employed. Rapid re-housing provides them with stable housing, which in turn enables them to keep or obtain employment, thus allowing them to earn enough to exit homelessness. This has the additional benefit of reducing demand for the District's already overcrowded shelter system. Rapid re-housing also does not cost more than shelter units, but adds to the tax base because individuals are placed in privately-owned apartment units.

Since 2009, 643 families and 762 single individuals in the District who were homeless or at risk of becoming homeless have been stably housed through this program. The Committee wants to ensure this success continues and is therefore directing \$1.5 million to extend the rapid re-housing pilot program for individuals that is currently administered by the Department of Human Services.

PADD: Vacant and blighted properties in the District pose a severe problem. They create ripe environments for nuisance and crime in addition to being visual eyesores. The government must therefore force better utilization of these properties by their owners. That includes taxing blighted properties at a higher rate and forcing sale to other parties that will use the property more effectively. DHCD's Property Acquisition and Disposition Division (PADD) plays an important role in that regard. With the help of the Office of Tax and Revenue (OTR), PADD auctions blighted properties to individuals and developers to create affordable housing units.

In accordance with the Committee's previously expressed concerns, the FY 2015 budget is proposed to increase by \$3.5 million to \$6.7 million. DHCD also intends to develop a more streamlined solicitation process so that turnkey buildings can quickly be

turned over to productive use. With over 100 properties already in DHCD's possession, and hundreds more vacant and owing considerable back taxes to the District, this is an opportunity to produce more affordable housing at little cost to the government and rebuild neighborhoods and blocks harmed by these blighted properties. The Committee wholeheartedly endorses these renewed efforts and funding increases, and encourages DHCD to work more effectively with OTR, the Department of Consumer and Regulatory Affairs (DCRA), and other agencies that play a role in the disposition of these properties.

Small Business Technical Assistance: DHCD's Residential and Community Services Division has a Commercial Revitalization program that provides grants to neighborhood-based organizations for technical assistance to small business and storefront façade improvements in commercial corridors. The agency has been effective in using most if not all resources for this critical activity. The Mayor's FY 2015 budget will increase funding by \$1.5 million, with \$500,000 of that amount focused on facade improvements in Ward 8 commercial corridors. The Committee supports this program because it is critical to creating complete communities that have the business and retail to complement affordable housing that is DHCD's primary mission, particularly in those neighborhoods that have been slow to see development. That said, the Committee would like the agency to more effectively and quantitatively track metrics for this program and focus efforts on select "pilot" corridors to create the most impactful change.

Rental Housing Commission: The Rental Housing Commission (RHC) is a 3-member, independent quasi-judicial body that is housed in DHCD. It hears appeals from the Rent Administrator and the Office of Administrative Hearings (OAH) regarding District rent control laws. Since Claudia McKoin was confirmed in January 2014, the RHC has been fully empaneled. This will help the Commission reduce its backlog of cases and reduce average disposition times, which are far too long for important rent control cases. The RHC also plans to create a standard operating procedures manual so that more cases are resolved quickly and consistently. The Committee commends the RHC and its chairman for their efforts and expects to see continued progress on this front.

Condominium Regulation: Another responsibility of DHCD is the regulation of commercial and residential condominiums in the District, primarily through the review of their registration when they are first created. DHCD's Housing Regulation Administration, Rental Conversion and Sales Division also enforces warranty bond claims when a condominium association or unit owner discovers construction defects that are the fault of the building developer. The Committee recently adopted the Condominium Amendment Act of 2014, which among other things, creates open meetings and records requirements, allows for electronic voting, applies the business judgment rule to decisions of condominium associations, and creates new insurance and liability protections. Although existing condominium associations are grandfathered on many of the changes, DHCD should roll out an education campaign for the mandatory provisions as well as other governance best practices contained in the legislation that existing condominiums would be wise to incorporate. This would also help address many of the governance problems unit owners express about their condominium

associations with more extensive outreach and education, though the Committee is cognizant that DHCD will require additional staff and resources to do so.

The Committee is also considering strategies to address the issue of rising condominium fees that may price out unit owners, particularly those low- and moderate-income households that purchase units through District programs such as the affordable dwelling unit (ADU) and inclusionary zoning (IZ) programs. Legislation on the subject was introduced in January 2014, a hearing was held in May, and the Committee expects to work with DHCD and other stakeholders in the coming months to find solutions to this problem.⁹

Park Southern Apartments: The Park Southern Apartments are a complex of 366 affordable housing units located at 800 Southern Avenue, SE. The complex is owned by the residents through a non-profit entity called the Park Southern Neighborhood Corporation, which is led by a board of directors, in consultation with a resident association. After several changes in leadership and the management company responsible for operation of the complex, there are considerable vacancies, the building is in need of significant renovations, and it has failed to pay all of its utility bills. DHCD recently issued a notice of default on a \$3 million loan it made to Park Southern in May 2006 for failure to make its monthly payments to the District government. DHCD has since chosen a management company and seized documents and office space in the apartment complex to protect its investment much to the dismay of some of the building's residents and leadership. The Committee urges DHCD and the Park Southern board to negotiate a resolution to this dispute. The priority must above all be to preserve these affordable housing units in Ward 8.

c. Mayor's Proposed Fiscal Year 2015-2020 Capital Budget

Proposed Capital Budget Summary

- The Department of Housing and Community Development has no associated capital funds.

2. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2015 Operating Budget Recommendations

- The Committee recognizes a transfer of \$300,000 from the Office of Cable Television, FY 2013 Cable Television Franchise Fee revenues, which will be used for Home Purchase Assistance Program (Activity 3030), Subsidies and Transfers Comptroller Source Group (CSG 50).

⁹ Bill 20-648, *Condominium Fee Fairness Act of 2014* (Introduced Jan. 23, 2014), available at <http://lims.dccouncil.us/Legislation/B20-0648>.

- The Committee therefore recommends that LEAD Safe (Activity 3050), Subsidies and Transfers Comptroller Source Group (CSG 50) be reduced by \$5.8 million, and that \$4.1 million is transferred to Affordable Housing Project Financing (Activity 2010), Subsidies and Transfers Comptroller Source Group (CSG 50) for the development of affordable housing for senior citizens, age 65-years and older, \$200,000 is transferred to Affordable Housing Project Financing (Activity 2010), Subsidies and Transfers Comptroller Source Group (CSG 50) for the development of a pilot project that would study how best to develop affordable housing and wrap-around services for the District’s LGBT seniors, and \$1.5 million is transferred to the Committee on Human Services for a rapid re-housing pilot program for individuals.

b. Fiscal Year 2015 Capital Budget Recommendations

- The Department of Housing and Community Development has no associated capital funds.

c. Policy Recommendations

- The Committee recommends that DHCD fill all position vacancies as quickly as possible to better implement its mission and achieve the goals of its numerous programs and initiatives related to housing and community development.
- DHCD should work more closely with DCRA and OTR to buy vacant and blighted properties at tax sale to be used for the creation of affordable housing throughout the District of Columbia.
- The Committee urges DHCD, DMPED and the other relevant agencies to set up a long-term affordable housing strategic plan. This should include concrete goals for the number of units that it must produce or assist in the production from each component of the continuum of affordable housing types. It must also identify key agencies responsible for each task, regular coordination and communications, and an oversight and reporting process. Finally, this plan requires a robust performance measure system that tracks the progress of each program in a consistent and clear manner. It must also do so transparently and involve the public and housing advocates.
- The Committee recommends that the agency more effectively and quantitatively track metrics for the small business assistance programs and focus efforts on select “pilot” corridors to create the most impactful change.
- The Committee recommends that DHCD’s Housing Regulation Administration, Rental Conversion and Sales Division conduct more education and outreach so that condominium associations improve governance practices and comply with

the new requirements of the Condominium Amendment Act of 2014, which was recently adopted by the Council.

- The Committee recommends that DHCD, and the Rent Administrator and Rental Housing Commission in particular, decide rent control cases more quickly. Delaying decisions can result in significant costs being borne by landlords and tenants. The agency should also work with stakeholders to streamline the process and evaluate the effectiveness of the District's rent control laws in providing clean, safe, and affordable housing to those individuals who most need it.
- The Committee recommends that DHCD streamline the information that housing providers must disclose to potential tenants when they lease a unit.
- The Committee urges DHCD to negotiate a resolution to the dispute with the Park Southern Apartments regarding the defaulted loan to ensure that residents are able to remain in their affordable units.
- The Committee urges the adoption of a policy to designate \$100 million per year to the Housing Production Trust Fund. With more than 70,000 households on a waiting list for public housing, 8,000 existing public housing units in need of rehabilitation or replacement, and thousands of individuals and families who are homeless, increased production for affordable housing is paramount.

D. HOUSING PRODUCTION TRUST FUND (UZ0)

Proposed Gross Funds by Revenue Type (Dollars in Thousands)							
	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change
DEDICATED TAXES	44,198	55,926	75,745	0	0	0	-100.0%
SPECIAL PURPOSE REVENUE FUNDS	1,850	0	66,931	0	0	0	-100.0%
ENTERPRISE AND OTHER FUNDS - DEDICATED TAX	0	0	0	40,422	0	40,422	NA
GROSS FUNDS (UZ0)	46,048	55,926	142,676	40,422	0	40,422	-71.7%

Proposed Full-Time Equivalents by Revenue Type							
	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change
DEDICATED TAXES	0.0	0.0	0.0	0.0	0.0	0.0	NA
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	NA
ENTERPRISE AND OTHER FUNDS - DEDICATED TAX	0.0	0.0	0.0	0.0	0.0	0.0	NA
GROSS FUNDS (UZ0)	0.0	0.0	0.0	0.0	0.0	0.0	NA

Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)							
Comptroller Source Group	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change FY 2014 Approved to FY 2015
40-OTHER SERVICES AND CHARGES	16,721	0	0	0	0	0	NA
41-CONTRACTUAL SERVICES - OTHER	29,223	55,926	142,676	40,422	0	40,422	-71.7%
50-SUBSIDIES AND TRANSFERS	104	0	0	0	0	0	NA
Subtotal Nonpersonnel Services	46,048	55,926	142,676	40,422	0	40,422	-71.7%
Gross Funds	46,048	55,926	142,676	40,422	0	40,422	-71.7%

Proposed Operating Budget by Program and Activity (Dollars in Thousands)							
Program/Activity	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Change FY 2014 Approved to FY 2015
1000-HOUSING PRODUCTION TRUST FUND							
1100-HOUSING PRODUCTION TRUST FUND (ADMIN)	3,310	4,539	4,514	4,357	0	4,357	(157)
1101-HOUSING PRODUCTION TRUST FUND	42,738	51,387	138,162	36,065	0	36,065	(102,097)
SUBTOTAL 1000-HOUSING PRODUCTION TRUST FUND	46,048	55,926	142,676	40,422	0	40,422	(102,255)
Total Proposed Operating Budget	46,048	55,926	142,676	40,422	0	40,422	(102,255)

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The Housing Production Trust Fund (HPTF) is the District's primary vehicle for funding affordable housing projects and programs. Since 2001, it has funded the construction or renovation of more than 6,800 units of affordable housing. The HPTF receives a dedicated revenue source from a 15% set aside of the taxes collected for real property transfers and deed recordations. The HPTF is a paper agency managed by the Department of Housing and Community Development (DHCD), which is also the largest recipient of HPTF resources. But, funds are also distributed via intra-district transfers to other agencies, including the District of Columbia Housing Authority (DCHA), the Department of Human Services (DHS), and the Deputy Mayor for Public Safety and Justice.

The HPTF's enabling legislation provides several statutory restrictions to ensure good stewardship and accountability of these resources. For example, the law requires at least 40% of HPTF expenditures to go toward housing affordable for households at or below 30% of the area median income (AMI) and 40% of funds to be spent on housing affordable for households at 50% of AMI.¹⁰ Half of the funds must be used for the purpose of assisting in the provision of rental housing.¹¹ It also restricts administrative costs of the Fund from exceeding 10% of its budget.¹² The Mayor is required to file an annual report that reports on the actions and spending of the HPTF.¹³

Finally, the HPTF has a 9-member Board, which is appointed by the Mayor with the advice and consent of the Council, and serves to advise the Mayor on how to spend

¹⁰ D.C. Official Code § 42-2802(b-1).

¹¹ D.C. Official Code § 42-2802(b-1).

¹² D.C. Official Code § 42-2802(b)(10).

¹³ D.C. Official Code § 42-2803.02.

the funds and confirm compliance with District law.¹⁴ The Council confirmed a full panel of the Board in June 2013. They have been very active in that time, meeting monthly with DHCD and other government officials as well as private and non-profit stakeholders. The Board has focused in particular on streamlining the Notice of Funding Availability (NOFA) process and leveraging government resources to boost private financing of affordable housing in the District. Following some concerns about transparency, the Board, with the help of DHCD staff, has given public notice of its meetings and posted detailed minutes after the fact. The Committee thanks the Board for its efforts, which have been quite productive, and looks forward to future results going forward.

b. Mayor's Proposed Fiscal Year 2015 Operating Budget

Proposed Operating Budget Summary

The Mayor's proposed FY 2015 gross funds budget for the HPTF is \$40,422,000, a decrease of \$102,255,000, or 71.7%, from the FY 2014 approved budget of \$142,676,000. This budget does not support any full-time equivalents (FTEs) since the HPTF is a paper agency administered by DHCD.

Dedicated Taxes: The Mayor's proposed FY 2015 dedicated taxes budget is \$0, a decrease of \$75,745,000, or 100.0% from the FY 2014 approved budget of \$75,745,000.

Special Purpose Revenue Funds: The Mayor's proposed FY 2015 special purpose revenue funds budget is \$0, a decrease of \$66,931,000, or -100% from the FY 2014 approved budget of \$66,931,000.

Enterprise Funds: The Mayor's proposed FY 2015 special purpose revenue funds budget is \$40,422,000, an increase \$40,422,000, or 100% from the FY 2014 approved budget of \$0.

Committee Analysis and Comments

Budget Trends: The Committee was heartened by the significant increase in funds allocated to the HPTF in FY 2014. Unfortunately, that increased level of spending has not been sustained in FY 2015, in which there will be approximately \$40 million in dedicated tax revenue and \$30 million in surplus funds carried over from FY 2014 and deposited in the HPTF. The balance of the Mayor's \$100 million pledge for affordable housing goes to related programs such as senior tax credits and the Local Rent Supplement Program (LRSP). While these are worthy uses, a steady commitment must be made to the production of new affordable units if the District is to address its housing needs. The Committee is therefore considering legislation introduced by Chairperson

¹⁴ D.C. Official Code § 42-2802.01.

Bowser that would dedicate a baseline annual funding investment of \$100 million to the HPTF.¹⁵ The Budget Support Act for FY 2015 also includes a subtitle modeled after permanent legislation introduced by Councilmember McDuffie that dedicates future surplus funds to the HPTF. The Committee supports this effort, though it will have little benefit for housing funding in the near term because emergency reserve accounts and the Mayor's contingency spending list must be fully funded first.¹⁶

This also raises the question of whether there are structural flaws in the HPTF. As the economic recession demonstrated, revenues from property transfer and deed recordation taxes can be highly variable from year-to-year. And while the surplus funds from FY 2013 pledged by the Mayor to go towards housing purposes in his FY 2014 supplemental budget proposal are welcome, there is no guarantee that any such surplus will be available in future years. To ensure continued progress on the goal of creating 10,000 new units of affordable housing by 2020, the District government must make tough budget decisions and find the necessary resources to fully fund a well-conceived housing strategic plan. The Committee pledges to explore further legislation and policy solutions to address this issue.

Administrative Costs: Addressing the District's housing needs also requires utilizing as much of the HPTF's resources for actual programs and tangible projects as possible. That means working efficiently and minimizing administrative overhead. District law caps administrative expenses from exceeding 10% of HPTF funds. DHCD assures that it complies with this statutory requirement, though the Committee would appreciate a detailed accounting and regular audit to demonstrate that this is the case.

