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## COMMITTEE ON ECONOMIC DEVELOPMENT

COUNCILMEMBER MURIEL BOWSER, CHAIRPERSON  
FISCAL YEAR 2014 COMMITTEE BUDGET REPORT

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**TO:** Members of the Council of the District of Columbia

**FROM:** Councilmember Muriel Bowser *MB*  
Chairperson, Committee on Economic Development

**DATE:** May 9, 2013

**SUBJECT:** Report and Recommendations of the Committee on Economic Development on the Fiscal Year 2014 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) 2014 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 2014 Budget Support Act of 2013, as proposed by the Mayor, and recommends new subtitles.

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COUNCIL BUDGET DIRECTOR CERTIFICATION:

*Janifer Bell*

DATE:

*5/20/13*

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# I. SUMMARY

## A. FISCAL YEAR 2014 AGENCY OPERATING BUDGET SUMMARY TABLE (DOLLARS IN THOUSANDS)

Proposed Gross Funds by Revenue Type (Dollars in Thousands)					
	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
<b>Department of Housing and Community Development (DB0)</b>	<b>77,689</b>	<b>125,842</b>	<b>167,768</b>	<b>(4,800)</b>	<b>162,968</b>
FEDERAL GRANT FUND	41,652	38,147	40,821	0	40,821
INTRADISTRICT FUNDS	0	0	0	0	0
INTRA-DISTRICT FUNDS	21,807	68,604	106,208	0	106,208
LOCAL FUND	8,153	12,591	11,119	(4,800)	6,319
PRIVATE DONATIONS	18	0	0	0	0
SPECIAL PURPOSE REVENUE FUNDS	6,058	6,500	9,621	0	9,621
<b>Housing Authority Subsidy (HY0)</b>	<b>22,000</b>	<b>34,182</b>	<b>34,213</b>	<b>0</b>	<b>34,213</b>
INTRA-DISTRICT FUNDS	18,000	19,969	0	0	0
LOCAL FUND	4,000	14,213	34,213	0	34,213
<b>Housing Finance Agency (HF0)</b>	<b>8,884</b>	<b>8,735</b>	<b>9,689</b>	<b>0</b>	<b>9,689</b>
SPECIAL PURPOSE REVENUE FUNDS	8,884	8,735	9,689	0	9,689
<b>Housing Production Trust Fund (UZ0)</b>	<b>46,048</b>	<b>84,453</b>	<b>102,676</b>	<b>0</b>	<b>102,676</b>
DEDICATED TAXES	44,198	69,453	102,676	0	102,676
SPECIAL PURPOSE REVENUE FUNDS	1,850	15,000	0	0	0
<b>Office of Cable Television (CT0)</b>	<b>5,621</b>	<b>8,592</b>	<b>8,464</b>	<b>0</b>	<b>8,464</b>
INTRA-DISTRICT FUNDS	17	0	0	0	0
SPECIAL PURPOSE REVENUE FUNDS	5,605	8,592	8,464	0	8,464
<b>Office of the Deputy Mayor for Planning and Economic Development (EB0)</b>	<b>17,885</b>	<b>42,323</b>	<b>46,170</b>	<b>8,788</b>	<b>54,958</b>
DEDICATED TAXES	0	0	0	0	0
FEDERAL GRANT FUND	1,959	3,000	1,800	0	1,800
FEDERAL PAYMENTS	0	9,565	9,565	0	9,565
INTRADISTRICT FUNDS	0	0	0	0	0
INTRA-DISTRICT FUNDS	137	574	574	0	574
LOCAL FUND	9,687	11,753	13,831	8,788	22,619
SPECIAL PURPOSE REVENUE FUNDS	6,102	17,431	20,400	0	20,400
<b>Washington Metropolitan Area Transit Authority (KE0)</b>	<b>278,545</b>	<b>286,937</b>	<b>300,500</b>	<b>588</b>	<b>301,088</b>
DEDICATED TAXES	52,186	57,202	59,119	0	59,119
INTRA-DISTRICT FUNDS	57,206	0	0	0	0
LOCAL FUND	138,068	199,156	200,222	588	200,810
SPECIAL PURPOSE REVENUE FUNDS	31,085	30,579	41,159	0	41,159
<b>Gross Funds</b>	<b>486,800</b>	<b>606,064</b>	<b>669,480</b>	<b>4,576</b>	<b>674,056</b>

## B. FISCAL YEAR 2014 AGENCY FULL-TIME EQUIVALENT TABLE

Proposed Full-Time Equivalents by Revenue Type				
	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
<b>Department of Housing and Community Development (DB0)</b>	<b>146.5</b>	<b>159.0</b>	<b>0.0</b>	<b>159.0</b>
FEDERAL GRANT FUND	35.6	54.0	0.0	54.0
INTRADISTRICT FUNDS	46.6	0.0	0.0	0.0
INTRA-DISTRICT FUNDS	0.0	35.2	0.0	35.2
LOCAL FUND	30.7	36.8	0.0	36.8
PRIVATE DONATIONS	0.0	0.0	0.0	0.0
SPECIAL PURPOSE REVENUE FUNDS	33.6	32.8	0.0	32.8
<b>Housing Authority Subsidy (HY0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
INTRA-DISTRICT FUNDS	0.0	0.0	0.0	0.0
LOCAL FUND	0.0	0.0	0.0	0.0
<b>Housing Finance Agency (HF0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0
<b>Housing Production Trust Fund (UZ0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
DEDICATED TAXES	0.0	0.0	0.0	0.0
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0
<b>Housing Production Trust Fund Subsidy (HP0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
DEDICATED TAXES	0.0	0.0	0.0	0.0
LOCAL FUND	0.0	0.0	0.0	0.0
<b>Office of Cable Television (CT0)</b>	<b>39.5</b>	<b>39.5</b>	<b>0.0</b>	<b>39.5</b>
INTRA-DISTRICT FUNDS	0.0	0.0	0.0	0.0
SPECIAL PURPOSE REVENUE FUNDS	39.5	39.5	0.0	39.5
<b>Office of the Deputy Mayor for Planning and Economic Development (EB0)</b>	<b>61.0</b>	<b>84.0</b>	<b>0.0</b>	<b>79.0</b>
DEDICATED TAXES	0.0	0.0	0.0	0.0
FEDERAL GRANT FUND	0.0	0.0	0.0	0.0
FEDERAL PAYMENTS	0.0	0.0	0.0	0.0
INTRADISTRICT FUNDS	3.0	0.0	0.0	0.0
INTRA-DISTRICT FUNDS	0.0	4.0	0.0	4.0
LOCAL FUND	52.0	70.0	(5.0)	65.0
SPECIAL PURPOSE REVENUE FUNDS	6.0	10.0	0.0	10.0
<b>Washington Metropolitan Area Transit Authority (KE0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
DEDICATED TAXES	0.0	0.0	0.0	0.0
INTRA-DISTRICT FUNDS	0.0	0.0	0.0	0.0