Advisory Board: The HPTF has a 9-member Board, which is appointed by the Mayor with the advice and consent of the Council, and serves to advise the Mayor on how to spend the funds and confirm compliance with District law.¹⁷ The Council confirmed a full panel of the Board in June 2013. The Board has been very active in that time, meeting monthly with DHCD and other government officials as well as private and non-profit stakeholders. The Board has focused in particular on streamlining the NOFA process and leveraging government resources to boost private financing of affordable housing in the District. Following some concerns about transparency, the Board, with the help of DHCD staff, gives public notice of their meetings and posts detailed minutes after the fact. The Committee thanks the Board for its efforts and looks forward to future results going forward.

¹⁵ Bill 20-708, *Housing Production Trust Fund Baseline Funding Act of 2014* (Introduced Mar. 4, 2014), available at <http://lims.dccouncil.us/Legislation/B20-0708>.

¹⁶ Bill 20-647, *Housing Production Trust Fund Supplemental Funding Act of 2014* (Introduced Jan. 23, 2014), available at <http://lims.dccouncil.us/Legislation/B20-0647>.

¹⁷ D.C. Official Code § 42-2802.01.

c. **Mayor's Proposed Fiscal Year 2015-2020 Capital Budget
Proposed Capital Budget Summary**

The Housing Production Trust Fund has no associated capital funds.

2. **COMMITTEE RECOMMENDATIONS**

a. **Fiscal Year 2015 Operating Budget Recommendations**

- The Committee makes no recommendations to the Mayor's proposed budget for FY 2015.

b. **Fiscal Year 2015 Capital Budget Recommendations**

- The Housing Production Trust Fund has no associated capital funds.

c. **Policy Recommendations**

- The Committee recommends that DHCD conduct an audit of all HPTF spending to minimize administrative costs, thereby building more affordable housing.

E. HOUSING AUTHORITY SUBSIDY (HY0)

Fiscal Year 2015 Operating Budget, By Revenue Type (Dollars in Thousands)

	FY 2012 Actual	FY 2013 Approved	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee	Percent Growth FY14 Approved to FY15 Committee
Local Funds	4,000	14,213	38,963	42,963	0	42,963	10.3%
Dedicated Taxes	0	0	0	0	0	0	N/A
Special Purpose	0	0	0	0	0	0	N/A
Federal Funds	0	0	0	0	0	0	N/A
Private Funds	0	0	0	0	0	0	N/A
Intra-District	18,000	19,969	0	0	0	0	N/A
GROSS FUNDS	22,000	34,182	38,963	42,963	0	42,963	10.3%

Fiscal Year 2015 Full-Time Equivalent, By Revenue Type

	FY 2012 Actual	FY 2013 Approved	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee	Percent Growth FY14 Approved to FY15 Committee
DCHA							
Total FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0%

Proposed Operating Budget by Comptroller Source Group (Gross Funds) (Dollars in Thousands)					
	FY 2013 Approved	FY 2014 Approved	FY 2015 Mayor's Proposed	FY 2015 Committee Variance	FY 2015 Committee Proposed
50-SUBSIDIES AND TRANSFERS	34,182	38,963	42,963	0	42,963
Subtotal Nonpersonal Services	34,182	38,963	42,963	0	42,963
Gross Funds	34,182	38,963	42,963	0	42,963

Proposed Operating Budget by Program (Dollars in Thousands)					
	FY 2013 Approved	FY 2014 Approved	FY 2015 Mayor's Proposed	FY 2015 Committee Variance	FY 2015 Committee Proposed
1000-HOUSING AUTHORITY SUBSIDY	34,182	38,963	42,963	0	42,963
Gross Funds	34,182	38,963	42,963	0	42,963

COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The District of Columbia Housing Authority (DCHA) is devoted to providing quality affordable housing to low-income households, fostering sustainable communities, and cultivating opportunities for residents to improve their lives. To that end, DCHA works to achieve the following goals: (1) create opportunities, through collaboration and partnerships, to improve the quality of life for DCHA residents; (2) increase access to quality affordable housing; (3) provide livable housing to support healthy and sustainable communities; and (4) foster a collaborative work environment that is outcome-driven and meets the highest expectations of the affordable housing industry.

Public housing units provide eligible extremely low-income families, elderly and disabled individuals the needed financial assistance to live in rental units. Currently, the District's public housing portfolio consists of more than 8,000 apartment or town home units in 56 properties owned and managed by DCHA. DCHA serves as the landlord for almost 20,000 public housing residents across the District of Columbia.

While DCHA's core mission is to provide quality affordable housing to low-income families, DCHA also closely collaborates with its sister agencies and foundations to help public housing residents lead independent and productive lives through funded on-site programs to improve job skills, continue education, promote public safety, and encourage youth summer employment, education and recreation.

b. Mayor's Proposed Fiscal Year 2015 Operating Budget

Proposed Operating Budget Summary

Local Funds: The Mayor's FY 2015 proposed local funds subsidy for DCHA is \$42,963,276, which represents a 10.3% increase from the FY 2014 approved local subsidy of \$38,963,276.

Committee Analysis and Comments

The Mayor's FY 2015 proposal for the Housing Authority Subsidy represents a 10.3% increase in funding. While the proposal includes several much needed subsidy increases, the Committee is concerned that the funding is insufficient to address the immediate affordable housing challenges in the District of Columbia.

Local Rent Supplement Program: DCHA administers a locally funded voucher program on behalf of the District government called the Local Rent Supplement Program (LRSP). It was created in 2007 to preserve and increase the stock of permanent affordable housing units for extremely low-income District residents, i.e., residents who earn no more than 30% of Area Median Income (AMI), or about \$32,000. To date, LRSP has provided housing for over 2,000 households in the District of Columbia.

LRSP is comprised of three programs: (1) tenant-based; (2) project-based; and (3) sponsor-based. The tenant-based program operationally resembles the federal Housing Choice Voucher Program (HCVP) and provides voucher subsidies directly to families from DCHA's waiting list. The project- and sponsor-based programs bolster the production of new low-income units by supplementing their operational costs. The subsidy is attached to the units or sponsor, as opposed to the renter, and DCHA supports these units once they are built or rehabilitated.

In FY 2015, approximately \$31.8 million is allocated for LRSP. A \$4.969 million Local funds balance reduction will be carried over from FY 2014. DCHA's FY 2014 approved budget and the Mayor's FY 2015 proposed request for LRSP, along with Committee proposals, are reflected and itemized in the following chart:

Mayor's Budget FY15 Funding Proposal for LRSP Payments (Dollars in Thousands)

	FY 2014 Approved	Mayor's FY 2015 Proposed	Committee's FY 2015 Proposed	Variance	Percent Growth FY14 Approved to FY 15 Committee
LRSP	30,170	33,853	33,853	0	12.2%
Admin. Support – LRSP	2,622	2,939	2,939	0	12.1%
Reduction – Fund balance to be used in FY14	-4,969	0	0	0	-100%
Reduction – Fund balance carried over from FY14	0	-4,969	-4,969	0	-100%
Total	27,823	31,823	31,823	0	14.38%

Project-and sponsor-based LRSP: The Mayor's FY 2015 proposed budget includes \$3,000,000 of funding to support approximately 200 project- and sponsor-based LRSP vouchers for individuals and families at or below the 30% AMI threshold. The Committee supports the \$3 million increase to project- and sponsor-based LRSP, which is consistent with the Committee's budget priorities letter sent to the Office of the Chief Financial Officer (OCFO) of the District of Columbia on February 12, 2014.

While the Committee supports the \$3 million increase to the project- and sponsor-based components of LRSP, it is the opinion of the Committee that the District urgently needs to fund both the supply and demand side of affordable housing. Increased development and rehabilitation of affordable housing units is crucial for the long-term well-being of the District's most vulnerable residents. However, funding is also needed to meet the immediate demand of such residents.

Tenant-based LRSP: The Mayor's FY 2015 proposed budget includes an additional \$1,000,000 of funding to support the tenant-based LRSP to assist 80 low-income seniors with affordable housing opportunities throughout the District. Seniors are at increased risk of becoming victims of crime on the street or in shelters and often have health conditions that worsen in these environments. No elderly District resident should be homeless.

The Committee also underscores the importance of supporting homeless youth in the District of Columbia who identify as lesbian, gay, bisexual, transgender or questioning (LGBTQ). In January 2013, Chairperson Bowser co-introduced the LGBTQ Homeless Youth Reform Act of 2013. The bill, which became effective law on May 3, 2014, addresses the support services and shelter needs of LGBTQ homeless youth in the District of Columbia. The bill sets aside ten emergency shelter beds for LGBTQ youth. It also requires the Interagency Council on Homelessness to maintain data and statistics on LGBTQ youth and submit annual recommendations regarding how best to serve this vulnerable population. Homeless shelters are also required to amend and update policies regarding treatment of residents based on sexual orientation and gender identity.

As previously mentioned, the demand side of affordable housing desperately needs increased funding. For the elderly, disabled, youth and homeless of the District, waiting years for housing units to come online is unacceptable. The Committee strongly recommends increasing funding to tenant vouchers in FY 2015 to meet the pressing needs of the District's most vulnerable residents, and so too do numerous organizations, including:

Organization	FY 2015 Request	Rationale
Washington Legal Clinic for the Homeless	\$10,000,000	Expand tenant-based LRSP housing vouchers to assist over 600 families.
The Way Home Campaign	\$1,500,000	Invest in construction of new permanent supportive housing through project-based LRSP.
Helping Families Home: A Roadmap for the District	\$4,000,000 (and \$600,000 in FY 2014)	Increased funding for tenant-based LRSP.
DC Alliance of Youth Advocates	\$10,000,000	Fund the end of youth homelessness.
Coalition for Non-Profit Housing and Economic Development	\$2,500,000 - \$4,500,000	Expand tenant-based LRSP housing vouchers to assist 290 individuals and families.
DC Fiscal Policy Institute	\$4,000,000	Increased tenant-based LRSP, and designate a portion, \$1,730,000 of LRSP for use by the Department of Human Services (DHS) for families in need of affordable housing. This funding would create 266 additional rental subsidies, with up to 115 being directed to DHS.

Housing Assistance Payments: In each fiscal year since FY 2006, over \$7,000,000 of the DCHA local subsidy has been dedicated to providing housing

assistance payments on behalf of approximately 500 families. For years, these families had been on the waiting list of the Housing Choice Voucher Program (HCVP), which is federally funded and administered by DCHA. When federal cuts minimized the likelihood of these families being housed under the HCVP, the District of Columbia created local funding for these households to receive vouchers.

Mayor's Budget FY15 Funding Proposal for Housing Assistance Payments (Dollars in Thousands)

	FY 2014 Approved	Mayor's FY 2015 Proposed	Committee's FY 2015 Proposed	Variance	Percent Growth FY14 Approved to FY 15 Committee
Rental Assistance Support – 500 families	6,569	6,569	6,569	0	0%
Admin. Support – 500 families	571	571	571	0	0%
Total	7,140	7,140	7,140	0	0%

Office of Public Safety: The DCHA Police Department (DCHAPD), also known as the DCHA Office of Public Safety, is a fully operating, 24-hour police force in the District of Columbia. The DCHAPD covers fixed security stations and conducts police patrols throughout the District's public housing sites. The DCHAPD is staffed by: (1) sworn police officers who have concurrent jurisdiction with the Metropolitan Police Department of the District of Columbia; (2) special police officers commissioned by the Mayor of the District of Columbia to have full arrest powers on DCHA properties; (3) security officers who screen visitors at DCHA developments; and (4) civilian administrative support personnel.

DCHA's Public Safety Force is critical to the District's public safety as well as DCHA's role as property manager of the public housing developments. In each fiscal year since FY 2007, stemming from federal funding reductions, the District has provided \$4,000,000 in operating funds to sustain the Office of Public Safety. Such funds are used to support the equivalent of 73 FTE's in the Office of Public Safety.

Office of Public Safety FTEs

Positions	Number of FTEs
Sr. Police Officer	8
Lieutenant	3
Police Officers	21
Sergeant	10
Special Police Officer	29
Chief	1
Deputy Chief	1
Police Investigator	0
	73

Suspension of Waiting List: The DCHA waiting list is a database of applicants who have applied for housing in one or more of DCHA’s housing assistance programs: Public Housing, HCVP, LRSP and the Modern Rehabilitation Program. District residents are housed from the waiting list based on the date and time they apply and their selected preferences. As of February 2014, there were over 71,000 families and individuals on the waiting list requesting housing.

On April 12, 2013, DCHA suspended the intake of new applications on its waiting list so that DCHA can update the list to ensure that those on the list still seek and are eligible for housing. DCHA expects to reopen the waiting list for a limited time to accept new applications when public housing or vouchers are available. DCHA estimates that the waiting list outreach and update process will be completed by the end of October 2015.

To inform residents, DCHA partnered with District organizations to operate over forty Satellite Application Sites where people could submit or update their applications online. For District residents who call with questions, DCHA is providing a housing resource sheet, which lists other U.S. Department of Housing and Urban Development-funded and DCHA-funded housing providers, as well as contact information for other housing authorities in the region. This sheet is available to the Office of Unified Communication, Department of Housing and Community Development (DHCD), DHS, and the Criminal Justice Coordinating Council. The Committee underscores the importance of having this resource sheet available at all customer-facing government agencies. To increase transparency, DCHA is creating a site-based waiting list where applicants can select preferred communities to reside once their names reach the top of the waiting list. Current applicants will be sent site selection forms to choose a minimum of three preferred communities. This will be completed by the first quarter of FY 2015.

Comprehensive Housing Strategy Task Force: In March 2013, the Comprehensive Housing Strategy Task Force released its report entitled “Bridges to

Opportunity: A new Housing Strategy for D.C.,” which contains numerous recommendations to help District agencies ensure the creation of more affordable housing for District residents by year 2020. The Committee advises DCHA to implement the applicable recommendations made by the Comprehensive Housing Strategy Task Force. In particular, the Committee recommends supporting the Affordable Housing Data and Reporting System, which will create a database of locally financed affordable housing units, creating a One Pitch meeting to streamline initial support for new production or preservation projects, and hosting an annual resident services and housing development symposium to encourage collaboration.

New Communities: The New Communities Initiative (NCI) is a comprehensive public-private partnership intended to improve the quality of life for families and individuals living in the following four neighborhoods in the District of Columbia: (1) Northwest One (Ward 6); Barry Farm (Ward 8); Lincoln Heights/Richardson Dwellings (Ward 7); and Park Morton (Ward 1). These designated New Communities sites are characterized by high rates of poverty, unemployment, and dilapidated housing stock. NCI seeks to revitalize such distressed public housing sites by building mixed-income and vibrant communities.

NCI operates under four guiding principles: (1) one for one replacement of units; (2) the opportunity to stay or return; (3) the redevelopment of mixed income housing; and (4) the policy of building first, prior to demolition, in order to minimize displacement. Additionally, NCI adheres to the following goals: protecting and expanding affordable housing, promoting mixed-income communities, creating economic opportunities through better jobs, education, training and human services programs, rebuilding schools, libraries and recreation centers, and engaging residents in the decision-making process and design of their neighborhood.

NCI also includes a widely praised Human Capital component, which provides education, job training, and human services programs to the residents of New Communities sites. The goal is to improve these New Communities physically, but also to offer new opportunities to its residents. Last fiscal year, hundreds of residents were engaged in case management services designed to help them with literacy, adult learning, job training, employment, youth development and health. With these human capital efforts, residents have received general equivalency or high school diplomas, as well as full-time employment. Additionally, over 100 residents have been moved into new mixed-income housing with the option of continuing case management services.

NCI is funded through the securitization of a dedicated portion of the Housing Production Trust Fund (HPTF). This funding acts as a gap-financing tool and is managed by the Office of the Deputy Mayor for Planning and Economic Development (DMPED). The OCFO debt cap analysis assumes total HPTF bond issuances of approximately \$125.3 million, which is the total issued to date. Since May 1, 2013, all new bonds issued for NCI will be secured with income tax revenue, consistent with the FY 2014 Budget Support Technical Clarification Amendment Act of 2013.