LOCAL FUND	0.0	0.0	0.0	0.0
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0
<b>Gross FTEs</b>	<b>247.0</b>	<b>282.5</b>	<b>(5.0)</b>	<b>277.5</b>

## C. FISCAL YEAR 2014 AGENCY CAPITAL BUDGET SUMMARY TABLE (DOLLARS IN THOUSANDS)

<b>Mayor's Proposed Fiscal Year 2014-2019 Capital Budget by Agency (Dollars in Thousands)</b>									
Agency Name	Code	Exist Allot	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	6-Year
Department of Housing and Community Development	DB0	0	0	0	0	0	0	0	0
Office of the Deputy Mayor for Planning and Economic Development	EB0	0	124,400	74,800	43,900	58,000	0	0	301,100
Washington Metropolitan Area Transit Authority	KE0	0	122,635	116,625	107,161	118,833	118,833	117,400	701,487
<b>Total</b>		<b>0</b>	<b>247,035</b>	<b>191,425</b>	<b>151,061</b>	<b>176,833</b>	<b>118,833</b>	<b>117,400</b>	<b>1,002,587</b>
<b>Committee's Approved Fiscal Year 2014-2019 Capital Budget by Agency (Dollars in Thousands)</b>									
Agency Name	Code	Exist Allot	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	6-Year
Department of Housing and Community Development	DB0	0	0	0	0	0	0	0	0
Office of the Deputy Mayor for Planning and Economic Development	EB0	-386	116,286	71,300	49,900	58,000	0	0	295,100
Washington Metropolitan Area Transit Authority	KE0	0	122,635	116,625	107,161	118,833	118,833	117,400	701,487
<b>Total</b>		<b>-386</b>	<b>238,921</b>	<b>187,925</b>	<b>157,061</b>	<b>176,833</b>	<b>118,833</b>	<b>117,400</b>	<b>996,587</b>
<b>Change from Mayor's Proposed Budget</b>		<b>-386</b>	<b>-8,114</b>	<b>-3,500</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,000</b>

## D. SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS

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

#### *Operating Budget Recommendations*

- The Committee reduces the operating budget by \$502,000 as follows:
  - Reduce \$107,000 from the agency for funds associated with the Neighborhood Parade and Festival Fund. This funding is transferred to the Commission on the Arts and Humanities within the Committee on Finance and Revenue.
  - \$395,000 from the elimination of five vacant positions, the savings from which are transferred to the Committee on Workforce and Community Affairs to increase funding for social workers for each lead agency that will support an additional 2000 older adults with pressing needs.

	<i>Position Title</i>	<i>Salary</i>	<i>Fringe</i>	<i>Total Salary (Salary +Fringe)</i>
10004997	Project Manager	\$68,319	\$14,825	\$83,144
10005008	Project Manager	\$68,319	\$14,825	\$83,144
10005010	Project Manager	\$68,319	\$14,825	\$83,144
10005014	Budget Analyst	\$74,888	\$16,250	\$91,138
10005196	Staff Assistant	\$45,345	\$9,839	\$55,184
	<b><i>Subtotal</i></b>			<b>\$395,754</b>

With this reduction, the agency would be funded for an additional 18 positions as compared to FY 2013. The resulting 75 positions is the highest staffing level since at least 2007. If the Deputy Mayor for Planning and Economic Development (DMPED) can demonstrate in FY 2014 that the additional 14 positions are insufficient, have been filled, and assigned office space, the Committee will enthusiastically consider a reprogramming for additional FTEs.

- The Committee recognizes the transfer of \$4.8 million from the Department of Housing and Community Development's (DHCD) Housing Purchase Assistance Program (HPAP) to DMPED. The savings will be used to revive the Neighborhood Investment Fund (NIF). A transfer of the same amount from the Lead Safe Washington program, which is funded through the Housing Production Trust Fund (HPTF), restores the full funding level for HPAP. This swap of local

dollars with HPTF dollars allows the Committee to fund NIF without diverting HPTF dollars for a purpose other than affordable housing.

- The Committee recognizes a transfer of \$4,490,000 from the Committee on Transportation and the Environment. This money, reduced from capital project KA0-EDS05, Great Streets Initiative Infrastructure, is directed to the Neighborhood Investment Fund.

### *Capital Budget Recommendations*

- The Committee reduces capital project EB0-EB409- WASA NEW FACILITY by \$8,000,000 in FY 2014. The Committee is concerned that a relocation site has not been identified for the DC Water fleet and maintenance facility currently located at 5000 Overlook Avenue, SW. Assuming that the facilities will be relocated to an industrial zone, approving this capital project targets neighborhoods in Wards 5, 6, 7, and 8 with no prior notice. The remaining \$1,000,000 shall be used to engage in site identification activities and to undertake community outreach efforts, while still signaling the government's support for the project. That amount is directed as follows:
  - \$3,000,000 to Coolidge HS Modernization/Renovation, AM0-NX837 in **FY 2014**.
  - \$3,000,000 to a new capital project to perform streetscape/upgrade activities on Kennedy Street, NW from North Capitol Street, NW to Georgia Avenue, NW. This funding will augment an existing grant of \$1,000,000.
  - \$2,000,000 to Walter Reed Project, AWT01C, in FY 2016.
- The Committee recommends the transfer of \$3,500,000 in FY 2015 capital dollars from the Poplar Point-EB423C project to the Walter Reed-AWT-01C account in FY 2016.
- The Committee reduces capital project EDP01C, Economic Development Pool by \$500,000 and directs the savings to the New Communities project, EB008C, in the same amount in FY 2016.
- The Committee also reduces capital project AW707C, Boathouse Row by \$386,000 and directs the savings to the New Communities project, EB008C, in the same amount in FY 2014.

### *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, 2014.
- The Committee recommends that DMPED coordinate efforts with the Office of the Chief Financial Officer (OCFO) to improve the transparency of its budget by making it consistent with the agency organization and the programs and initiatives described on its website.