On February 12, 2013 and October 22, 2013, the Committee on Economic Development held public roundtable hearings on NCI to assess its progress and challenges with members of the public, real estate developers as well as DCHA and DMPED. Under Phase I of the New Communities Implementation Strategy, an estimated creation of 3,500 mixed-income housing units is expected, including 900 affordable replacement units. However, to date, only 1,070 units have been built or are under construction, 149 replacement units have been developed, and 127 residents have relocated to these new replacement units. DCHA provided the following charts regarding NCI sites and replacement units:

Northwest One

Property	Replacement Units	Status
SeVerna I	30	Completed
SeVerna II	48	Under Construction
2 M Street, NE	59	Under Construction

Barry Farm

Property	Replacement Units	Status
Sheridan Station	65	25 Completed; 40 under construction
Matthews Memorial	35	Completed

Lincoln Heights

Property	Replacement Units	Status
4800 Nannie Helen Burroughs	23	Completed
4427 Hayes St., NE	9	Operating subsidy pending approval by HUD
Marley Ridge	9	Completed

Park Morton: At Park Morton, in February 2014, DMPED terminated negotiations with developer Landex Corporation, asserting that the project was unacceptably delayed. Since then, DCHA, in partnership with DMPED, released a Request for Proposals for qualified planning and development teams for Park Morton’s redevelopment. Selection of the development team is anticipated to be completed by the end of the year. The Committee is disappointed with Park Morton’s lack of progress and encourages DCHA to conduct a feasibility study for Park Morton.

The Committee advises DMPED and DCHA to increase transparency and urgency as the agencies work with the residents of the sites to determine the best path forward. To advocates and residents alike, the details of the demolition and relocation remain murky. The timeline and estimated cost also appear to continue to change. The lack of transparency makes it difficult to see NCI’s progress, money spent and whether the funding is sufficient. Lack of transparency also means that the Committee is unable to ascertain whether the four guiding principles are being respected. As a result, a new

annual NCI reporting requirement for DCHA and DMPED was implemented in the FY 2014 Budget Support Act of 2013, which the Committee has yet to receive.

Maintenance and Replacement Plan: The Committee has, on multiple occasions, asked DCHA what it would cost for the District to rebuild, rehabilitate, renovate and preserve the District’s 8,300 public housing units, including vacant units. The Committee is pleased that DCHA recently conducted a capital needs and maintenance review to address this very issue. DCHA estimates that it would cost \$1.3 billion to bring its 6,500 units in distress to a 20-year viability. The remaining 1,800 units were either recently rehabilitated or part of a redeveloped community and are therefore not in critical need of modernization.

To reach this number, DCHA assumed the following: (1) completion of each development and rehabilitation activity in the pipeline (Sheridan Station – Phase II & III, Metro Towns at Parkside, Capital Gateway, Highland Dwellings, Capitol Quarter, Kenilworth Courts, Barry Farm, Park Morton, and Lincoln Heights); and (2) a 20-year viability upgrade of all remaining conventional public housing sites. It would cost another \$1 billion to house the over 70,000 individuals on the waiting list.

Property Type	Number of Units
Redeveloped or recently rehabilitated units	1,831
Senior/Disabled Properties requiring major rehabilitation	2,083
Family/mixed populations requiring major rehabilitation	4,449
Total Units	8,363

Property Type	Units	Estimated Cost of Development
Development Projects in Pipeline	1,584	\$366,700,000
Senior/Disabled Properties	2,083	\$346,970,000
Family Sites	2,865	\$628,600,000
Total	6,552	\$1,342,270,000

The Committee has heard abundant complaints from residents about substandard living conditions and outstanding maintenance issues at DCHA-managed properties. The Committee commends DCHA for conducting this maintenance review and encourages DCHA to continue identifying financial tools to address the feasibility of implementing this plan.

Roadmap Plan: Various organizations recently released a report entitled “Helping Families Home: A Roadmap for the District,” which addresses the homelessness crisis in the District. The community report addresses the following five areas for the District to support: (1) safe and sufficient emergency shelter for families in need; (2) building capacity to assess families, match them with resources and move families out of shelters within 30 days; (3) establishing prevention and diversion programs to help families avoid resorting to emergency shelter; (4) investing in affordable housing for families; and (5) improving data on spending, budgeting and performance. The roadmap also identifies the funding needed in the FY 2014 and FY 2015 budgets to achieve these objectives. Among other things, the plan calls for \$600,000 in FY 2014 and \$4 million in FY 2015 for tenant-based LRSP. The Committee commends the work of the organizations responsible for the report and will seek opportunities to determine the feasibility of its implementation.

1125 Spring Road, NW: DCHA is currently working on a potential development plan for the District-owned, vacant Hebrew Home for the Aged building, located at 1125 Spring Road, NW. The District recently approached DCHA to explore the possibility of redeveloping 1125 Spring Road, NW into affordable housing. While no proposal has been cemented, any redevelopment would create approximately 80 affordable housing units at different bedroom sizes and levels of affordability. 40 units would be dedicated to households below the 60% AMI threshold. The remaining 40 units would house individuals at or below the 30% AMI threshold, evenly split between referrals from the Department of Behavioral Health and Department of Human Services. The Committee fully supports the redevelopment of the building for affordable housing and urges DCHA to thoroughly evaluate how best to program the building in terms of supporting the full continuum of affordable housing options. The Committee also urges DCHA to consider permanent supportive housing as an option.

c. Mayor’s Proposed Fiscal Year 2015-2020 Capital Budget

Proposed Capital Budget Summary

DCHA does not receive any direct capital appropriations in the budget. DCHA regularly partners with DHCD for District support on redevelopment activities.

2. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2015 Operating Budget Recommendations

- The Committee makes no recommendations to the Mayor’s proposed budget for FY 2015.

b. Fiscal Year 2015 Capital Budget Recommendations

- The District of Columbia Housing Authority has no associated capital funds.

c. Policy Recommendations

- The Committee urges DCHA to research and establish a long-term housing strategic plan. This should include potential solutions and responses to the suspension of the DCHA housing waiting list, a capital improvements plan for its 8,000 units, a maintenance plan, and a senior housing program.
- The Committee recommends DCHA closely monitor vacant properties to efficiently turn them over to new tenants.
- The Committee advises DCHA to implement the applicable recommendations made by the Comprehensive Housing Strategy Task Force. In particular, the Committee recommends supporting the Affordable Housing Data and reporting System that will create a database of locally financed affordable housing units, creating a One Pitch meeting to streamline initial support for new production or preservation projects, and hosting an annual resident services and housing development symposium to encourage collaboration.
- The Committee urges DCHA, DMPED and DHCD to submit an annual report detailing progress made at each New Communities site, per Title IX, section 9018 of the FY 2014 Budget Support Act of 2013.
- Based on the assessment of the New Communities Initiative by the three consulting firms as commissioned by DMPED, and the report required by the FY 2014 Budget Support Act of 2013, the Committee recommends that DCHA submit to it a new feasible timeline for the New Communities Initiative by July 15, 2014.
- The Committee encourages DCHA to work with the Office of Public Safety to increase the number of security cameras in place throughout its housing portfolio.
- The Committee advises DCHA to collaborate with its sister agencies and foundations to help public housing residents achieve financial self-sufficiency through on-site programs.

F. HOUSING FINANCE AGENCY (HF0)

Fiscal Year 2015 Operating Budget, By Revenue Type (Dollars in Thousands)

	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor	Committee Variance	FY 2015 Committee	Percent Growth FY14 Approved to FY15 Committee
HF							
Local Funds	0	0	0	0	0	0	0.0%
Dedicated Taxes	0	0	0	0	0	0	0.0%
Special Purpose	8,884	8,735	9,689	0	0	0	-100%
Federal Funds	0	0	0	0	0	0	0.0%
Private Funds	0	0	0	0	0	0	0.0%
Intra-District	0	0	0	0	0	0	0.0%
Enterprise and Other Funds	0	0	0	9,662	0	9,662	-0.3%
GROSS FUNDS	8,884	8,735	9,689	9,662	0	9,662	-0.3%

Fiscal Year 2015 Full-Time Equivalents, By Revenue Type

	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor	Committee Variance	FY 2015 Committee	Percent Growth FY14 Approved to FY15 Committee
HF							
Total FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0%

Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)					
	FY 2013 Approved	FY 2014 Approved	FY 2015 Mayor's Proposed	FY 2014 Committee Variance	FY 2015 Committee Proposed
11-REGULAR PAY - CONT FULL TIME	4,699	5,034	5,285	0	5,285
14-FRINGE BENEFITS - CURR PERSONNEL	1,000	1,026	1,077	0	1,077
15-OVERTIME PAY	32	32	30	0	30
Subtotal Personal Services	5,731	6,092	6,392	0	6,392
20-SUPPLIES AND MATERIALS	110	100	100	0	100
30-ENERGY, COMM. AND BLDG RENTALS	140	130	135	0	135
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	68	66	69	0	69
33-JANITORIAL SERVICES	56	76	76	0	76
34-SECURITY SERVICES	18	20	20	0	20
40-OTHER SERVICES AND CHARGES	1,170	1,700	1,000	0	1,000
41-CONTRACTUAL SERVICES - OTHER	1,018	1,020	1,400	0	1,400
70-EQUIPMENT & EQUIPMENT RENTAL	185	190	190	0	190
80-DEBT SERVICE	240	295	279	0	279
Subtotal Nonpersonal Services	3,004	3,597	3,269	0	3,269
Gross Funds	8,735	9,689	9,662	0	9,662

Proposed Operating Budget by Program (Dollars in Thousands)					
	FY 2013 Approved	FY 2014 Approved	FY 2015 Mayor's Proposed	FY 2015 Committee Variance	FY 2015 Committee Proposed
1000-HOUSING FINANCE AGENCY	8,735	9,689	9,662	0	9,662
Gross Funds	8,735	9,689	9,662	0	9,662

COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The District of Columbia Housing Finance Agency (HFA) was established in 1979 to support and expand homeownership and rental housing opportunities for low- to moderate-income residents of the District of Columbia. HFA accomplishes this by issuing mortgage revenue bonds, which in turn lower the homebuyers' expenses of purchasing homes as well as the developers' costs of developing rental-housing units. HFA's multifamily financing program involves the financing of affordable housing through the issuance of tax-exempt bonds, taxable bonds, 4% Low Income Housing Tax Credits, and McKinney Act Savings Funds. In FY 2013 and FY 2014 to date, HFA financed 10 multifamily rental housing developments through the issuance of over \$190.4 million in tax-exempt bonds, thereby delivering over 1,100 new or preserved units in the District of Columbia. In FY 2014 to date alone, HFA has financed four developments,

creating 333 units of affordable housing throughout the District of Columbia. HFA also manages the HomeSaver Program, a foreclosure prevention program, and DC Open Doors, a single-family mortgage assistance program.

HFA is a corporate instrumentality with a legal existence separate from the District government. HFA is entirely self-supporting, and none of its proposed budget funds is derived from District Government revenues. To support its operations and lending programs, HFA utilizes a variety of revenue sources, including the issuance of tax-exempt mortgage revenue bonds, earned income, fees and grants.¹⁸ HFA's budget is subject to the Council of the District of Columbia's review and is included in the annual Budget Book. HFA is governed by a Board of Directors and does not utilize District full-time equivalent employee levels (FTEs).

b. Mayor's Proposed Fiscal Year 2015 Operating Budget

Proposed Operating Budget Summary

The Mayor's FY 2015 proposed operating budget for HFA is \$9,661,513, which represents a decrease of 0.3% from the FY 2014 approved budget of \$9,689,000. This budget supports no FTEs because HFA employees are not covered by the merit personnel system of the District of Columbia. Although not categorized as FTEs, HFA's operating budget supports 46 funded positions.

Committee Analysis and Comments

The District of Columbia Housing Finance Agency's (HFA) proposed FY 2015 operating budget is \$9,661,513, which represents a 0.3%, or \$27,500, decrease from the FY 2014 approved budget of \$9,689,000. HFA's budget is entirely comprised of Enterprise and Other funds, which makes it easier for the Office of the Chief Financial Officer to avoid double-counting budget that appears in certain transfer paper agencies and Enterprise agencies. The FY 2015 proposed budget includes an increase of \$300,562 in personal services to account for the regular cost of living adjustment, cost of filling previously vacant positions, and increased cost of fringe benefits. Additionally, the \$700,000 decrease in Other Service and Charges is due to lower forecasted exposure to losses and lower carrying costs in HFA's financial pursuits. Finally, the Mayor's proposed budget reflects an increase of \$380,000 in contractual services to bolster the implementation of new accounting and portfolio administration software systems.

This budget supports no FTEs because HFA employees are not covered by the merit personnel system of the District of Columbia. Although not categorized as FTEs, HFA's operating budget supports 46 funded positions.

¹⁸ Because of this, as well as sections 446 and 490(g)(3) of the Home Rule Act, HFA's budget is not subject to congressional authorization.

Parkway Overlook: HFA's only non-performing asset is the Parkway Overlook Apartments, which defaulted in 2007. Parkway Overlook is a 266-unit apartment community contiguous to the St. Elizabeths campus in Ward 8. When occupied, Parkway Overlook provided deeply affordable housing to over 1,000 District residents through subsidies from the U.S. Department of Housing and Urban Development (HUD). In 2005, Parkway Overlook failed HUD's maintenance-related inspections, and the project-based Section 8 subsidy was terminated. Residents were subsequently issued Section 8 vouchers to relocate across the District. In 2007, HFA became the Mortgagee-in-Possession of Parkway Overlook, which has remained vacant, boarded up and blighted.

The Committee acknowledges that HFA has made some valuable progress. In January 2014, HFA settled its final claim with HUD, and HFA subsequently obtained title to the property via foreclosure. HFA plans to dispose of the property in the near future and has had preliminary discussions with DCHA regarding DCHA's interest in acquiring and redeveloping the property. As HFA progresses with Parkway Overlook's disposition, the Committee underscores the importance of preserving its affordability. The Committee also recommends that the former residents and community have input into the redevelopment plans, and that former residents have a priority right to return to the redeveloped Parkway Overlook.

DC Open Doors: In May 2013, HFA's Office of Single Family Programs launched DC Open Doors, a single-family mortgage payment assistance program. DC Open Doors provides assistance to first-time and repeat homebuyers, as well as for refinancing. The program also forgives 20% of the initial 3.5% down-payment loan per year. To participate, the maximum income limit is 115% of the Area Median Income, or \$123,395. HFA administers DC Open Doors via a network of national and local lenders. As of February 2014, HFA had provided over \$12.9 million in financing and 47 loans for mortgages. The Committee commends HFA for its success in launching DC Open Doors and encourages the agency to continue considering how to make the program more competitive.

Executive Director: In November 2013, HFA's former Executive Director Harry Sewell was removed by the Board of Directors for his misuse of an agency-issued credit card. Since then, Ms. Maria K. Day-Marshall, HFA's previous General Counsel, has served as the Interim Executive Director. HFA's Board of Directors is in the process of developing criteria for HFA's next Executive Director. By June 2014, HFA expects to have a pool of qualified applicants to interview.

Since Mr. Sewell's departure, HFA has created safeguards against credit card misuse. HFA's Board of Directors ordered that no HFA-issued credit card be used for personal expenses, and HFA drafted a memorandum regarding usage of HFA-issued credit cards. The Board will also review agency-issued credit card statements on a monthly basis. The Committee commends HFA and the Board for putting checks in place to prevent this from happening again. The Committee acknowledges that the Board has responded aggressively, but expresses concern that such credit card abuse ever occurred.

Comprehensive Housing Strategy Task Force: In March 2013, the Comprehensive Housing Strategy Task Force released its report entitled “Bridges to Opportunity: A new Housing Strategy for D.C.,” which contains numerous recommendations to help District agencies ensure the creation of 10,000 affordable housing units for District residents by year 2020. The Committee urges HFA to implement the applicable recommendations made in the Comprehensive Housing Strategy Task Force’s report. In particular, the Committee recommends supporting the Affordable Housing Data and Reporting System, which will create a database of locally financed affordable housing units.

Outreach: At the Committee on Economic Development’s budget hearing for HFA, Chairperson Bowser noted that many people do not know about HFA’s homeownership programs. The Committee underscores the importance of conducting outreach to educate District residents about DC Open Doors and other services to expand homeownership throughout the District of Columbia, especially in Wards 7 and 8.

c. Mayor’s Proposed Fiscal Year 2015-2020 Capital Budget

Proposed Capital Budget Summary

HFA does not receive capital funds from the District of Columbia.

2. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2015 Operating Budget Recommendations

- The Committee makes no recommendations to the Mayor’s proposed budget for FY 2015.

b. Fiscal Year 2015 Capital Budget Recommendations

- The District of Columbia Housing Finance Agency has no associated capital funds.

c. Policy Recommendations

- The Committee recommends that HFA work with DCHA, DHCD and stakeholders to address the disposition of Parkway Overlook. In doing so, the Committee underscores the importance of ensuring affordability.
- The Committee recommends that HFA implement relevant recommendations contained in the Comprehensive Housing Strategy Task Force’s report. In particular, the Committee underscores the importance of the District developing a

database of affordable housing units in the city that the District finances or supports.

- The Committee urges HFA to identify methods to provide information to District residents about HFA programs, including partnering with large employers and the District government to provide information to their employees.
- The Committee urges HFA to identify methods to increase homeownership across the District of Columbia, especially in Wards 7 and 8.
- The Committee requests that HFA provide it with a breakdown, by Ward, of single-family mortgages issued by HFA through its DC Open Doors Program.
- The Committee urges the agency to consider whether its current headquarters location at the intersection of 8th and U Street, NW is the highest and best use of that space or whether there might be a time in the near future when a relocation is financially beneficial for the agency and for the economic development of the U Street corridor.

G. OFFICE OF CABLE TELEVISION (CT0)

Fiscal Year 2015 Operating Budget, By Revenue Type (Dollars in Thousands)

	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor	Committee Variance	FY 2015 Committee	Percent Growth FY14 Approved to FY15 Committee
OCT							
Local Funds	0	0	0	0	0.0	0.0	0%
Dedicated Taxes	0	0	0	0	0.0	0.0	0%
Special Purpose	5,605	5,883	8,464	9,549	-105	9,444	11.6%
Federal Funds	0	0	0	0	0.0	0.0	0%
Private Funds	0	0	0	0	0.0	0.0	0%
Intra-District	17	35	0	0	0.0	0.0	0%
GROSS FUNDS	5,621	5,918	8,464	9,549	-105	9,444	11.6%

Fiscal Year 2015 Full-Time Equivalents, By Revenue Type

	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor	Committee Variance	FY 2015 Committee	Percent Growth FY14 Approved to FY15 Committee
OCT							
Local Funds	0	0	0	0	0.0	0.0	0.0%
Dedicated Taxes	0	0	0	0	0.0	0.0	0.0%
Special Purpose	32.3	34.1	39.5	39.0	-1.5	37.5	-5.1%
Federal Funds	0	0	0	0	0.0	0.0	0.0%
Private Funds	0	0	0	0	0.0	0.0	0.0%
Intra-District	0	0	0	0	0.0	0.0	0.0%
GROSS FUNDS	32.3	34.1	39.5	39.0	-1.5	37.5	-5.1%

Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)							
Comptroller Source Group	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change FY 2014 Approved to FY 2015
11-REGULAR PAY - CONT FULL TIME	2,208	2,256	2,687	2,691	-60	2,631	-2.1%
12-REGULAR PAY - OTHER	193	238	342	435	-25	410	19.9%
13-ADDITIONAL GROSS PAY	7	8	0	0	0	0	NA
14-FRINGE BENEFITS - CURR PERSONNEL	485	527	624	750	20	730	17%
15-OVERTIME PAY	55	55	50	66	0	66	31.0%
Subtotal Personnel Services	2,948	3,085	3,703	3,942	-105	3,837	3.6%
20-SUPPLIES AND MATERIALS	20	14	35	35	0	35	0.0%
30-ENERGY, COMM. AND BLDG RENTALS	4	4	99	99	0	99	0.0%
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	95	77	100	110	0	110	10.1%
33-JANITORIAL SERVICES	32	0	45	45	0	45	0.0%
34-SECURITY SERVICES	0	0	50	50	0	50	0.0%
35-OCCUPANCY FIXED COSTS	51	0	83	83	0	83	0.0%
40-OTHER SERVICES AND CHARGES	914	1,049	1,848	1,879	0	1,879	1.7%
41-CONTRACTUAL SERVICES - OTHER	158	180	300	300	0	300	0.0%
50-SUBSIDIES AND TRANSFERS	979	1,218	995	1,500	0	1,500	50.8%
70-EQUIPMENT & EQUIPMENT RENTAL	419	290	1,205	1,505	0	1,505	24.9%
Subtotal Nonpersonnel Services	2,673	2,833	4,760	5,607	0	5,607	17.8%
Gross Funds	5,621	5,918	8,464	9,549	-105	9,444	11.6%

Proposed Operating Budget by Program and Activity (Dollars in Thousands)							
Program/Activity	FY 2012 Actuals	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Change FY 2014 Approved to FY 2015
1000-AGENCY MANAGEMENT PROGRAM							
1010-PERSONNEL	0	0	0	0	0	0	0
1015-TRAINING AND EMPLOYEE DEVELOPMENT	23	15	33	40	0	40	8
1017-LABOR RELATIONS	0	0			0	0	0
1020-CONTRACTING AND PROCUREMENT	70	70	72	78	0	78	6
1030-PROPERTY MANAGEMENT	174	77	722	632	0	632	(90)
1040-INFORMATION TECHNOLOGY	40	41	210	225	0	225	14
1050-FINANCIAL MANAGEMENT	146	132	150	150	0	150	0
1070-FLEET MANAGEMENT	41	44	56	56	0	56	0
1085-CUSTOMER SERVICE	461	482	699	676	0	676	(23)
1090-PERFORMANCE MANAGEMENT	245	257	266	285	0	285	19
SUBTOTAL 1000-AGENCY MANAGEMENT PROGRAM	1,201	1,118	2,208	2,141	0	2,141	(67)
2000-PROGRAMMING							
2100-OCTT ORIGINATED PROGRAMMING	2,956	3,335	4,094	4,834	-105	4,729	635
2200-FEE FOR SERVICE PROGRAMMING	1,056	1,016	1,612	2,004	0	2,004	392
SUBTOTAL 2000-PROGRAMMING	4,013	4,351	5,706	6,838	-105	6,733	1,027
3000-REGULATORY							
3100-FRANCHISE REGULATION	341	311	370	370	0	370	0
3200-CUSTOMER SERVICE	62	138	180	200	0	200	20
SUBTOTAL 3000-REGULATORY	403	449	550	570	0	570	20
9960-YR END CLOSE	4	0	0		0	0	0
Total Proposed Operating Budget	5,621	5,918	8,464	9,549	-105	9,444	980

- The Committee reduces FTE authority by 104,936 at the Office of Cable Television as follows:
 - Audio Visual Production Specialist: \$73,836 (salary + fringe)
 - Produce (Part-time): \$31,100.
 - That same authority and funding is transferred to the Office of the Deputy Mayor for Planning and Economic Development to fund an additional full-time equivalent at the Workforce Investment Council. This position, titled “Career Pathways Coordinator,” will develop a cross-agency plan for connecting basic skills programs to career pathways, set shared, city-wide priorities, and identify opportunities for alignment and collaboration between the District’s education, workforce, and human services providers.
- The Committee rescinds \$1,800,000 of available funds from the FY 2013 End of year Fund Balance of the Cable Television Special Account and recognizes that same amount in the unrestricted fund balance of the General Fund of the District of Columbia. That same amount is directed as follows:
 - \$300,000 is transferred to the Home Purchase Assistant Program administered by the Department of Housing and Community Development (DHCD Program 3030);
 - \$500,000 to the Emergency Rental Assistance Program (“ERAP”) administered by the Department of Human Services. This program helps low-income District residents facing housing emergencies by providing

funding for overdue rent if a qualified household is facing eviction (including late costs and court fees). The program also supports security deposits and first month's rent for residents moving to new apartments. The amount paid on behalf of eligible families depends on certain factors and ERAP payments can only be used once per year for each eligible household;

- \$500,000 to the Committee on Education's Office of the State Superintendent of Education to fund the Community Schools Investment Fund;
- \$500,000 to the Office of Motion Picture and Television Department to restore the Film Incentive Fund; and

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The mission of the Office of Cable Television (OCT) is to: (1) regulate the provision of "cable service" in the District of Columbia; (2) protect and advance the cable television-related interests of the District and its residents; and (3) produce and cablecast live and recorded video and other programming by way of the District's public, educational and government (PEG) cable channels.

OCT is the District government agency responsible for regulating cable television in the District, as well as the administration of the District's Government Access Channels TV-13, District of Columbia Network (DCN) and the District's Education Access Channel, District Knowledge Network (DKN).

OCT creates content that informs, educates, and entertains viewers via the District of Columbia's PEG channels and other forms of content outlets. The award winning content provides resourceful information on government activity, education, current events, history, and arts and entertainment. Through its three cable television channels, OCT provides public access to the governmental process and insights into life in the District. OCT is dedicated to providing quality diverse programming and services that seek to educate, enlighten, and empower the residents of the District of Columbia.

b. Mayor's Proposed Fiscal Year 2015 Operating Budget

Proposed Operating Budget Summary

The Mayor's proposed FY 2015 gross funds budget for OCT is \$9,549,003, representing an increase of \$1,085,104 from FY 2014, or 12.8%. The bulk of this increase is attributed to additional funding for PEG channels (\$505,000) and acquisition of equipment for the agency's new headquarters (\$300,000). The proposed budget decreases the FTE level by 0.5, or -1.3%, to 39.0.

Special Purpose Revenue Funds: The Mayor’s proposed FY 2015 gross funds budget for OCT is \$9,549,003, representing an increase of \$1,085,104 from FY 2014, or 12.8%. The proposed budget decreases the FTE level by 0.5, or -1.3%, to 39.0. The agency receives all of its funding from one special reserve fund, the Cable Franchise Fee fund.

Committee Analysis and Comments

Staffing and Salaries: The FY 2015 budget reduces the agency’s authority for FTEs by 0.5 to 39.0. The agency currently has 4 vacancies, all in the Programming division. OCT was approved for 39.5 FTEs in FY 2014 and FY 2013, but operated with only 34 staff. The agency did state that the IT specialist position was not posted or advertised, suggesting that it may not be essential. Thus, it seems the agency may not need the continued authority for 5 additional FTEs.

As such, the Committee reduces FTE authority by \$104,936 at the Office of Cable Television as follows:

- Audio Visual Production Specialist: \$73,836 (salary + fringe)
- Produce (Part-time): \$31,100.
 - That same authority and funding is transferred to the Office of the Deputy Mayor for Planning and Economic Development to fund an additional full-time equivalent at the Workforce Investment Council. This position, titled “Career Pathways Coordinator,” will develop a cross-agency plan for connecting basic skills programs to career pathways, set shared, city-wide priorities, and identify opportunities for alignment and collaboration between the District’s education, workforce, and human services providers.

In addition, the agency’s budgeting over recent years heavily favors its Programming division. In FY 2014, 67% of funds were budgeted for Programming, 26% for Agency Management, and 6.4% for the Regulatory division. In FY 2015, funds are proposed to be budgeted at 71.6% for Programming, 22.4% for Agency Management, and 6% for the Regulatory Division. While the Committee understands that producing and cablecasting content on its PEG channels is one of OCT’s missions, the Committee would urge the agency to focus more on regulating cable providers in the District and working to protect and advance the cable-related interests of the District and its residents. The main tenets of this sort of focus would include completing cable franchise renewals, making cable provider area coverage statistics more transparent, and educating the public about cable bills.

Franchise Negotiations: The Office of Cable Television is entirely funded by franchise fees. The District is involved in cable television services because cable companies rent space on public property for their transmission lines. In exchange for this use of public property, federal law allows state and local governments to collect a fee from the company and to regulate limited aspects of cable service. A process outlined in federal law is used to establish cable franchise agreements, and community input about

cable service is an important step in this process. Currently, Verizon's existing franchise agreement expires on April 30, 2024, and OCT is negotiating franchise renewals with Comcast and RCN.

Comcast currently serves District residents under a 2002 cable franchise agreement that initially was to expire on April 20, 2013, but has been extended twice and will now expire on June 30, 2014. OCT has stated that it does not wish for another extension and franchise renewal negotiations should conclude by the end of May 2014.

RCN's franchise renewal is also ongoing. OCT has stated that RCN's negotiations turn on the outcome of the Comcast negotiations. Thus, RCN's franchise renewal has also not been completed.

The Committee understands that the cable franchise renewal negotiations are complex and take time. However, these negotiations have dragged on for more than a year, and while OCT is hopeful they will conclude soon, there is no guarantee that this will happen. Also, the Committee is concerned that the renewal package will not be transmitted to the Council with enough time to be acted upon before the Summer Recess.

New Headquarters: The agency, in collaboration with the DC Department of General Services (DGS), officially broke ground on April 1st, 2013, at the site of its new headquarters. The new facility is located in Ward 5 (1899 9th Street, NE) and will house the District's PEG television stations – TV-13, District of Columbia Network (DCN) and District Knowledge Network (DKN). The 30,525-square-foot facility will feature two television production studios – standard definition and high definition, editing suites, meeting space and administrative offices. Including the purchase of the building and expenses for renovations, the costs associated with the new headquarters are approximately \$12 million.

The project was originally slated for completion in Fall 2013, but complications arose during the construction process and caused some delays. Phase 1 of the project was to be completed by mid-March, and staff was to move in on April 21, 2014. Unfortunately, another complication arose and now Phase 1 should be completed in time for a May 19, 2014, move-in date for administrative staff. Phase 2 is slated to be completed in early June. Phase 3, encompassing the technology upgrade of the Wilson Building, is slated to be completed no later than November 2014.

The Mayor's proposed FY 2015 budget includes an increase of \$300,000 in the Programming division for the acquisition of additional video production equipment and other items needed at the new headquarters. However, OCT previously stated that, even with the delays, it would not need more funding for the build-out of its new headquarters.

The Committee recognizes this has been a long and arduous process, but is concerned that complications seem to keep occurring and causing seemingly endless delays. The Committee would urge OCT to work to get this relocation and all phases of the project completed as soon as possible.

TV-13 Rebranding & Wilson Building Upgrade: In conjunction with the Council Chairman and Secretary, OCT has been working to rebrand TV-13 to complement the overall brand of the District's government channels. TV-13 provides gavel-to-gavel coverage of the DC Council. While this plan for rebranding is commendable, it, like other of OCT's plans, has lagged.

In a similar vein, Phase 3 of OCT's relocation efforts is to include the replacement of outdated audiovisual production software and hardware components and upgrade systems related to master control in various locations, including the hearing rooms and master control rooms located at One Judiciary Square and at the John A. Wilson Building. Many of the equipment systems currently in place are at the end of their useful life cycle and are no longer reliable or cost-efficient. This upgrade was to have been completed in FY 2014, but it appears that it will be completed in FY 2015.

The Committee understands that there have been significant delays surrounding OCT's relocation to its new headquarters. However, to ensure an efficient and swift process concerning the rebranding and technology upgrades, the Committee recommends OCT develop a clear plan for their implementation. The Committee also suggests the agency consider in its plans whether it should broadcast public hearings from other agencies like the Zoning Commission and the Alcoholic Beverage Regulation Administration.

PEG Channels: In response to February 2014 oversight pre-hearing questions posed by the Committee, OCT stated that audience measurement or ratings data do not exist for PEG channels. However, its 2011 Needs Assessment conducted prior to engaging in cable franchise renewal negotiations with providers indicated that PEG channels in the District have a 70% awareness among residents. OCT also stated that it hopes to commission a study on viewership, demographics, and viewing habits in the coming months. As the majority of OCT's propose budget is directed toward its Programming division, the Committee commends the agency's plan to commission this study and eagerly awaits its results.

Community Outreach: Chairperson Bowser noted during the Committee's oversight hearing that many residents of the District complain about the high-cost of cable bills and suggested OCT begin public education campaigns. This way, customers will understand what services they are paying for and will be able to better determine what sort of package, equipment, and promotional plans work best for them. Chairperson Bowser further suggested that OCT target senior homes where many residents do not realize they may be paying for services they are not using or get "upsold" into more expensive cable-bundle packages they may not want or need.

Speaking on this community outreach issue, OCT stated that it partners with cable providers to host community meetings and will host an open-house at their new headquarters where customers can meet cable-provider representatives. OCT also provided an example of bringing Verizon to the Wilson Building to educate Council staff

about the services it provides. Unfortunately, it seems OCT efforts have only engaged a minute portion of the DC population and thus far underwhelm the necessity of educating the District’s residents.