## **DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DB0)**

### *Operating Budget Recommendations*

- The Mayor's proposed HPAP budget for FY 2014 is \$12.7 million, a \$643,000 reduction from the previous year when the Council appropriated an additional \$2.5 million to overcome the mayor's request. Restoring or exceeding HPAP funding beyond past year levels could serve hundreds more families and have the numerous salutary effects on their communities as previously mentioned above. The Committee therefore recommends decreasing activity level 2010 by \$1 million and transferring the full amount to the HPAP program.
- The Committee also recommends transfer of local funds, in the amount of \$4.8 million, from HPAP to NIF, a program within DMPED. A transfer of the same amount from the Lead Safe Washington program, which is funded through the Housing Production Trust Fund, restores the full funding level for HPAP. This swap of local dollars with HPTF dollars allows the Committee to fund NIF without diverting HPTF dollars for a purpose other than affordable housing. For years, NIF supported neighborhood revitalization through two important programs: Target Area Grant Program (TAPG) and Predevelopment and Project Grants (PDG). NIF PDG provides grants to support predevelopment and project financing activity for the construction and rehabilitation of affordable housing, mixed use and community-based facility projects. The Target Area Project Grants program funds initiatives, like job training, job placement for youths and adults, senior and youth programming, small business technical assistance, and affordable housing preservation, which will strengthen economic opportunities

and improve the quality of life in 12 targeted areas of the District. The fund has not been funded during the last two years.

- In anticipation that \$40 million of the \$66.9 million in the Housing Production Trust Fund (HPTF) budget allocated to DHCD will not be spent in FY 2013 as suggested by the Mayor's May 2, 2013 errata letter, the Committee recommends that it carry over into FY 2014 to be used for the same purposes at DHCD or as DMPED's affordable housing assessment recommends.

#### *Capital Budget Recommendations*

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

#### *Policy Recommendations*

- The Committee recommends that 50% of the \$6.91 million budget for the Single Family Residential Rehabilitation Program be directed toward grants and loans to senior citizens, 65-years and older, who would otherwise qualify for the program. In the District of Columbia, 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 percent. Seniors also face serious challenges to maintaining and staying in their homes. Renovation assistance would go a long way toward preserving affordable housing stock for seniors and keeping this vital population in our communities with the high quality of life they deserve.
- Revenues in the HPTF are regularly used to securitize bond issuances. According to the OCFO and DMPED, the District has received about \$125.3 million in HPTF bond proceeds. And, the debt cap model assumes that DMPED will issue an additional \$120 million in HPTF bonds.

Although a safe bet, the debt service paid on HPTF bonds is slightly higher than that paid on the District's Income Tax Secured Revenue Bonds, and the Committee recommends borrowing for HPTF purposes using Income Tax Secured Bonds, which are a more secure investment. Doing so frees up debt service that can be used for direct affordable housing purposes. Initial estimates indicate that a savings of approximately \$2.5 million could be realized in each of the first three years and up to \$7 million in years thereafter. This is a significant opportunity. Unfortunately, the District's Treasurer was unable to certify a savings at the time of the Committee vote. The Committee expects that a certification will be forthcoming at which time the savings shall be attributed to funding Age-in-Place and Equitable Senior Citizen Real Property Act of 2012

(D.C. Law 19-0165), which extends the eligibility income threshold for the 50% senior citizen property tax credit from \$100,000 per household to \$125,000 per year. The Committee also recommends that the income threshold be indexed to inflation.

- DHCD should work more closely with the District of Columbia Department of Consumer and Regulatory Affairs (DCRA) and Office of Tax and Revenue (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 Rent Administrator, in tandem with the Office of the Tenant Advocate, conduct more training, marketing, and counseling to inform tenants of their rights and responsibilities. It must also reduce the backlog of cases and improve disposition times.
- The Committee recommends that DHCD increase the staff and resources administering Inclusionary Zoning (IZ) and Affordable Dwelling Units (ADU) programs, including tracking of those units, working with tenants and owners, and better linking the two so that available units are quickly filled by qualified individuals.
- DHCD should take steps to clarify the Notice of Funding Availability (NOFA) process, including providing more transparency on the role the independent advisory panel plays and taking steps to ensure projects across the District that mature months after NOFA funding is exhausted still have an opportunity to receive assistance from DHCD without having to wait until the next NOFA comes around.
- DHCD must generally be more effective in expending funds it has for programs such as the Housing Purchase Assistance Program (HPAP), the Emergency

Prescription Assistance Program (EHAP), small business technical assistance, lead safe, single family rehabilitation, and others. That includes procuring grant management contracts for those programs as close to the beginning of the financial year as possible, using performance based contracts, and better marketing strategies.

## **HOUSING PRODUCTION TRUST FUND (UZ0)**

### *Operating Budget Recommendations*

- The Committee makes no recommendations to the Mayor's proposed budget for FY 2014.

### *Capital Budget Recommendations*

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

### *Policy Recommendations*

- The Committee recommends that DHCD conduct an audit of all HPTF spending and do whatever it can to minimize administrative costs, and thereby build more affordable housing.
- The Committee insists that DHCD comply with the law by producing annual and quarterly reports on HPTF spending and results.

## **DISTRICT OF COLUMBIA HOUSING AUTHORITY (HY0)**

### *Operating Budget Recommendations*

- The Committee makes no recommendations to the Mayor's proposed budget for FY 2014.

### *Capital Budget Recommendations*

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

### *Policy Recommendations*

- The Committee advises the District of Columbia Housing Authority (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 recommends that DCHA identify a solution to the lighting problem and secure programming for a community center at Woodland Terrace, by June 1, 2013.
- 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 recommends that DCHA closely monitor vacant properties to efficiently turn them over to new tenants.
- The Committee encourages DCHA to work closely with the Office of Public Safety to reduce crime on DCHA sites.
- The Committee recommends that DCHA coordinate efforts with DMPED to improve the transparency of the progress of the New Communities Initiative.
- The Committee urges DCHA, DMPED and DHCD to submit an annual report detailing progress made at each New Communities site.
- The Committee recommends that DCHA meet with residents of each New Communities site to determine the best path forward.
- The Committee urges DCHA to demolish vacant buildings at Lincoln Heights and meet with the community to explain the relocation plan as replacement units become available.
- 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, and a senior housing program.
- The Committee encourages DCHA to continue identifying ways to expand affordable housing to low income families in the District.
- 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, despite federal budget cuts and sequestration.
- The Committee recommends funding the following initiatives:
  - **End homelessness for children with no safe place to sleep.** With an annual investment of \$5 million, \$3.5 million in tenant-based Local Rent Supplement, and \$1.5 million for Housing First, DC could end homelessness for every family in DC General and in hotels: around 300 families
  - **End homelessness for all seniors.** With a total annual investment of \$10 million, \$4.3 million from tenant-based Local Rent Supplement, DC could end homelessness for every senior in DC.

- **End homelessness for every DC resident with HIV/AIDS.** With a total annual investment of \$3.75 million, DC could end homelessness for every person with HIV/AIDS in DC.

## **DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY (HFA)**

### *Operating Budget Recommendations*

- The Committee makes no recommendations to the Mayor's proposed budget for FY 2014.

### *Capital Budget Recommendations*

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

### *Policy Recommendations*

- The Committee recommends that, in FY 2014, HFA implement relevant recommendations contained in the Comprehensive Housing Strategy Task Force's report. First, the Committee recommends delegating underwriting authority to HFA when debt funding is provided by HFA and gap financing is provided by DHCD. Second, 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 recommends that HFA work with DCHA, DHCD, community members and stakeholders to address the disposition of Parkway Overlook. In doing so, the Committee underscores the importance of ensuring affordability and mixed income as well as rebuilding the community with any potential sale of the property. The Committee also encourages HFA to determine whether the Parkway Overlook buildings are repairable and stabilized before moving forward with its disposition.

## **OFFICE OF CABLE TELEVISION (CT0)**

### *Operating Budget Recommendations*

- The Committee makes no recommendations.

### *Capital Budget Recommendations*

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

*Policy Recommendations*

- The Committee makes no recommendations.

**WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (KE0)**

*Operating Budget Recommendations*

- The Committee recognizes a transfer of \$588,000 from the Committee on Transportation and the Environment to fill a gap in the District's subsidy owed to the Washington Metropolitan Area Transit Authority (WMATA). This reflects an amendment made by the Board of Directors in approving the WMATA's FY 2014 budget in April 2013.

*Capital Budget Recommendations*

- The Committee makes no recommendations.

*Policy Recommendations*

- The Committee encourages the District of Columbia Department of Transportation (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 and the District of Columbia Department of Employment Services (DOES) to work together on improving the number of District residents who make up WMATA's 12,000 person workforce.
- The Committee recommends that WMATA do all it can 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 directs WMATA to take more robust steps to reduce labor and pension costs, including consolidation of pension funds, more aggressive labor negotiations, and employee retirement contribution requirements like those the District requires of its teachers, police and firemen.
- The Committee directs DDOT and WMATA to work more closely with Events DC and other tourism entities in the region to encourage greater use of the Metro system by visitors, including better marketing, bulk purchase discounts of fare media, more user-friendly station kiosks, and well-trained employees.
- The Committee believes WMATA must do a better job in its bus safety and anti-vandalism campaign, including better coordination with the Metropolitan Police

Department (MPD) and District of Columbia Public Schools (DCPS) through a youth outreach campaign at the beginning of each school year and staggered release times.

## II. AGENCY FISCAL YEAR 2014 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:

<b>April 22, 2014</b>	Washington Area Metropolitan Transit Authority, Housing Finance Agency, District of Columbia Housing Authority, Office of Cable Television
<b>April 24, 2014</b>	Office of the Deputy Mayor for Planning and Economic Development, 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 and B*. A video recording of the hearings can be obtained through the Office of Cable Television or at [oct.dc.gov](http://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 2014 Operating Budget, By Revenue Type (Dollars in Thousands)*

	<b>FY 2011 Actual</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Approved</b>	<b>FY 2014 Mayor</b>	<b>Committee Variance</b>	<b>FY 2014 Committee</b>	<b>Percent Growth FY 2013 Approved to FY 2014 Committee</b>
<b>DMPED</b>							
Local Funds	2158	9687	11753	13831	8,788	22,619	92.5%
Dedicated Taxes	5500	0	0	0	0	0	N/A
Special Purpose	7998	6102	17431	20400	0	20,400	17.0%
Federal Funds	3439	1959	12565	11365	0	11,365	-9.6%
Private Funds	0	10	0	0	0	0	N/A
Intra-District	193	137	574	574	0	574	0.0%
<b>GROSS FUNDS</b>	<b>19,288</b>	<b>17,895</b>	<b>42,323</b>	<b>46,170</b>	<b>8,788</b>	<b>54,958</b>	<b>29.9%</b>

- The decrease of \$502,000 consists of the following:
  - Reduce \$107,000 from the agency for funds associated with the Neighborhood Parade and Festival Fund. This funding is transferred to the Commission on the Arts and Humanities within the Committee on Finance and Revenue.
  - \$395,000 from the elimination of five vacant positions, the savings from which are directed to the Committee on Workforce and Community Affairs to increase funding for social workers for each LEAD agency that will support an additional 2,000 older adults with pressing needs.

	<b>Position Title</b>	<b>Salary</b>	<b>Fringe</b>	<b>Total Salary (Salary +Fringe)</b>
10004997	Project Manager	\$68,319	\$14,825	\$83,144
10005008	Project Manager	\$68,319	\$14,825	\$83,144
10005010	Project Manager	\$68,319	\$14,825	\$83,144
10005014	Budget Analyst	\$74,888	\$16,250	\$91,138

10005196	Staff Assistant	\$45,345	\$9,839	\$55,184
	<b>Subtotal</b>			<b>\$395,754</b>

- The Committee recognizes the transfer of \$4.8 million from the Department of Housing and Community Development's (DHCD) Housing Purchase Assistance Program (HPAP) to DMPED. The savings will be used to revive the Neighborhood Investment Fund (NIF).
- The Committee recognizes a transfer of \$4,490,000 from the Committee on Transportation and the Environment. This money, reduced from capital project KA0-EDS05, Great Streets Initiative Infrastructure, is directed to the Neighborhood Investment Fund.

**Fiscal Year 2014 Full-Time Equivalent, By Revenue Type**

	FY 11 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY 2013 Approved to FY 2014 Committee
<b>DMPED</b>							
Local Funds	10.8	28.2	52	70	(5)	65	-7.1%
Dedicated Taxes	3.8	0	0.0	0.0	0.0	0.0	0.0%
Special Purpose	39.7	22	6	10	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	0.0	0.0%
Intra-District	0	0.0	3.0	4.0	0	4.0	0.0%
<b>GROSS FUNDS</b>	<b>54.2</b>	<b>50.2</b>	<b>61</b>	<b>84</b>	<b>(5)</b>	<b>79</b>	<b>-6.0%</b>

<b>Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)</b>					
	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
11-REGULAR PAY - CONT FULL TIME	2,870	2,815	5,136	-325	4,811
12-REGULAR PAY - OTHER	1,931	2,757	2,692	0	2,692
13-ADDITIONAL GROSS PAY	26	0	0	0	0
14-FRINGE BENEFITS - CURR PERSONNEL	911	1,159	1,699	-71	1,628