The Committee strongly recommends that OCT strengthen its efforts to educate the public, focusing on strategies to engage the public where they are, as opposed to inviting residents to meetings or events held at one location in the city. As there is currently only one employee handling customer service, OCT should consider reallocating FTEs to handle customer service and outreach.

Transparency and Website Accessibility: In responses to the Committee’s oversight pre-hearing questions concerning cable penetration statistics and coverage areas, OCT stated that the information was proprietary and could not be shared with the public. However, in other jurisdictions, this information is public and made readily accessible on agency websites. For instance, on its website, New Jersey’s Office of Cable television posts a wide-range of information, including a franchise territory map and detailed report regarding cable service penetration across the entire state.¹⁹

The Committee strongly recommends OCT strive to make information concerning cable coverage in the District more readily available to residents. This will help educate the public and foster competition among cable providers.

In addition, OCT’s website is not easily navigable, is not aesthetically pleasing, has broken links, and seemingly has not been updated for quite some time. Some of the most recent postings on the website date back to 2012. This can lead to visitors being unable to locate the customer complaints form, unable to access the PEG channels, or access up-to-date information about their cable service providers.

Underspending: Over the past few years, the Office of Cable Television has been underspending its approved budget by an average of almost \$2 million. In response to Committee oversight questioning, Director Richardson stated that OCT had been over-budgeting to account for expenses associated with the relocation to its new headquarters. However, as mentioned earlier, this relocation has been delayed and thus this over-budgeting has led to an abundance of funds not being spent as part of OCT’s budget. The following table highlights this recent underspending:

OCT Expenditures FY 2010-FY 2014

	Approved Budget	Actual Expenditures	Variance
FY 2010	\$8,476,858	\$6,697,041	\$1,779,817
FY 2011	\$7,295,370	\$6,975,985	\$319,385
FY 2012	\$8,524,970	5,621,272	\$2,903,698

¹⁹ See, e.g., <http://www.state.nj.us/bpu/about/divisions/cable/>; Cable Facts 2013, <http://www.state.nj.us/bpu/pdf/cablepdfs/CableFacts2013.pdf>.

FY 2013	\$8,591,720	\$5,918,101	\$2,673,619
FY 2014	\$8,463,899	N/A	\$8,463,899
Average:	\$8,270,563	\$6,303,100	\$1,967,464

Compounding this underspending, the Office of Cable Television’s projected annual revenues have consistently been much higher than its approved budget. For instance, OCT’s FY 2013 revenue was \$11,628,240. There is nothing to suggest a dramatic reduction in FY 2014 or future year revenues. Thus, with average actual expenditures at about \$6.3 million, there seems to be a substantial amount of money OCT could continue to have remaining in its fund account at the end of every fiscal year. As OCT finally completes its move to its new headquarters and no longer anticipates large capital expenses or has a need to reprogram funds to pay for the move, even more of the agency’s future revenues could be unencumbered by planned programming.

As the Office of Cable Television consistently has year-end fund balances since FY 2010:

- The Committee rescinds \$1,800,000 of available funds from the FY 2013 End of year Fund Balance of the Cable Television Special Account and recognizes that same amount in the unrestricted fund balance of the General Fund of the District of Columbia. That same amount is directed as follows:
 - \$300,000 is transferred to the Home Purchase Assistant Program administered by the Department of Housing and Community Development (DHCD Program 3030);
 - \$500,000 to the Emergency Rental Assistance Program (“ERAP”) administered by the Department of Human Services. This program helps low-income District residents facing housing emergencies by providing funding for overdue rent if a qualified household is facing eviction (including late costs and court fees). The program also supports security deposits and first month’s rent for residents moving to new apartments. The amount paid on behalf of eligible families depends on certain factors and ERAP payments can only be used once per year for each eligible household;
 - \$500,000 to the Committee on Education’s Office of the State Superintendent of Education to fund the Community Schools Investment Fund; and
 - \$500,000 to the Office of Motion Picture and Television Department to restore the Film Incentive Fund.

c. Mayor’s Proposed Fiscal Year 2015-2020 Capital Budget

Proposed Capital Budget Summary

OCT does not have a capital budget.

2. **COMMITTEE RECOMMENDATIONS**

a. **Fiscal Year 2015 Operating Budget Recommendations**

- The Committee reduces FTE authority by \$104,936 at the Office of Cable Television as follows:
 - Audio Visual Production Specialist: \$73,836 (salary + fringe)
 - Produce (Part-time): \$31,100.
 - That same authority and funding is transferred to the Office of the Deputy Mayor for Planning and Economic Development to fund an additional full-time equivalent at the Workforce Investment Council. This position, titled “Career Pathways Coordinator,” will develop a cross-agency plan for connecting basic skills programs to career pathways, set shared, city-wide priorities, and identify opportunities for alignment and collaboration between the District’s education, workforce, and human services providers.
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 - \$300,000 is transferred to the Home Purchase Assistant Program administered by the Department of Housing and Community Development (DHCD Program 3030);
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 - \$500,000 to the Committee on Education’s Office of the State Superintendent of Education to fund the Community Schools Investment Fund;
 - \$500,000 to the Office of Motion Picture and Television Department to restore the Film Incentive Fund; and

b. **Fiscal Year 2015 Capital Budget Recommendations**

- The Office of Cable Television has no associated capital funds.

c. Policy Recommendations

- The Committee recommends that OCT focuses more on regulating cable providers in the District and working to protect and advance the cable-related interests of the District and its residents. The main tenets of this sort of focus would include completing cable franchise renewals, making cable provider area coverage statistics more transparent, and educating the public about cable bills.
- The Committee strongly recommends that OCT strengthen its efforts to educate the public, focusing on strategies to engage the public where they are, as opposed to inviting residents to meetings or events held at one location in the city. As there is currently only one employee handling customer service, the Committee recommends OCT consider moving FTEs to handle customer service and outreach.
- The Committee recommends that OCT comes up with clear plans for the rebranding of TV-13 and Phase 3, the technology upgrade of the Wilson Building. The Committee also recommends the agency consider in its plans whether it should broadcast public hearings from other agencies like the Zoning Commission and the Alcoholic Beverage Regulation Administration.
- The Committee recommends that in the coming months, OCT undertake a comprehensive assessment of viewership, demographics, and viewing habits of its PEG channels.
- The Committee strongly recommends OCT strive to make information concerning cable coverage in the District more readily available to residents. This will help educate the public and foster competition among cable providers.

H. WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (KE0)

Proposed Gross Funds by Revenue Type (Dollars in Thousands)							
	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change
LOCAL FUND	138,068	195,156	200,810	219,136	731	219,867	9.5%
DEDICATED TAXES	52,186	54,430	59,119	62,686	0	62,686	6.0%
SPECIAL PURPOSE REVENUE FUNDS	31,085	35,265	41,159	46,517	0	46,517	13.0%
INTRA-DISTRICT FUNDS	57,206	0	0	0	0	0	NA
GROSS FUNDS (KE0)	278,545	284,851	301,088	328,339	731	329,070	9.3%

Proposed Full-Time Equivalents by Revenue Type							
	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change
LOCAL FUND	0	0	0	0	0	0	NA
DEDICATED TAXES	0	0	0	0	0	0	NA
SPECIAL PURPOSE REVENUE FUNDS	0	0	0	0	0	0	NA
INTRA-DISTRICT FUNDS	0	0	0	0	0	0	NA
GROSS FUNDS (KE0)	0	0	0	0	0	0	NA

Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)							
Comptroller Source Group	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Percent Change FY 2014 Approved to FY 2015
50-SUBSIDIES AND TRANSFERS	278,545	284,851	301,088	328,339	731	329,070	9.1%
Subtotal Nonpersonnel Services	278,545	284,851	301,088	328,339	731	329,070	9.1%
Gross Funds	278,545	284,851	301,088	328,339	731	329,070	9.1%

Proposed Operating Budget by Program and Activity (Dollars in Thousands)							
Program/Activity	FY 2012 Actual	FY 2013 Actual	FY 2014 Approved	FY 2015 Mayor's Proposed	Committee Variance	FY 2015 Committee Proposed	Change FY 2014 Approved to FY 2015
DC00-DC PROJECTS ONLY							
CARD-TRANSPORTATION TECH SCHOOL							
CIRC-CIRCULATOR	0	10,527	18,608	22,773	0	22,773	4,166
REDF-REDUCED FARES	0	970	1,500	800	0	800	(700)
SCHS-SCHOOL SUBSIDY	0	5,872	6,080	12,143	731	12,874	6,794
SUBTOTAL DC00-DC PROJECTS ONLY	0	17,369	26,188	35,717	731	36,448	10,260
DS00-DEBT SERVICE							
DS01-DEBT SERVICE - SERIES	21,002	16,488	15,099	10,726	0	10,726	(4,373)
SUBTOTAL DS00-DEBT SERVICE	21,002	16,488	15,099	10,726	0	10,726	(4,373)
MA00-METRO ACCESS							
PARA-PARA-TRANSIT	27,570	28,099	24,263	26,243	0	26,243	1,980
SUBTOTAL MA00-METRO ACCESS	27,570	28,099	24,263	26,243	0	26,243	1,980
OP00-WMATA OPERATIONS							
BUS1-METROBUS	198,193	168,882	158,267	174,352	0	174,352	16,085
RAIL-METRORAIL	31,779	54,013	77,271	81,302	0	81,302	4,031
SUBTOTAL OP00-WMATA OPERATIONS	229,973	222,895	235,538	255,654	0	255,654	20,116
Gross Funds	278,545	284,851	301,088	328,339	731	329,070	27,982

Mayor's Proposed Fiscal Year 2015-2020 Capital Budget, WMATA, by Project (Dollars in Thousands)								
Project Name	Number	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	6-Year
WMATA Fund - PRIIA	SA311C	50,000	50,000	50,000	50,000	50,000	50,000	300,000
WMATA CIP Contribution	SA501C	65,526	56,062	67,734	67,734	66,701	66,701	390,458
Momentum	SA502C	25,000	0	0	0	0	0	25,000
Project Development	TOP02C	1,099	1,099	1,099	1,099	699	699	5,794
Agency Total		141,625	107,161	118,833	118,833	117,400	117,400	721,252
Committee's Approved Fiscal Year 2015-2020 Capital Budget, WMATA, by Project (Dollars in Thousands)								
Project Name	Number	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	6-Year
WMATA Fund - PRIIA	SA311C	50,000	50,000	50,000	50,000	50,000	50,000	300,000
WMATA CIP Contribution	SA501C	65,526	56,062	67,734	67,734	66,701	66,701	390,458
Momentum	SA502C	25,000	0	0	0	0	0	25,000
Project Development	TOP02C	1,099	1,099	1,099	1,099	699	699	5,794
Agency Total		141,625	107,161	118,833	118,833	117,400	117,400	721,252

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The mission of the Washington Metropolitan Area Transit Authority (WMATA) is to operate and maintain a safe, reliable, and effective transit system that enhances mobility, improves the quality of life, and stimulates economic development in the greater metropolitan Washington area. It does so through the provision of bus, rail, and paratransit services.

Created on February 20, 1967, WMATA is an interstate compact agency and, by the terms of its enabling legislation, an agency and instrumentality of the District of Columbia, State of Maryland, and Commonwealth of Virginia. This compact agency was created by the aforementioned states and the District of Columbia to plan, finance, construct, and operate a comprehensive public transit system for the Washington Metropolitan Area. A Board of Directors, with representatives from each of the three jurisdictions and the federal government, governs WMATA.

The District has two voting members, including Chairperson Bowser, and two non-voting members on WMATA's Board.

Within the District Budget, WMATA is a paper agency that is used to transfer the District subsidy to WMATA. The District Department of Transportation (DDOT) provides funding, policy recommendations, coordination of services, and monitors quality through its Progressive Transportation Services Administration (PTSA).

b. Mayor's Proposed Fiscal Year 2015 Operating Budget

Proposed Operating Budget Summary

The Mayor's proposed FY 2015 gross funds budget for WMATA is \$328,339,000, an increase of \$27,251,000 from FY 2014, or 9.1%. As a paper agency used to pay the WMATA subsidy, this budget does not support any District FTEs.

Local Funds: The Mayor's local funds budget is \$219,136,000, an increase of \$18,326,000, or 9.1%, over the FY 2014 approved budget of \$208,810,000.

Dedicated Taxes: The Mayor's proposed dedicated taxes budget is \$62,686,000, which represents an increase of \$3,567,000, or 6.0%, over the FY 2014 approved budget of \$59,119,000.

Special Purpose Revenue Funds: The Mayor's proposed special purpose revenue funds budget is \$46,517,000, an increase of \$5,359,000, or 13.0%, from the FY 2014 approved budget of \$41,159,000.

Committee Analysis and Comments

The Committee commends the Mayor for once again including in his proposed budget the necessary resources to meet the District's obligation to WMATA. At nearly \$470 million for operating and capital subsidies in FY 2015, this is no small feat, and is larger than all but a handful of the District agencies responsible for public safety, education and welfare. But, the continued growth and vitality of the city and region greatly relies on a safe, efficient, and reliable Metro system to transport residents and visitors alike. In short, the investment is well worth it.

That the other Compact jurisdictions also continue to do their part deserves praise as one of the most concrete reflections of regional governance and coordination in the greater Washington metropolitan area.

Cost/Ridership Trends: That said, there are some troubling budget and ridership trends at WMATA that must be addressed to ensure the long-term sustainability of the agency. Amidst a growing region and resurgent economy, Metrorail ridership has been flat or declining in the past few years, even as comparable systems across the country have seen growth.²⁰ In addition, WMATA operating costs have seen a steady uptick, requiring fare increases on a regular 2-year basis. The WMATA Board recently approved a fare change that will take effect July 2014 and raise rail fares by 3% and bus fares by 9%. However, Chairperson Bowser was able to ensure that the \$0.25 bus cash surcharge was eliminated and the cap on MetroAccess fares was reduced from \$7 to \$6.

Solutions to these structural problems must be sought just to continue offering the current level of service that WMATA provides, to say nothing of the system expansion that will be necessary for the region to flourish over the next 15 to 25 years.²¹ The Committee recommends that WMATA improve reliability, minimize the impact of track work and service disruptions, particularly on nights and weekends, and be more creative in pricing, marketing, and service offerings that cater to the changing demands of WMATA's riders.

Commuter Transit Benefit: The drop in Metrorail ridership is partly attributable to the reduction in transit benefit available to federal employees, who comprise a significant part of WMATA's customer base.²² While this monthly benefit was temporarily restored from \$125 to \$245 in federal FY 2013, Congress has been unable to pass an extension that maintains parity with the comparable parking benefit. Any daily rider with a commute cost of more than \$3 each way easily exceeds the relatively small amount, deterring him or her from additional trips on WMATA and potentially incentivizing commuting by car. This is bad for WMATA's bottom line, the region's

²⁰ Bus ridership, on the other hand, has been a bright spot with steady growth, perhaps due in part to a shift from less reliable and more expensive rail service.

²¹ The Momentum strategic plan, which was adopted by the WMATA Board in June 2013, is discussed in greater detail below.

²² The benefit is a direct subsidy for federal employees and certain other employees, while others receive it as a pre-tax benefit so that their WMATA costs are not treated as income for tax purposes.

congestion, and the environment. WMATA will therefore have to work closely with the region's Congressional delegation given the number of riders who rely on this subsidy. WMATA must also do a better job in marketing the program to residents and larger employers.

Multi-year budgeting and business plan: FY 2014 marked the first year in which WMATA operated under a multi-year budget and business plan. While there are still improvements to be made in terms of useful and transparent performance measurement tools, the Committee already recognizes more efficient operations, management, and fiscal stewardship. This should also demonstrate to the federal government and Compact jurisdictions that their support is being invested properly and should continue and expand.

Momentum and Capital Funding: In June 2013, following herculean efforts by WMATA staff, the Board of Directors approved Momentum, a long-range strategic plan that provides a roadmap for the future growth of the Metro system. This is necessary to handle the two million additional residents the region expects to gain over the next 25 years. Momentum is broken down into 2025 and 2040 goals, at a cost of \$6 billion and \$20 billion, respectively. They include a new circle line on Metrorail that will serve Rosslyn, Georgetown, Logan Circle, Union Station, and the Capitol Riverfront before crossing the Potomac River to Crystal City, complete buildout of the Metrobus Priority Corridor Networks (PCN), and many other improvements.