15-OVERTIME PAY	0	0	0	0	0
<b>Subtotal Personnel Services</b>	<b>5,738</b>	<b>6,731</b>	<b>9,527</b>	<b>-396</b>	<b>9,131</b>
20-SUPPLIES AND MATERIALS	17	25	40	0	40
30-ENERGY, COMM. AND BLDG RENTALS	0	11	740	0	740
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	65	53	65	0	65
32-RENTALS - LAND AND STRUCTURES	233	248	905	0	905
34-SECURITY SERVICES	6	10	13	0	13
35-OCCUPANCY FIXED COSTS	0	0	1,655	0	1,655
40-OTHER SERVICES AND CHARGES	7,640	9,288	8,132	-107	8,025
41-CONTRACTUAL SERVICES - OTHER	1,765	12,597	11,867	0	11,867
50-SUBSIDIES AND TRANSFERS	2,419	13,350	13,200	9,290	22,490
70-EQUIPMENT & EQUIPMENT RENTAL	2	10	25	0	25
<b>Subtotal Nonpersonnel Services</b>	<b>12,147</b>	<b>35,592</b>	<b>36,642</b>	<b>9,183</b>	<b>45,825</b>
<b>Gross Funds</b>	<b>17,885</b>	<b>42,323</b>	<b>46,169</b>	<b>8,787</b>	<b>54,956</b>

<b>Proposed Operating Budget by Program (Dollars in Thousands)</b>					
	<b>FY 2012 Actuals</b>	<b>FY 2013 Approved</b>	<b>FY 2014 Mayor's Proposed</b>	<b>FY 2014 Committee Variance</b>	<b>FY 2014 Committee Proposed</b>
100F-AGENCY FINANCIAL OPERATIONS	253	259	355	0	355
2000-DEPUTY MAYOR FOR PLANNING AND ECONOMIC	11,523	25,539	19,847	8,787	28,634
4000-INSTRUMENTALITY ECONOMIC DEVELOPMENT	6,109	16,525	25,967	0	25,967
<b>Gross Funds</b>	<b>17,885</b>	<b>42,323</b>	<b>46,169</b>	<b>8,787</b>	<b>54,956</b>

<b>Mayor's Proposed Fiscal Year 2014-2019 Capital Budget, DMPED, by Project (Dollars in Thousands)</b>									
<b>Project Name</b>	<b>Number</b>	<b>Exist Allot</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>6-Year</b>
McMillan Site Redevelopment	AMS11C	0	1,400	10,000	21,400	15,000	0	0	47,800
Skyland Shopping Center	ASC13C	0	40,000	0	0	0	0	0	40,000
Saint Elizabeths E Campus	AWR01C	0	29,500	8,500	17,500	0	0	0	55,500
Walter Reed Redevelopment	AWT01C	0	1,000	1,300	0	0	0	0	2,300
New Communities	EB008C	0	40,000	37,000	0	43,000	0	0	120,000
Barry Farm, Park Chester, Wade Road	EB013C	0	0	2,000	0	0	0	0	2,000

Lincoln Heights, Richardson Dwellings	EB015C	0	1,000						1,000
WASA New Facility	EB409C	0	9,000	9,000	0	0	0	0	18,000
Poplar Point	EB423C	0	1,000	7,000	5,000	0	0	0	13,000
Economic Development Pool	EDP01C	0	1,500	0	0	0	0	0	1,500
Boathouse Row	AW707C	0	0	0	0	0	0	0	0
<b>Agency Total</b>		<b>0</b>	<b>124,400</b>	<b>74,800</b>	<b>43,900</b>	<b>58,000</b>	<b>0</b>	<b>0</b>	<b>301,100</b>

**Committee's Approved Fiscal Year 2014-2019 Capital Budget, DMPED, by Project (Dollars in Thousands)**

Project Name	Number	Exist Allot	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	6-Year
McMillan Site Redevelopment	AMS11C		1,400	10,000	21,400	15,000	0	0	47,800
Skyland Shopping Center	ASC13C		40,000	0	0	0	0	0	40,000
Saint Elizabeths E Campus	AWR01C		29,500	8,500	17,500	0	0	0	55,500
Walter Reed Redevelopment	AWT01C		1,000	1,300	5,500	0	0	0	7,800
New Communities	EB008C		40,386	37,000	500	43,000	0	0	120,886
Barry Farm, Park Chester, Wade Road	EB013C		0	2,000	0	0	0	0	2,000
Lincoln Heights, Richardson Dwellings	EB015C		1,000	0	0	0	0	0	1,000
WASA New Facility	EB409C		1,000	9,000	0	0	0	0	10,000
Poplar Point	EB423C		1,000	3,500	5,000	0	0	0	9,500
Economic Development Pool	EDP01C		1,000	0	0	0	0	0	1,000
Boathouse Row	AW707C	-386	0	0	0	0	0	0	-386
<b>Agency Total</b>		<b>-386</b>	<b>116,286</b>	<b>71,300</b>	<b>49,900</b>	<b>58,000</b>	<b>0</b>	<b>0</b>	<b>295,100</b>

- The Committee reduces the District of Columbia Water and Sewer Authority (WASA) New Facility, EB423C by \$8,000,000 in FY 2014. That amount is directed as follows:
  - \$3,000,000 to Coolidge HS Modernization/Renovation, AM0-NX837 in **FY 2014**.
  - \$3,000,000 to a new capital project to perform streetscape/upgrade activities on Kennedy Street, NW from North Capitol Street, NW to Georgia Avenue, NW. This funding will augment an existing grant of \$1,000,000.
  - \$2,000,000 to Walter Reed Project, AWT01C, in FY 2016.

- The Committee is encouraged to learn that the Walter Reed project is a priority and will be funded at a level necessary to implement the Reuse plan and provide the residents of Ward 4 and the District with first class amenities. To ensure that this is the case, the Committee recommends the transfer of \$3,500,000 in FY 2015 capital dollars from the Poplar Point-EB423C project to the Walter Reed-AWT-01C account in FY 2016. An additional \$2 million from the WASA New Facility project is also included in FY 2016.
- The Committee reduces capital project EDP01C, Economic Development Pool by \$500,000 and directs the savings to the New Communities project, EB008C, in the same amount in FY 2016.
- The Committee also reduces capital project AW707C, Boathouse Row by \$386,000 and directs the savings to the New Communities project, EB008C, in the same amount in FY 2014.

## 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 2014 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor's proposed FY 2014 gross funds budget for DMPED is \$46,169,547, an increase of \$3,846,898 from FY 2013, or 9.1%. The full-time equivalent (FTE) level of 84 represents an increase of 23 positions from FY 2013, or 37.7%

***Local Funds:*** The Mayor's local funds budget is \$13,831,000, an increase of \$2,078,000, or 17.7 % over the FY 2013 approved budget of \$11,753,000. This funding level supports 70 FTEs; an increase of 18, or 34.6% compared to the FY 2013 approved level.

***Special Purpose Revenue Funds:*** The Mayor's proposed special purpose budget is \$20,400,000, an increase \$2,969,000, or 17% from the FY 2013 approved budget of \$17,431,000. This funding supports 10 FTEs, an increase of 4, or 33.3% compared to the FY 2013 approved level.

***Federal Funds:*** The Mayor's proposed federal funds budget is \$11,365,000, a decrease of \$1,200,000, or -40% compared to the FY 2013 approved level. This funding does not support any FTEs.

***Intra-District Funds:*** The Mayor's proposed FY 2014 intra-district finds budget is \$574,000, the same level as during FY 2013. This funding supports 4 FTEs, which is one, or 33.3%, more than compared to the FY 2013 level.

**Committee Analysis and Comments**

***Staffing:*** The Mayor's proposed FY 2014 budget for DMPED includes a staffing increase of 23 total FTEs, for a total FTE allotment of 84. Fourteen temporary positions will be annualized, or made permanent, while ten more positions will be added. A listing of the proposed increase appears below:

**FY 2014**

<b>Title of New FY 14 Positions</b>	<b>Salary</b>	<b>Fringe Benefits</b>	<b>Salary + Benefits</b>	<b>FTE Request</b>
Project Manager - Real Estate	\$ 1,079,500	\$ 236,010	\$ 1,315,510	10.0
Business Development Specialist	\$ 367,500	\$ 80,850	\$ 448,350	4.0
Contracting Support Specialist position	\$ 290,000	\$ 63,800	\$ 353,800	4.0
WIC Project Manager	\$ 276,960	\$ 60,931	\$ 337,891	4.0
Budget Analyst	\$ 75,000	\$ 16,250	\$ 91,250	1.0
	<b>\$ 2,088,960</b>	<b>\$ 457,841</b>	<b>\$ 2,546,801</b>	<b>23.0</b>

When asked to justify the proposed increase and associated salary levels, Deputy Mayor for Planning and Economic Development Victor Hoskins stated that additional staff members were needed to support the Mayor's five-year economic development strategic plan, to support the Workforce Investment Council, as well as Business Development and real estate project management. The Committee believes that the positions associated with the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) and for Business Development are particularly useful. Specifically, the Committee endorses the plan to hire two Business Development positions that will be tasked with monitoring the expiration of commercial leases in an effort to retain business in the District. But, as discussed further below, the Committee is reluctant to generally support a strategic plan that lacks specific details.

Although the Committee acknowledges the significance of pipeline projects, the pivotal role the District plays on the Workforce Investment Council, as well as the impact of business attraction, the requested staffing level is historic. In fact, the agency had an actual budget of \$106 million in FY 2008 and a staff of only 58.6 FTEs.

The Committee also notes that the agency currently has authority for 14 temporary positions none of which have been filled. This underscores how difficult it can be to identify qualified candidates for high-level positions, not to mention how time-consuming it can become. It is difficult to hire so many high-level positions in such a short time span. Moreover, DMPED has not identified space where these new employees would work.

The Committee therefore recommends reducing the FTE level by five positions as follows:

	<i>Position Title</i>	<i>Salary</i>	<i>Fringe</i>	<i>Total Salary (Salary +Fringe)</i>
10004997	Project Manager	\$68,319	\$14,825	\$83,144
10005008	Project Manager	\$68,319	\$14,825	\$83,144
10005010	Project Manager	\$68,319	\$14,825	\$83,144
10005014	Budget Analyst	\$74,888	\$16,250	\$91,138
10005196	Staff Assistant	\$45,345	\$9,839	\$55,184
	<b><i>Subtotal</i></b>	<b>325,190</b>	<b>\$70,564</b>	<b>\$395,754</b>

The savings are redirected to the Committee on Workforce and Community Affairs to increase funding for social workers for each lead agency that will support an additional 2000 older adults with pressing needs.

The Committee notes that in the event that DMPED can demonstrate both the need and the capacity to fill vacant positions, the Committee will enthusiastically support a reprogramming to increase FTE authority in FY 2014.

***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. In fact, this goal seems incredibly ambitious given that, as the report finds, law firms are down-staffing, and sequestration could result in the loss of up to 127,000 federal jobs in the District, not to mention thousands of others that rely on the federal

presence. The Committee recommends that the agency further refine the five-year economic development strategy so that an implementing plan can be formulated.

***New Communities Initiative:*** The Committee supports the increase of \$500,000 over FY 13 level of \$2.5 million for the human capital component of the New Communities Initiative (NCI). NCI is a comprehensive public-private partnership designed to improve the quality of life for families and individuals living in four neighborhoods in Washington, DC: (1) Northwest One (Ward 6); Barry Farm (Ward 8); Lincoln Heights/Richardson Dwellings (Ward 7); and Park Morton (Ward 1). These designated New Communities exhibit high rates of poverty and unemployment, as well as blight and deterioration of the housing stock.

The Human Capital component provides education, job training, and human service programs to the residents of New Communities. These services are ongoing now in advance of relocation. The goal is to improve these New Communities physically, but also to offer new opportunities to its residents. Although the expansion of mixed-income housing will allow for new residents on the site, a priority of this initiative is to build the capacity of existing residents to be self-sufficient in order for them to return and thrive. As part of this goal, DMPED will enter into a grant agreement, with community-based organizations, faith-based entities, and/or private/public agencies to provide a comprehensive case management program to serve a minimum total of 435 existing households consisting of single residents, or families and multiple persons in one housing unit in all four New Communities sites during the grant period. During an oversight hearing on the program held on February 12, 2013, the Human Capital service providers were widely praised.

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 DMPED. The incentive is designed to catalyze the renewal of both the physical and social conditions of designated neighborhoods in Washington, DC.

A further discussion of New Communities appears below in the discussion of the District of Columbia Housing Authority (DCHA) section.

***Great Streets:*** 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).

***TIF:*** In late January 2008, the District made available \$95 million in targeted Tax Increment Financing for neighborhood economic development projects, which include over 10,000 square feet of quality local and national retail. The goal was to use bond proceeds to encourage retail development projects to locate in one of seven

Retail Priority Areas. As discussed later in this report, very little TIF bonds were ever issued, and the Committee proposes an alternative use of this funding later in this report.

*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. The Office of the Deputy Mayor will be awarding individual grants up to a maximum of \$85,000 each to support and foster growth amongst small businesses. 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 7<sup>th</sup> Street, NW, North Capitol, NW, Pennsylvania Avenue, SE, and Nannie Helen Burroughs, NE. In FY 2014, the program will continue and may be expanded onto additional areas utilizing \$5,000,000. This is 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.

*Great Streets Initiative Infrastructure:* Managed by DDOT, this capital project was first appropriated in 2007 and has since expended \$12 million on streetscape design elements, including improvements to sidewalks, curbs, gutters, streets, tree boxes and other streetscape elements. Unlike the first two programs, this is not an economic development project per se.