To its credit, WMATA is conducting extensive outreach with riders, government, and private stakeholders to build support for the plan. In February, the mayor and governors of the District, Maryland, and Virginia agreed to fund the first year of Momentum at \$25 million each. While a good start, this is just half of what WMATA originally requested and a downpayment on future year investments that could be as much as \$200 million per year, per jurisdiction. If the region is not able to realize the full scope of the Momentum plan, some prioritization of projects will have to occur. The District is most focused on providing 100% 8-car trains on Metrorail, station capacity enhancements to overcrowded core stations, and bus fleet and garage expansions that will facilitate the bus PCN.

A critical next step will be for the Compact jurisdictions to negotiate a new capital funding agreement well prior to the expiration of the current agreement, which expires at the end of FY 2016. The region should be creative in finding new financing methods and funding sources for Momentum given how significant the investments will be. The District took a good first step by dedicating future internet sales tax revenue to this purpose. However, this requires Congressional action that is not guaranteed. It also would not come close to funding the District's portion of these capital costs.

FTA Audit: Even amidst all the progress discussed above, the Committee is deeply troubled by the findings of the Federal Transit Administration's Financial Management Oversight (FMO) Review. The report issued in March 2014, covering the time period of April 2012 to March 2013, found a host of problems with WMATA's

procurement and grant management practices. Examples include overuse of no-bid contracts (including one for \$14 million), steering work to vendors that lacked expertise, overbilling the government for expenses that did not qualify under federal grant programs, and paying a former employee after the individual left their job. This gives the District, other Compact jurisdictions, and the federal government real pause when considering whether to entrust WMATA with hundreds of millions of dollars to fund Momentum. To its credit, WMATA has responded swiftly with a pledge to adopt all FTA recommendations by August 2014. The WMATA Board has already adopted new procurement and grant management guidelines. Diligence by senior management officials will be necessary to ensure these new policies are followed to the letter. In the meantime, the FTA is subjecting WMATA to a restricted drawn down process that requires considerable time and resources to provide paper invoices before it can use grant funding. The Committee is concerned that this will greatly hinder WMATA's ability to complete its ambitious FY 2015 capital improvement plan. WMATA staff assures us that it has the resources, procedures, and a \$250 million line of credit to prevent any delay in critical projects.

Dulles Silver Line: The Silver Line represents a significant expansion in the Metrorail system in Virginia, though it will also create more frequent service through the District and Maryland. Phase I, the 11 mile, five-station extension will serve Tysons Corner and Reston. Construction of Phase I, which is being overseen by the Metropolitan Washington Airports Authority (MWAA), is to be complete by late May, with service starting this summer. This project is more than seven months behind schedule, which costs WMATA \$2 million per month in lost revenue, not to mention the staffing and other expenses incurred based on the original schedule. MWAA has stiff penalty provisions against the contractor for failing to meet performance and scheduling goals. WMATA, unfortunately, has no such protections despite being exposed to significant risk in the operating and long-term maintenance of the new rail line. To overcome some of the project delays, MWAA and WMATA have signed an agreement that hands over control to WMATA to begin final preparations and testing before service starts while MWAA completes some of its remaining "punch list" items. Preliminary reports of building code violations for speaker systems and safety-critical track signal devices are disconcerting, and the Committee urges both WMATA and MWAA to review them closely before a single rider sets foot on the Silver Line. WMATA and MWAA should also learn from this effort to fine tune the construction process for Phase II to Dulles Airport, which is set to open in 2018.

Bus Capacity and Kids Ride Free: Ridership growth on Metrobus continues to be a bright spot as an increasing number of the residents moving to the District each month are inclined to live car-free with reliance on public transportation in neighborhoods not served by Metrorail. But, WMATA must continue to improve service to ensure continued customer satisfaction. Key bus routes on 16th Street, Pennsylvania Avenue, and Georgia Avenue are experiencing overcrowding. For example, even with 42 buses per hour during the peak period—one every 90 seconds—the S Routes along 16th Street cannot keep pace with demand. With 20,000 daily riders, the S buses carry 50% of commuters on this corridor with just 3% of the vehicles. WMATA continues to make

service improvements, though the FY 2015 operating budget unfortunately delayed much needed capacity expansions to cover a budget shortfall. The Committee is concerned that bus service improvements are too often the first cuts made despite such positive news for bus service relative to rail.

The District Department of Transportation also needs to make improvements so that the buses WMATA runs can move through the city more efficiently. This includes quick implementation of the traffic signal priority project being funded by federal TIGER grants, more staff to direct traffic during rush hour at busy intersections, and consideration of dedicated bus lanes.

Another contributor to growth in bus ridership is the *Kids Ride Free* program, which was initiated by legislation introduced by Chairperson Bowser. Funded by the Committee in the FY 2014 budget, *Kids Ride Free* offers students up to age 22 free rides on Metro and Circulator buses to and from school and other extracurricular activities. WMATA and DDOT deserve credit for effectively implementing the program in a few short months for the beginning of the school year last fall. DDOT and WMATA have since transitioned the program to the DC One Cards with SmarTrip technology to better track ridership and therefore improve accounting for billing purposes. *Kids Ride Free* has doubled student ridership on bus, thus boosting attendance in the classroom while saving families on transportation costs. But, it also means that the most heavily used routes for students have become congested.

The Committee wants to ensure the continued success of *Kids Ride Free*, which requires that neither students nor regular riders be prevented from boarding a bus when they need to. The Committee acknowledges that the Committee on Transportation and the Environment has included \$250,000 in the FY 2015 budget for the District Department of Transportation (DDOT) to cover expanded service as requested by WMATA for the following routes:

<i>Kids Ride Free</i> Capacity Improvements – FY 2015		
School	Ward(s)	Bus Routes
Alice Deal Middle School	3	D31, D32 and D35
KIPP DC – Benning Road Campus	7	W4
Oyster-Adams Bilingual School	1 and 3	L2 and 96
Eagle Academy Public Charter School	6	A6
Duke Ellington School of the Arts	2	D51

Summer Youth Employment Transportation: Following the success of *Kids Ride Free*, Chairperson Bowser introduced legislation that would provide that same free transportation option on Metrobus and Circulator to participants in the District’s Summer Youth Employment program (SYEP).²³ While the 14,000 youth that participate in SYEP are paid an hourly wage for their work, they don’t start to receive paychecks until the second or third week of the six-week program. This additional transportation cost

²³ Bill 20-620, *Free Transportation for Summer Youth Amendment Act of 2013* (Introduced Dec. 17, 2013), available at <http://lims.dccouncil.us/Legislation/B20-0620?FromSearchResults=true>.

sometimes prevents participants from attending training and first days of work that are critical to ensuring the most valuable experience.

The Committee is therefore including language in the Budget Support Act to provide free transportation to SYEP participants for the first three weeks of that program through an extension of *Kids Ride Free* and recognizes a one-time transfer of \$731,000 from the Committee on Transportation and the Environment to pay for it in FY 2015. This will increase the School Subsidy (Activity SCHS), Subsidies and Transfers Comptroller Source Group (CSG 50) by \$731,000. This funding aligns with the intent of Bill 20-620, the Free Transportation for Summer Youth Amendment Act of 2013, introduced by Councilmember Bowser.

Safety and Security: The continued prosperity of the Metro system depends in large part on riders feeling safe and secure when they use it. There has been a troubling spike in thefts of electronic devices and bicycles. The Committee hopes WMATA will continue to be vigilant and creative in finding new ways to curtail these crimes.

Bus Safety and Vandalism: Crime per rider on Metrobus is lower than on Metrorail, and in the general population. But, several high profile violent crimes and persistent vandalism have continued to increase the perception of danger. In FY 2013, WMATA hired an additional 32 officers, though they have been slow to train and deploy these officers on Metrobus. After the Committee organized a public hearing in Ward 8 to discuss these issues, WMATA launched a public outreach campaign (“Respect Your Ride”) that sends WMATA staff and police to area schools to remind youth that attacks on buses are not only illegal, but lower the quality of service that they, their friends, and family experience. WMATA transit police are also working more closely with MPD, though vandalism continues to be a problem. WMATA should consider further increasing their presence at hotspots and working with the District school system to stagger release times.

MetroAccess: WMATA’s paratransit service generally receives positive reviews from its riders for reliability and customer service—even with the transition to a new provider—though the cost, particularly in comparison to bus and rail fares, is a frequent complaint. The WMATA Board addressed some of that concern this year by reducing the maximum fare from \$7 to \$6.50. The Committee also praises WMATA for its implementation of a new fare calculator that automatically allows MetroAccess customers to choose the cheapest fare within 30 minutes of their requested departure time, adding greater predictability a very complex pricing structure.

While WMATA provides training for MetroAccess customers so they feel more comfortable taking bus and rail, there’s a particular need by DDOT to address inaccessible bus stops. The WMATA Board adopted a new bus stop accessibility standard and will work with the Council of Governments (COG) to focus regional partners on this issue going forward. The Committee fully endorses this effort.

The Committee also supports the initiative currently underway between DDOT and the District Taxi Cab Commission (DCTC) to create a pilot project in which MetroAccess customers now take taxicabs to their kidney dialysis appointments. This will not only save the District money, but potentially improve customer service and finance more accessible taxicabs for the disability community to use.

Human Resources: Less than 14% of WMATA's 12,000 employees live in the District. This has been a persistent problem, though WMATA says that a third of recent hires are from the District. WMATA has tried to work with the District's Department of Employment Service by providing special hiring fairs in the District, pre-screening sessions and a streamlined pipeline of applicants. Unfortunately, this has yielded few, if any hires. In fact, WMATA is more successful in hiring District employees through its own processes than with the assistance of DOES. The Committee believes the relationship is clearly flawed and significant actions must be taken to address the problem. The Committee also adopted a resolution urging WMATA's Board to reconsider practices with regard to the criminal histories potential employees. While such background checks are certainly called for in some cases depending on the nature of the position, the Committee fears WMATA is unnecessarily eliminating qualified applicants who most need the kind of quality jobs offered at WMATA.

DDOT Reorganization and Streetcar: The District has nearly completed the first phase of its new streetcar line from Union Station along H Street and terminating at Minnesota Avenue. This will require great coordination between DDOT and WMATA to ensure strong performance and reliability. A clear understanding must be reached regarding the various qualities of each mode and how decisions should be made in adding or removing service. Most of all, DDOT and WMATA should not be operating redundant or competing service. This issue will be all the more critical as the District prepares to issue a request for proposals for an "integrated premium transit service" that would create a public-private partnership to operate streetcar and local bus routes. The Committee is concerned that such a proposal may not be the most appropriate procurement approach to fund and implement the planned 37-mile streetcar system. The Committee also believes Councilmember Cheh's recently introduced legislation to create a District transit authority is an ideal venue to grapple with these critical issues.²⁴

c. **Mayor's Proposed Fiscal Year 2015-2020 Capital Budget**

Proposed Capital Budget Summary

The Mayor's proposed capital budget for WMATA is \$141,625,000 in FY 2015, up \$18,990,000, or 15.5%, from the FY 2014 level of \$122,635,000.

Committee Analysis and Comments

²⁴ B20-759, *Transportation Reorganization Act of 2014* (Introduced April 8, 2014), available at <http://lims.dccouncil.us/Legislation/B20-0759>.

The Committee supports the FY 2014 capital budget for WMATA as proposed by the Mayor.

2. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2015 Operating Budget Recommendations

- The Committee is including language in the Budget Support Act to provide free transportation to SYEP participants for the first three weeks of that program and recognizes a one-time transfer of \$731,000 from the Committee on Transportation and the Environment to pay for it in FY 2015. This will increase the School Subsidy (Activity SCHS), Subsidies and Transfers Comptroller Source Group (CSG 50) by \$731,000. This funding aligns with the intent of Bill 20-620, the Free Transportation for Summer Youth Amendment Act of 2013, introduced by Councilmember Bowser.

b. Fiscal Year 2015 Capital Budget Recommendations

- The Committee makes no recommendations.

c. Policy Recommendations

- The Committee encourages DDOT and WMATA to work more closely and effectively in their efforts to improve bus service, particularly in Priority Corridor Networks, by deploying traffic signal priority and optimization, dedicated bus lanes, and real time arrival screens, among others.
- The Committee encourages WMATA to work more effectively with the Department of Employment Services to hire more District residents, in addition to reforming its background screening policies to allow more returning citizens the opportunity to work at WMATA.
- The Committee recommends that WMATA improve reliability, minimize the impact of track work and service disruptions, particularly on nights and weekends, and be more creative in pricing, marketing and service offerings that cater to the changing demands of WMATA's riders.
- The Committee believes WMATA must do a better job in its bus safety and anti-vandalism campaign, including better coordination with MPD and DCPS through a youth outreach campaign at the beginning of each school year and staggered release times.

- The Committee encourages WMATA to do what it can to find efficiencies and keep operating costs reasonable to minimize future fare increases while maintaining quality of service.

III. FISCAL YEAR 2015 BUDGET REQUEST ACT APPROPRIATION LANGUAGE RECOMMENDATIONS

On Tuesday, April 08, 2014, Chairman Mendelson introduced, on behalf of the Mayor, the “FY 2015 Budget Request Act of 2014” (Bill 20-749). The Committee makes the following recommendations:

IV. FISCAL YEAR 2015 BUDGET SUPPORT ACT RECOMMENDATIONS

On Tuesday, April 08, 2014, Chairman Mendelson introduced, on behalf of the Mayor, the “Fiscal Year 2015 Budget Support Act of 2014” (Bill 20-750). The bill contains a number of subtitles for which the Committee has provided comments in addition to new subtitles that the Committee recommends.

A. RECOMMENDATIONS ON BUDGET SUPPORT ACT SUBTITLES PROPOSED BY THE MAYOR

The Committee provides comments on the following subtitles of the “Fiscal Year 2015 Budget Support Act of 2014”:

1. Title II, Subtitle H, H Street Retail Priority Area Incentive Amendment
2. Title II, Subtitle I, Local Rent Supplement Sustainment
3. Title VI, Subtitle A, Vault Rent Amendment

1. Title II, Subtitle H, H Street Retail Priority Area Incentive Amendment

a. Purpose, Effect, and Impact on Existing Law

The subtitle requires that all grants made in accordance with the H Street Retail Priority Area Grant Fund be used to support corridor revitalization programs associated with the Great Streets program in general. Under current law, the grants can only be used to assist retail development projects, which generate new jobs in new or improved existing retail space in the H Street, N.E., Retail Priority Area. The proposed change will make many other revitalization programs, such as programs for retention and attraction of small businesses, neighborhood branding and marketing, blighted and vacant property mitigation and redevelopment of private properties, streetscape projects and beautification and greening projects for public areas, eligible for grants. And, the grant funds that had been targeted to H Street NE, will now be available to the 10 other retail priority areas.

b. Committee Reasoning

During the Committee’s budget hearing, the Office of the Deputy Mayor for Planning and Economic Development stated that the intent of this subtitle is two-fold: first, it would relieve statutory constraints with respect to how H Street Great Street funds may be used. Second, it would provide a steady funding source for the other 10 great streets.

To the first point, representatives from the ODMPED stated that current law severely limits how H Street Great Street funds may be deployed. That law states that grants may be made to assist retail development projects which generate new jobs in new or improved existing retail space in the H Street, N.E. Retail Priority Area.²⁵ The types of businesses eligible for these grants are limited to those that, for instance, sell home furnishings, books, art, groceries or offer services to specialized customers or artistic endeavors. The constraints of the current law, as stated by DMPED Hoskins, means that there are physically not enough businesses in the retail priority area eligible to receive grants.

Second, the other ten retail priority areas are budget for just \$6.9 million in FY14; all of which will be expended by the end of the fiscal year. Contrast that expenditure rate with that of the H Street fund, and it becomes apparent why combining the programs is a reasonable approach. The H Street fund has more than 89% of its \$5M allocation remaining three quarters of the way through the current fiscal year.