The following corridors benefit from the Great Streets Initiative:

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

*Neighborhood Investment Fund:* The Neighborhood Investment Fund is an annual, non-lapsing fund to finance economic development and neighborhood revitalization in 12 targeted areas of the District. The fund has been capitalized by an annual contribution of 15 percent of the personal property tax, not to exceed \$10 million. For years, the NIF supported neighborhood revitalization through two important programs: Target Area Grant Program (TAPG) and Predevelopment and Project Grants (PDG). NIF PDG provides grants to support predevelopment and project financing activity for the construction and rehabilitation of affordable housing, mixed use and community-based facility projects. The Target Area Project Grants program funds initiatives, like job training, job placement for youths and adults, senior and youth

programming, small business technical assistance, and affordable housing preservation, that will strengthen economic opportunities and improve the quality of life in 12 targeted areas of the District.

Favored by former Mayor Adrian Fenty, the current administration has chosen not to fund the program. Instead, two years after it was defunded, the current administration proposes through the FY 2014 Budget Support Act (BSA) to create the "One City Fund." Named after Mayor Gray's 2010 campaign catchphrase, the fund would provide competitive grants up to \$100,000 a year to nonprofit organizations in education, job training, health, services for seniors, arts, public safety and the environment. The fund would seek proposals in these areas which advance the District's goals of growing and diversifying the economy; educating or preparing District residents for the emerging new economy; improving the quality of life for District residents; or increasing the District's sustainability.

Although strikingly similar to the goals and structure of the NIF, the Mayor's proposal would charge a third-party organization with fund administration. The Community Foundation for the National Capital Region would evaluate bids and award grant funds while earning a 6% fee, or \$900,000, per year to do so. The Committee supports the idea of re-establishing a fund like this and commends the initial \$15 million investment, but the creation of a new fund to replace NIF seems redundant, and outsourcing fund administration seems inefficient. Besides the \$900,000 administration fee, the grants will be awarded to non-profits that have their own administrative fees which further dilutes the efficiency of these grant funds.

Therefore, the Committee revives the NIF with \$4.8 million in one-time funding and an annual allotment of approximately \$5 million. A new subtitle is added below to effectuate this change. The subtitle simply makes this allocation, includes new target areas, and repeals others that are no longer needed; no other amendments to the existing NIF law are made.

***Building Infrastructure:*** The District government owns and occupies a number of buildings across the District that have become, over time, extraordinarily valuable. But have also during that time, deteriorated to the point where the District must choose to maintain, renovate, or dispose. One such property, the Martin Luther King, Jr. (MLK) Library is situated in the heart of a bustling downtown neighborhood, adjacent to the Verizon Center, museums, restaurants, bars, nightlife, Class A office space, retail, federal government offices, and the Gallery Place Metro stop. Designed by famed architect Ludwig Mies van der Rohe, and completed in 1972, the building has deteriorated and so has repeatedly been the subject of debate about whether to renovate or sell and construct a new central library elsewhere. For the time being that debate seems settled, as the Mayor has requested \$104 million for renovations.

These decisions are not always purely driven by the calculus of cost. The renovations of MLK Library symbolize the District's commitment to a universal education. And, some argue that there is great value, too, in the preservation of a building

that is the apotheosis of Mr. Mies's modernist style. But these arguments cannot be made for most District buildings.

The Reeves Center, located at 2000 U 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, or for housing.

A similar example is 441 4<sup>th</sup> 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 recommends that DMPED undertake a comprehensive assessment of District-owned facilities.

**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. All told, the District has spent \$232,411 on activities associated directly with the Center, and for travel.

**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 2013 for these services was \$1,075,650. The grant for FY 2014 has not yet been determined.

**Conferences and Conventions:** The FY 2014 budget request for DMPED includes an additional \$1.1 million for "marketing and soliciting conferences and conventions." Given that the District funds Events DC and Destination DC—two entities that serve the same purpose—through a yearly transfer to the Convention Center,<sup>1</sup> and considering that Events DC is poised to receive an additional \$3 million in FY 2014, the Committee is concerned that this funding is redundant. However, DMPED has clarified that, in fact, this funding will be used to attend conferences and conventions, to fund the China Center, and other initiatives outlined broadly in the five-year strategy.

**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.

This Committee supports the work of the WIC and thus approves the requested funding to support four additional staff positions.

**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.

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<sup>1</sup> The FY14 budget request for the Conventions Center Authority is \$118.7 million.

The Committee recommends that DMPED coordinate efforts with the Office of the Chief Financial Officer (OCFO) to improve the transparency of its budget by making it consistent with the agency organization and the programs and initiatives described on its website. For instance, the budget could be set up into the following areas:

- Agency organization
  - Operations
    - Agency Oversight
    - Budget Operations
    - Fixed Costs for Office Space
  - Business Development
  - Workforce Investment
  - Development Project Management
    - Portfolio Management
  - Revenue Bonds
  
- Agency Programs and Initiatives
  - Business in DC
  - The Arts
  - Great Streets
  - Bank on DC
  - Affordable Housing
  - Neighborhood Revitalization
  - Jobs and Workforce Development
  - New Communities
  - Anacostia Waterfront Initiative
  - DC Workforce Investment Council
  - DC China Center
  - The Five-Year Economic Development Strategy for DC

**c. Mayor's Proposed Fiscal Year 2014-2019 Capital Budget**

**Proposed Capital Budget Summary**

The Mayor's proposed capital budget for DMPED during FY 2014 is \$124,400, an increase of \$58,000,000, or 53% from the FY 2013 capital budget of \$66 million. The 6 year capital plan for DMPED is \$301,100,000. This capital plan includes eight active projects: McMillan Sand Filtration Site; Skyland Shopping Center; Saint Elizabeths; Campus Infrastructure; Walter Reed Redevelopment; New Communities; Barry Farm; Lincoln Heights; WASA New Facility; Poplar Point; and Economic Development Pool. 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 percent of its general fund expenditures. OCFO estimates that by 2020, the District will have reached this self-imposed borrowing limit.

### *Summary of Debt Cap Position as of December 31, 2012 (\$ in millions)*

	FY14	FY15	FY16	FY17	FY18	FY19	FY20
<b>Debt Service on Existing and Planned Debt</b>	\$737	\$767	\$812	\$836	\$887	\$912	\$967
<b>General Fund Expenditures</b>	\$6,787	\$6,931	\$7,112	\$7,290	\$7,472	\$7,659	\$7,851
<b>Ratio</b>	10.86%	11.08%	11.42%	11.48%	11.8%		

*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—doing so has not been favored by the District’s Chief Financial Officer.