As ODMPED testified at the Committee’s budget hearing, the expanding the purpose of the H Street fund is a win-win because it benefits the H Street retail priority area as well as all ten of the other retail priority areas.

c. Section-by-Section Analysis

Sec. 281. Short title.

Sec. 282. Amends the H Street Retail Priority Area Incentive Amendment Act of 2014 to expand the types of projects eligible to receive H Street Retail Priority Area Grants.

d. Legislative Recommendations for Committee of the Whole

Sec. 281. This subtitle may be cited as the “H Street Retail Priority Area Incentive Amendment Act of 2014”.

²⁵ The H Street Retail Priority Area Incentive Act of 2010, effective April 8, 2011 (D.C. Law 18-354; D.C. Official Code § 1-325.171 et. seq.

Sec. 282. Section 3(c) of the H Street Retail Priority Area Incentive Act of 2010, effective April 8, 2011 (D.C. Law 18-354; D.C. Official Code § 1-325.172(c)), is amended as follows:

(a) Paragraph (1)(B) is amended by striking the word “and”.

(b) Paragraph (2) is amended by striking the period and inserting the phrase “; and” in its place.

(c) A new paragraph (3) is added to read as follows:

“(3) Beginning October 1, 2014, all grants made in accordance with the H Street Retail Priority Area Grant Fund shall be used to support corridor revitalization programs in Retail Priority Areas in accordance with section 4b of the Retail Incentive Act of 2004, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 2-1217.73b).”.

Sec. 283. Section 3 of the H Street Retail Priority Area Incentive Act of 2010, effective April 8, 2011 (D.C. Law 18-354; D.C. Official Code § 1-325.172), s amended by adding a new subsection (c-1) to read as follows:

“(c-1) Beginning October 1, 2014, all grants made in accordance with the H Street Retail Priority Area Grant Fund shall be used to support corridor revitalization programs in Retail Priority Areas in accordance with section 4b of the Retail Incentive Act of 2004, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 2-1217.73b).”.

2. *Title II, Subtitle I, Local Rent Supplement Sustainment*

a. Purpose, Effect, and Impact on Existing Law

The intent of this subtitle is not clear. Current law embodied in the Homeless Services Reform Act requires the Mayor and DCHA to fill vacant LRSP tenant-based vouchers with homeless families referred by the Department of Human services and determined to have first priority to shelter pursuant to 29 DCMR § 2508.01(a)(1). The referrals are to be made pursuant to special eligibility criteria set forth in 29 DCMR §§ 2256-2558.²⁶ The targeted population and the procedures to determine eligibility are thus very clear.

Title II, Subtitle I of the FY 2015 Budget Support Act of 2014 would address placement of homeless families *and* individuals and require the Mayor and DCHA to fill all new and vacated LRSP vouchers through referrals by the Department of Human Services based on assessments. The Committee acknowledges the value of targeting resources to both families and individuals. However, the Committee is concerned that the term “assessments” is vague and undefined. The Committee is also concerned about

²⁶ 29 DCMR § 2257.1 provides that an applicant is eligible and prioritized for referral to DCHA for tenant-based LRSP vouchers if the applicant is a homeless family, a District resident, and has significant barriers to increasing income.

the impact on DHS's homeless priority and DCHA's homeless preference, both of which only address homeless families.²⁷ The subtitle is thus inconsistent and unclear.

b. Committee Reasoning

More to the point though, the Committee received testimony from affordable housing and anti-homeless advocates requesting that this subtitle be withdrawn. According to Robert Pohlman, Executive Director of the Coalition for Nonprofit Housing & Economic Development, "This is a well-intentioned provision that puts in the hands of the Department of Human Services full control over the use of all Local Rent Supplement Program funding. This ties the hands of DHCD [sic] in utilizing this valuable program to assist populations that DHS does not serve, such as extremely low income seniors and returning citizens. We recommend that DHS collaborate with its sister agencies, DHCD and DCHA, to allocate Local Rent Supplement through preferences in RFPs to the populations that need it most, rather than restricting its use unnecessarily through legislation."

Jenny Reed, Policy Director of the DC Fiscal Policy Institute, expressed the following concern regarding the proposed subtitle: "While the goal may be to ensure slots are filled with families and individuals who DC's leaders feel are in the highest need of housing, it is not clear how the agency would target these slots. For example, the Chief Financial Officer's Fiscal Impact Statement on the BSA notes that DHS plans to fill these slots with chronically homeless individuals and families. Yet, it is generally agreed that the best program for chronically homeless residents is Permanent Supportive Housing which comes with funding for both housing and intensive case management services to address the significant barriers these residents face. LRSP does not include any service funding. Moreover, if all tenant-based LRSP units are targeted to chronically homeless residents, the District would not have a tool to quickly address the needs of residents who need affordable housing and whose only barrier is being very low-income. Given the District's very high housing costs, tens of thousands of DC households need assistance to address housing burdens but may not need other social services; LRSP is the best tool to help these households."

Amber Harding and Marta Beresin of the Washington Legal Clinic for the Homeless, sent the Committee a letter urging the it to strike the subtitle, in favor of the extant provision in the HRSA. Harding and Beresin state that the subtitle is too vague to

²⁷ The proposed subtitle section cross-references current LRSP law, in D.C. Code § 6-228, which states that tenant-based assistance provided through the Rent Supplement Program shall be subject to DCHA's existing rules, regulations, policies and procedures for the HCVP program. 29 DCMR § 9503.2 establishes DCHA's homeless preference for LRSP tenant-based assistance as follows: "District residents who are homeless households with one or more children under 18 years of age shall have a preference. The percentage for this preference shall be determined each year, by DCHA, based on the total applicant number of homeless households with children on the HCVP Tenant-based wait list to the total number of applicants on the HCVP Tenant-based wait list at the end of each fiscal year."

implement; it would transform the essential nature and administration of the program, and it would cause unnecessary delays.

The Committee concurs and recommends the withdrawal of this proposed subtitle.

c. Section-by Section Analysis

Sec 291. Provides the short title.

Sec 292. Addresses placement of homeless families and individuals by requiring the Mayor and DCHA to fill all new and vacant LRSP vouchers through referrals by DHS based on assessments.

d. Legislative Recommendations for Committee of the Whole

The Committee recommends the withdrawal of this proposed subtitle.

3. *Title VI, Subtitle A, Vault Rent Amendment*

Purpose, Effect, and Impact on Existing Law

This subtitle amends the District of Columbia Public Space Rental Act to transfer authority to charge and collect fees for the occupancy of underground vaults from the District Department of Transportation (DDOT) to the Office of the Chief Financial Officer (OCFO), create separate tax entities for condominium associations to be billed vault fees, authorize the OCFO to consider appeals, correct and reassess vault fees for condominium associations, establish a \$100 flat fee for fuel oil tanks, authorize the Mayor to charge fees for actions to seal off, remove, fill, reconstruct, repair or close a vault, authorize the OCFO sell a property at tax sale for delinquent vault fees, and authorize the OCFO to waive interest penalties or compromise charges for vault fees.

b. Committee Reasoning

The Committee recommends adoption of this subtitle without amendment. It would streamline the process the District uses to assess properties, including condominium associations, for vault fees. Such fees are assessed for the use of public underground space (vaults) commonly used by residential and commercial buildings for parking garages and other uses.

c. Section-by-Section Analysis

Sec. 601 Provides the short title.

Sec. 602 Amends the District of Columbia Public Space Rental Act to transfer authority to charge and collect fees for the occupancy of underground vaults from the District Department of Transportation (DDOT) to the Office of the Chief Financial Officer (OCFO), create separate tax entities for condominium associations to be billed vault fees, authorize the OCFO to consider appeals, correct and reassess vault fees for condominium associations, establish a \$100 flat fee for fuel oil tanks, authorize the Mayor to charge fees for actions to seal off, remove, fill, reconstruct, repair or close a vault, authorize the OCFO sell a property at tax sale for delinquent vault fees, and authorize the OCFO to waive interest penalties or compromise charges for vault fees.

Sec. 603. Sets the applicability date.

d. Legislative Recommendations for Committee of the Whole

Sec. 601. Short title.

This subtitle may be cited as the “Vault Rent Amendment Act of 2014”.

Sec. 602. The District of Columbia Public Space Rental Act, approved October 17, 1968 (82 Stat. 1156; D.C. Official Code § 10–1101.01 et seq.), is amended as follows:

(a) Section 103 (DC Official Code § 10-1101.01) is amended as follows:

(1) A new subsection (1B) is added to read as follows:

“(1B) “Chief Financial Officer” means the Chief Financial Officer of the District of Columbia.”

(2) A new subsection (1C) is added to read as follows:

“(1C) “Condominium unit owners’ association” shall have the same meaning as the unit owner’s association described in section 301 of the Condominium Act of 1976, effective March 29, 1977 (D.C. Law 1-89; D.C. Official Code § 42-1903.01) or a master association as defined in subsection 19A of section 102 of the Condominium Act of 1976, effective March 29, 1977 (D.C. Law 1-89; D.C. Official Code § 42-1901.02(19A), as the context may require.”

(3) A new subsection (1D) is added to read as follows:

“(1D) “Declarant” shall have the same meaning as set forth in section 103 of the Condominium Act of 1976, effective March 29, 1977 (D.C. Law 1-89; D.C. Official code § 42-1901.02(11).”

(4) A new subsection (6A) is added to read as follows:

“(6A) “Responsible condominium unit owners’ association” means a condominium unit owners’ association if vault rent was an obligation of the condominium as a whole before there was a unit owner other than the declarant, or the

condominium unit owners' association or its predecessor entered into an agreement with the Mayor relating to the occupation of vault space.”

(5) A new subsection (9) is added to read as follows:

“(9) “Vault rent year” means the period beginning July 1st each year and ending June 30th each succeeding year.”

(b) Section 303 (DC Official Code § 10-1103.02) is amended to read as follows:

“(a) The Chief Financial Officer shall assess and collect rent and charges from the owner or owners of abutting property for any vault located in the public space abutting such property, unless such vault shall have been removed, filled, sealed, or otherwise rendered unusable in a manner satisfactory to the Mayor. Bills and notices shall be deemed to be properly served when mailed via first class mail to the abutting property owner's mailing address of record as maintained by the Chief Assessor of the Office of Tax and Revenue.

“(b) Notwithstanding section 104 of the Condominium Act of 1976, effective March 29, 1977 (D.C. Law 1-89; D.C. Official Code §42-1901.04) or any provision that imposes liability for vault rent that is contrary to this subsection, vault rent shall be assessed against a responsible condominium unit owners' association.

“(1) The responsible condominium unit owners' association shall be billed for vault rent as a separate and distinct taxable entity with its own vault rent account, as designated by the Chief Financial Officer, and shall, unless the context requires otherwise, for purposes of this subchapter be deemed to be the owner of the property abutting public space in which any vault is located.

“(2) A notice of proposed land assessment relating to the vault rent account shall be given to the responsible condominium unit owners' association by March 1st before the beginning of the applicable vault rent year.

“(3) The assessed value of the land derived for purposes of billing the vault rent may be appealed as provided under D.C. Official Code § 47-825.01a(d) – (e) and (g), except that any references in that section to an owner shall, for the purposes of this section, be deemed to be references to a responsible condominium unit owners' association.

“(4) The Chief Financial Officer may correct or change any land assessment relating to the vault rent account for which a responsible condominium unit owners' association is responsible as under the circumstances, and subject to the conditions, set out in D.C. Official Code § 47-825.01a(f), except that the reference to tax years shall be deemed to be a reference to vault rent years, the reference to owner shall be deemed to be a reference to a responsible condominium unit owners' association, and the reference to the owner's address of record shall be deemed to be a reference to the responsible condominium unit owners' mailing address of record as maintained by the Chief Assessor of the Office of Tax and Revenue of the Chief Financial Officer.

“(c) Where vault rent is assessed against any owner other than a responsible condominium owners' association, the Mayor may adjust any utilization factor or area of the vault level under the circumstances, and subject to the conditions, set out in D.C.

Official Code § 47-825.01a(f) except that the reference to tax years shall be deemed to be a reference to vault rent years .”.

(c) Section 305 (DC Official Code § 10-1103.04) is amended as follows:

(1) Strike the phrase “shall pay the rent established in accordance with this part

for such vault. Such rent shall be payable annually for the year commencing July 1st and ending on the following June 30th, and shall be payable in full prior to the beginning of such year” and inserting the phrase “shall pay the rent established in accordance with this part for such vault and any charges levied under § 308(a) of the Public Space Rental Act, approved October 17, 1968 (82 Stat. 1160; D.C. Official Code § 10–1103.07(a)). Such rent and charges shall be payable annually for the vault rent year, and shall be payable in full on or before the later of 30 days after the date the vault rent bill was mailed or September 15 of such vault rent year” in its place.

(2) In subsection (c), strike the sentence “Fuel oil tanks shall be considered assingle level vaults.”

(3) Add a new subsection (c-1) to read as follows:

“(c-1) Notwithstanding subsection (c) of this section, rent per fuel oil tank shall be \$100; provided, the Council may adjust the amount of rent per fuel oil tank pursuant to section 401.”.

(d) Section 305a (DC Official Code § 10-1103.04a) is amended by striking the word “Mayor” and inserting the phrase “Chief Financial Officer” in its place wherever it occurs.

(e) Section 308 (DC Official Code § 10-1103.07) is amended as follows:

(1) A new subsection (a-1) is added to read as follows:

“(a-1) For vault years beginning after June 30, 2015, the Mayor shall take such action as he in his discretion considers necessary or desirable to seal off, remove in whole or in part, fill, reconstruct, repair or close a vault or vault opening, or perform any other service in connection therewith. The Chief Financial Officer shall levy a charge against the abutting property for the reasonable cost of such action by the Mayor.”.

(2) A new subsection (b-1) is added to read as follows:

“(b-1) For periods beginning after June 30, 2015, interest on unpaid vault rent and the charges authorized under subsection (a) of this section shall accrue at the rate set forth in D.C. Official § 47-811(c) per month or part thereof after the due date prescribed in § 305. Except as provided in subsection (d) of this section, the abutting property for any vault located in the public space shall be sold by the Chief Financial Officer at the tax sale held under Chapter 13A of Title 47 of the DC Code for vault rent, charges and interest that are delinquent as of the October 1st before the tax sale. Notwithstanding any other provision of law, delinquent vault rent, charges and interest shall not be required to be certified for purposes of the tax sale and the lien priority of vault rents, charges and interest shall be immediately junior to real property taxes.”.

a. A new subsection (c) is added to read as follows:

“(c) Payments shall be applied to the oldest vault year owed, and within such year first to interest and then to charges and rent.”.

b. A new subsection (d) is added to read as follows:

“(d) Where a responsible condominium unit owners’ association is billed for vault rent, charges and interest, and the rent, charges and interest are not timely paid, the

rent, charges and interest shall constitute a delinquent tax to be collected against the condominium association in accordance with Chapter 44 of Title 47 of the DC Code, notwithstanding section 104 of the Condominium Act of 1976, effective March 29, 1977 (D.C. Law 1-89; D.C. Official Code § 42-1901.04) or any other provision to the contrary. The liability shall follow to any subsequent or successor condominium association or the resulting owners of any termination of the condominium, as the case may be, notwithstanding any other law to the contrary.”.

(5) A new subsection (e) is added to read as follows:

“(e) The Chief Financial Officer may, in his or her discretion:

“(1) Waive in whole or in part interest assessed pursuant to the District of Columbia Public Space Rental Act, approved October 17, 1968 (82 Stat. 1156; D.C. Official Code § 10-1101 et seq.), when in his or her judgment, it would be equitable, just, or in the public interest; and

“(2) Compromise any charge or vault rent assessed pursuant to the District of Columbia Public Space Rental Act, approved October 17, 1968 (82 Stat. 1156; D.C. Official Code § 10-1101 et seq.), when, in his or her judgment there is reasonable doubt as to the liability of the owner against whom the vault rent was assessed or the collectability of the tax.”.

(f) A new subsection 311 (DC Official Code § 10-1103.10) is added to read as follows:

“Notwithstanding section 401, the Chief Financial Officer may, pursuant to the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat 1204; D.C. Code § 2-501 et seq.), promulgate rules related to the assessment and collection of rent and charges.”.

Sec. 603. Applicability.

- a. Section 602(a) – (e)(4) shall apply to vault years beginning after June 30, 2015.
- b. Section 602(e)(5) and (f) shall apply upon the effective date of this act.

B. RECOMMENDATIONS FOR NEW BUDGET SUPPORT ACT SUBTITLES

The Committee on Economic Development recommends the following new subtitles to be added to the “Fiscal Year 2015 Budget Support Act of 2014”:

- XX. Home Purchase Assistance Program
- XX. Great Streets Area Clarification
- XX. Cable Television O-Type Transfer
- XX. SYEP Kids Ride Free
- XX. Rapid Rehousing Pilot

XX. Home Purchase Assistance Program Amendment Act of 2014

a. Purpose, Effect, and Impact on Existing Law

This new subtitle would expand the maximum down payment assistance provided under the Home Purchase Assistance Program (HPAP) from \$40,000 per household to \$50,000.

b. Committee Reasoning

The Home Purchase Assistance Program (HPAP) provides down payment and closing cost assistance of up to \$44,000 (\$40,000 in down payment assistance and \$4,000 for closing costs) to first-time, low- and moderate-income homebuyers. The program, which is administered by the Department of Housing and Community Development (DHCD) via a contract with the Greater Washington Urban League, has helped more than 13,000 District residents purchase homes in what is an extremely competitive and expensive housing market. HPAP generates \$2 million in annual revenue for the government through the repayment of these loans with just a 2% foreclosure rate. It also adds a host of qualitative benefits associated with greater home ownership to communities throughout the District.

Unfortunately the budget for HPAP has steadily declined from a pre-recession peak of \$35 million in FY’2018 to just \$11.2 million in the proposed FY 2015 budget. This led DHCD to reduce the maximum loan amounts for applicants from \$70,000 to \$40,000, which greatly curtails their ability to afford most homes in the District. This comes as the number of homes valued at \$250,000 or less, which is approximately the maximum price an HPAP applicant can typically afford, have declined from 63,645 in 2000 to just 17,640 in 2010. According to the Chief Financial Officer, the average home price has increased from \$597,000 in 2009 to \$712,800 in 2013, and is estimated to reach \$965,000 by 2018.

In this highly competitive real estate market, low- and moderate-income residents need every available assistance to afford home ownership. Raising the maximum HPAP loan amount by \$10,000, would not only increase the potential home purchase by that amount. It also allows HPAP applicants to make a larger downpayment that in turn lowers the finance cost on their primary mortgage by as much as \$200 per month. This allows them to put more towards the purchase price, improvements to the home, and other necessities.

c. Section-by-Section Analysis

Sec. XX01. Short title.

Sec. XX02. Establishes that the maximum amount of downpayment assistance available through the Home Purchase Assistance Program (HPAP) for the lowest income applicant shall be at least \$50,000.

Sec. XX03. Provides the fiscal impact statement.

Sec. XX04. Provides the effective date.

d. Legislative Recommendations for Committee of the Whole

Sec. XX01. This subtitle shall be cited as the “Home Purchase Assistance Program Amendment Act of 2014”.

Sec. XX02. Section 14-2503.01(b) of Title 14 of the District of Columbia Municipal Regulations (14 DCMR § 2503.01(b)) is amended to read as follows:

“(b) Downpayment Assistance for eligible very low, low, and moderate income applicants shall be in an amount equal to the Desired Purchasing Power less the Standard Mortgage Qualification Level for each eligible applicant, subject to the Per-Client Downpayment Assistance Cap, and adjusted for household size. The maximum amount of downpayment assistance for the lowest income applicant shall be \$50,000 and shall be adjusted based on the applicant’s income according to paragraph (1) of this subsection.”.

XX. Great Streets Area Clarification of 2014

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would correct an omission in Subtitle Title VIII, D of the Fiscal Year 2014 Budget Support Act of 2013. That subtitle, the Great Streets Neighborhood Retail Priority Area Amendment Act of 2013 extended the geographic boundaries of the Georgia Avenue Priority area but, due to a drafting error, did not extend the boundaries as intended. This proposed subtitle would correct that omission by extending the boundaries of the Ward 4 Georgia Avenue Priority Area to include an additional two blocks of Kennedy Street, NW and a portion of the 14th Street N.W. commercial corridor.

b. Committee Reasoning

The Great Streets Initiative is a multi-year, multiple-agency effort to transform nine under-invested corridors into thriving and inviting neighborhood centers using public actions and tools as needed to leverage private investment. The initiative consists of a number of loan and grant programs administered by The Office of the Deputy Mayor for Planning and Economic Development, the District Department of Transportation (DDOT), and the Office of Planning (OP).

Extending the Ward 4 Georgia Avenue Priority Area to include all of Kennedy Street, N.W. and a portion of the 14th Street N.W. commercial corridor will allow businesses along these corridors to access critical funding that can be used for a number of purposes including: small business attraction and retention; neighborhood branding; blighted vacant and property mitigation, redevelopment of private property; streetscape and infrastructure improvement, beautification of the public realm, and litter control.

c. Section-by-Section Analysis

Sec. XX01. Short title.

Sec. XX02. Extends the geographic boundaries of the Ward 4 Georgia Avenue Priority Area.

d. Legislative Recommendations for Committee of the Whole

Sec. XX01. This subtitle may be cited as the “Retail Priority Area Amendment Act of 201”.

Sex. XX02. Section 2(4) of the Great Streets Neighborhood Retail Priority Areas Approval Resolution of 2007, effective July 10, 2007 (Res. 17-257; 54 DCR 7194), is amended to read as follows:

“(4) Ward 4 Georgia Avenue Priority Area, consisting of the parcels, squares, and lots within the area bounded by a line beginning at the intersection of Kenyon Street, N.W. and Sherman Avenue, N.W.; continuing north along Sherman Avenue, N.W. to New Hampshire Avenue, N.W.; then continuing northeast along New Hampshire Avenue, N.W. to Spring Road, N.W.; then continuing northwest along the center line of Spring Road, N.W. to Kansas Avenue, N.W.; continuing northeast along Kansas Avenue, N.W. to Georgia Avenue; then continuing north along Georgia Avenue, N.W. to Allison Street N.W., then continuing west along Allison Street N.W. to 14th Street, N.W., then continuing north along 14th Street, N.W. to Longfellow Street, N.W., then continuing east along Longfellow Street, N.W. to Georgia Avenue, N.W., then continuing north along Georgia Avenue, N.W. to Eastern Avenue, N.W., then continuing southeast along Eastern Avenue, N.W., to Kansas Avenue, N.E.; then continuing southwest along Kansas

Avenue, N.E. to Blair Road, N.W., then continuing south along Blair Road, N.W., to North Capitol Street, N.E., then continuing south along North Capitol Street, N.E., to Kennedy Street, N.W., then continuing west along Kennedy Street, N.W., to Kansas Avenue, N.W., then continuing southwest along Kansas Avenue, N.W. to Varnum Street, N.W.; then continuing east along Varnum Street, N.W. to 7th Street, N.W.; then continuing south along the center line of 7th Street, N.W., until the point where 7th Street, N.W., becomes Warder Street, N.W.; then continuing further south along Warder Street, N.W., to the center line of Kenyon Avenue, N.W.; and then continuing west along Kenyon Avenue, N.W. to the beginning point;”.

XX. Cable Television O-Type Transfer

a. Purpose, Effect, and Impact on Existing Law

This new subtitle would transfer FY14 fund balance from the Cable Television Special Account.

b. Committee Reasoning

Over the past few years, the Office of Cable Television has underspent its approved budget by an average of almost \$2 million. In response to oversight questioning, Director Richardson stated that OCT had been over-budgeting to account for expenses associated with the relocation to its new headquarters. However, as mentioned earlier, this relocation has been delayed and thus this over-budgeting has led to an abundance of funds not being spent as part of OCT’s budget. Compounding this underspending, the Office of Cable Television’s projected annual revenues have consistently been much higher than its approved budget. For instance, OCT’s FY 2013 revenue was \$11,628,240. There is nothing to suggest a dramatic reduction in FY 2014 or future year revenues. Thus, with average actual expenditures at about \$6.3 million, there seems to be a substantial amount of money OCT could continue to have remaining in its fund account at the end of every fiscal year. As OCT finally completes its move to its new headquarters and no longer anticipates large capital expenses or has a need to reprogram funds to pay for the move, even more of the agency’s future revenues could be unencumbered by planned programming.

c. Section-by-Section Analysis

Sec. XX01. Short title.

Sec. XX02. Transfer to the unrestricted fund balance of the General Fund of the District of Columbia and recognize as local funds \$1,800,000 of fiscal year 2014 Cable Television Franchise Fee revenues.

d. Legislative Recommendations for Committee of the Whole

Sec. XX01. This subtitle may be cited as the “Cable Television O-Type Transfer Amendment Act of 2014”.

Sex. XX02. Notwithstanding any other provision of law, for fiscal year 2015, the Chief Financial Officer shall transfer to the unrestricted fund balance of the General Fund of the District of Columbia and recognize as local funds \$1,800,000 of fiscal year 2014 Cable Television Franchise Fee revenues. Those funds shall be transferred as follows:

- (a) \$300,000 is transferred to the Home Purchase Assistant Program administered by the Department of Housing and Community Development (DHCD Program 3030);
- (b) \$500,000 to the Emergency Rental Assistance Program (“ERAP”) administered by the Department of Human Services. This program helps low-income District residents facing housing emergencies by providing funding for overdue rent if a qualified household is facing eviction (including late costs and court fees). The program also supports security deposits and first month’s rent for residents moving to new apartments. The amount paid on behalf of eligible families depends on certain factors and ERAP payments can only be used once per year for each eligible household;
- (c) \$500,000 to the Committee on Education’s Office of the State Superintendent of Education to fund the Community Schools Investment Fund;
- (d) \$500,000 to the Office of Motion Picture and Television Department to restore the Film Incentive Fund; and

XX. *SYEP Kids Ride Free*

a. Purpose, Effect, and Impact on Existing Law

In 2013 the Council approved legislation, introduced by Chairperson Bowser, to provide free bus transportation to school children during the school year and during summer school. The program has proven to be very successful. This subtitle provides the same benefit to participants in the Summer Youth Employment Program, for three weeks, in an effort to boost enrollment and day-to-day participation. This subtitle aligns with the intent of Bill 20-620, the Free Transportation for Summer Youth Amendment Act of 2013, introduced by Councilmember Bowser.

b. Committee Reasoning

Every summer, about 14,000 District youth learn important job skills and stay out of trouble while working for a District agency through the SYEP. In order to ensure full enrollment, punctuality, and day-to-day participation, it is necessary to provide participants with free bus transportation to and from their summer employment. The benefit will be provided for the first three weeks of the program; that is, until the participants receive their first paycheck. Participants will be expected to pay for their own transportation thereafter.

c. Section-by-Section Analysis

Sec. XX01. Short title.

Sec. XX02. Includes participants in the Summer Youth Employment Program as eligible recipients of the Kids Ride Free benefits.

d. Legislative Recommendations for Committee of the Whole

Sec. XX01. This subtitle may be cited as the “Free Transportation for Summer Youth Amendment Act of 2014”.

Sec. XX02. Section 2(c) of the School Transit Subsidy Act of 1978, effective March 6, 1979 (D.C. Law 2-152; D.C. Official Code § 35-233(c)), is amended as follows:

(1) Paragraph (1)(B) is amended by striking the phrase “District; or “ and inserting the phrase “District;” in its place.

(2) Paragraph (2) is amended by striking the phrase “of age.” and inserting “of age; or” in its place.

(3) A new paragraph (3) is added to read as follows:

“(3) Participants in the Summer Youth Employment Program administered by the Department of Employment Services pursuant to section 2 of the Youth Employment Act of 1979, effective January 5, 1980 (D.C. Law 3-46; D.C. Official Code § 32-241), for the first 3 weeks of the program during the summer of 2014.”.

XX. Rapid Re-Housing Pilot Program

a. Purpose, Effect, and Impact on Existing Law

This subtitle will allow the District to transfer an amount not to exceed \$1.5 million from the Housing Production Trust Fund to the Department of Human Services for the purpose of extending a Rapid Re-Housing pilot program for individuals in FY 2015.

b. Committee Reasoning

Rapid Re-Housing is a program that provides short-term, time-limited services and housing assistance to move families and individuals out of homelessness as quickly as possible. This program was initiated successfully in the District when the federal government invested significant one-time resources in 2009. When the federal stimulus funds expired, the District continued the program, but only for veterans and families.

In FY 2014, the Council allocated \$400,000 in one-time funding to launch a pilot program for individuals. The basis for this was that there are approximately 1,800 single adults in District-funded emergency shelters on any given night, about 20% of whom are employed. Rapid re-housing provides them with stable housing, which in turn enables them to keep or obtain employment, thus allowing them to earn enough to exit homelessness. This has the additional benefit of reducing demand for the District's already overcrowded shelter system. Rapid re-housing also does not cost more than shelter units, but adds to the tax base because individuals are placed in privately-owned apartment units.

Since 2009, 643 families and 762 single individuals in the District who were homeless or at risk of becoming homeless have been stably housed through this program. The Committee wants to ensure this success continues and is therefore directing \$1.5 million to extend the rapid re-housing pilot program for individuals that is currently administered by the Department of Human Services.

c. Section-by-Section Analysis

Sec. XX01. Short title.

Sec. XX02. Authorizes the District to transfer an amount not to exceed \$1.5 million from the Housing Production Trust Fund to the Department of Human Services for the purpose of extending a Rapid Re-Housing pilot program for individuals in FY 2015.

d. Legislative Recommendations for Committee of the Whole

Sec. XX01. This subtitle may be cited as the “Rapid Re-Housing Pilot Funding Act of 2014”.

Sec. XX02. Section 3 the Housing Production Trust Fund Act of 1988, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code § 42-2802), is amended by adding a new subsection (b-6) to read as follows:

"(b-6)(1) Notwithstanding any provision of this act or any other law, for fiscal year 2015, the Mayor shall transfer from the Fund, and the Chief Financial Officer shall recognize as local funds revenue, an amount not to exceed \$1,500,000 for the Department of Human Services to continue a Rapid Re-Housing pilot initiative, previously authorized by section 5172(b) of the Homelessness Prevention and Rapid Re-Housing Pilot Initiatives Act of 2013, effective December 24, 2014 (D.C. Law 20-199; 60 DCR 12530), for the purpose of providing assistance to rapidly re-house adults without minor children in their care who would otherwise qualify for rapid re-housing assistance under Chapter 76 of Title 29 of the District of Columbia Municipal Regulations (29 DCMR § 7600 *et seq.*).

"(2) None of the funds transferred pursuant to paragraph (1) of this subsection shall be used for administrative costs."

V. COMMITTEE ACTION AND VOTE

On Thursday, May 15, 2014, in Room 500 of the John A. Wilson Building, the Committee met to consider and vote on the Mayor's FY 2015 Budget Report for the agencies under its jurisdiction. Chairperson Muriel Bowser determined the presence of a quorum consisting of herself and Councilmembers Anita Bonds, Jack Evans, Kenyan McDuffie, and Vincent Orange.

Chairperson Bowser provided a brief overview of the report and a summary of the changes to the Mayor's proposed budget as recommended by the Committee before opening the floor for discussion. After a brief discussion, Chairperson Bowser then moved the Committee's Fiscal Year 2015 Budget recommendations for approval, with leave for staff to make technical and conforming changes to reflect the Committee's actions. The Members voted 5-0 in support of the proposed recommendations, with the members voting as follows:

Members in favor:	- <u>Bowser, Bonds, Evans, McDuffie, Orange</u>
Members opposed:	- <u>None</u>
Members voting present:	- <u>None</u>
Members absent:	- <u>None</u>

Chairperson Bowser adjourned the meeting.

VI. ATTACHMENTS

- A. Wednesday, April 09, 2014 Fiscal Year 2015 Budget Oversight Hearing Witness List and Testimony.
- B. Wednesday, April 30, 2014 Fiscal Year 2015 Budget Oversight Hearing Witness List and Testimony.
- C. Friday, May 2, 2014 Fiscal Year 2015 Budget Oversight Hearing Witness List and Testimony
- D. Proposal to restructure DMPED's budget for greater transparency