When asked to opine on the looming limit to our borrowing capacity, Deputy Mayor for Planning and Economic Development Victor Hoskins wrote that reliance on the District’s current cost of debt and naturally expanding expenditures is a viable alternative to increasing the cap. “The improvement in the debt cap’s ‘numerator’ has enabled the District to borrow more than in the past and, as a result, we are able to address multiple economic development initiatives. These public investments...will produce more livable and sustainable neighborhoods while generating increased revenue...[which] if spent on delivery of public services, expands the debt cap ratio’s denominator thus allowing for additional borrowing without breaking the 12 percent limit.”

The Committee acknowledges this scenario can expand, naturally, the District’s borrowing capacity without raising the debt cap. However, the District continues to expand its capital borrowing to the tune of nearly \$2 billion between now and FY 2019. Add to these new obligations approaching, and massive, capital projects such as the extension of the street car line, potential costs to place electrical wires underground, modernizations of public school facilities, and improvements to the aging infrastructure of the Metro system and it becomes plain to see that the largesse of a good economy and growing expenditures is not sufficient to keep pace with new capital needs.

One goal of the recently released 5-year Economic Development Strategy is to “partner with OCFO to adjust the policy of counting successful tax increment financing (TIF) projects against the debt cap. The District currently counts all TIF projects against the debt cap, even though successful projects present negligible risk to the District’s finances.” This is a helpful goal, but its success is entirely reliant upon the consent of a Chief Financial Officer who has been reluctant to treat obligations as anything but.

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. P3s are often administered by quasi-governmental organizations called infrastructure banks or trusts. This gives them greater independence, freedom from some regulations, the ability to act more quickly, and in the District's case, potentially avoid debt cap limitations to borrowing.

**Ongoing Capital Projects:** The Mayor's proposed capital budget for DMPED during FY 2014 is \$124,400,000, an increase of \$58,000,000, or 53% from the FY 2013 capital budget of \$66 million. The 6 year capital plan for DMPED is \$301,100,000. This capital plan includes eight active projects: McMillan Sand Filtration Site; Skyland Shopping Center; Saint Elizabeths; Campus Infrastructure; Walter Reed Redevelopment; New Communities; Barry Farm; Lincoln Heights; WASA New Facility; Poplar Point; and Economic Development Pool. A description of these projects is provided below.

<b>Mayor's Proposed Fiscal Year 2014-2019 Capital Budget, DMPED, by Project (Dollars in Thousands)</b>									
<b>Project Name</b>	<b>Number</b>	<b>Exist Allot</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>6-Year</b>
McMillan Site Redevelopment	AMS11C	0	1,400	10,000	21,400	15,000	0	0	47,800
Skyland Shopping Center	ASC13C	0	40,000	0	0	0	0	0	40,000
Saint Elizabeths E Campus	AWR01C	0	29,500	8,500	17,500	0	0	0	55,500
Walter Reed Redevelopment	AWT01C	0	1,000	1,300	0	0	0	0	2,300
New Communities	EB008C	0	40,000	37,000	0	43,000	0	0	120,000
Barry Farm, Park Chester, Wade Road	EB013C	0	0	2,000	0	0	0	0	2,000
Lincoln Heights, Richardson Dwellings	EB015C	0	1,000						1,000
WASA New Facility	EB409C	0	9,000	9,000	0	0	0	0	18,000
Poplar Point	EB423C	0	1,000	7,000	5,000	0	0	0	13,000
Economic Development Pool	EDP01C	0	1,500	0	0	0	0	0	1,500
Boathouse Row	AW707C	0	0	0	0	0	0	0	0
<b>Agency Total</b>		<b>0</b>	<b>124,400</b>	<b>74,800</b>	<b>43,900</b>	<b>58,000</b>	<b>0</b>	<b>0</b>	<b>301,100</b>

**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.

While the project was previously scheduled to spend \$11.4 million in FY 2014, due to DC Water's plans for the site, DMPED has decided to delay the heavy infrastructure work that it had originally anticipated performing this year until DC Water's project was completed. The remaining \$1.4 million will allow DMPED to undertake Geo-tech, Environmental, and Traffic studies as well as to undertake a Planned Unit Development, and a Historic Review requirements, per the deed restriction. DMPED is pushing the capital funding to future years when it will be needed for the public infrastructure, public amenities, and historic preservation items.

***Skyland Shopping Center:*** The Skyland project is geared to promote neighborhood revitalization and economic growth on an 18-acre site located in Ward 7 at the intersections of Good Hope Road, Naylor Road, and Alabama Ave SE. While the Skyland Shopping Center is still active, a considerable portion of the shopping center is vacant and will start to be demolished in the upcoming months. The potential of this site is significant, due to its prominent location, the considerable land area available for redevelopment, and the resources and public benefits the project would provide to the neighborhood. Plans for Skyland call for more than 315,000 square feet of retail space-- a combination of high-quality, large format national-brand retailers and neighborhood serving shops and restaurants. The project will also include 468 units of housing.

There are several outstanding legal issues associated with the project that have complicated the development process; however, in recent months, the District has made significant strides in bringing all cases to resolution.

The full-funding cost reported for the Skyland project has increased from \$10.5 million in the FY 2013 budget to \$50.5 million in the proposed FY 2014 budget. A \$40 million allotment has been proposed for FY 2014, which will be used for infrastructure improvements.

To date, the project has received \$5.4 million of allotment, including \$5 million of allotment in FY 2013—however that funding remains unspent. According to DMPED, the balance will be used to reimburse Starpower Communications, LLC, a tenant located at the Skyland Shopping Center that has been asked by the District to relocate. The balance of the FY 2013 funds will be used to continue to reimburse this relocation as well as the remaining tenants located onsite. Reimbursement of these costs is required by federal statute.

***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 pent-up 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.

A core St. Elizabeths East opportunity (the parcel formerly known as the Continuing Treatment or CT complex) is comprised of a portfolio of historic buildings eminently suitable for welcoming a university user, with more than 285,000 square feet suitable for educational and office use (see Master Plan Pads 5 and 11). To that end, Phase I proposes the following market-supportable development:

- **First Stage Public Infrastructure Improvements:** the District will be investing capital dollars into the construction of roadways, water, gas, electric, telecommunications, streetscapes and street lighting.
- **Innovation Hub and Academic Anchor:** 500,000 gross square feet dedicated to an academic anchor (approximately 250,000 square feet), private sector programmatic anchors, innovation marketplace and business incubator, and additional educational and non-commercial activity centers.
- **Town Center:** approximately 400,000 square feet of medium- to high-density mixed use (either multi-family residential or commercial), which includes approximately 50,000 square feet of retail, all planned as a transit-oriented development.
- **Office:** the initial phase will include the development of office space that is primarily comprised of the adaptive reuse of approximately 100,000 square feet of the existing historic structures into trophy office space for the initial anchor technology tenants. Additional office space will likely be developed as part of the initial phase.
- **Civic space:** the development of an innovation and entrepreneurial center that serves local residents, as well as other civic focused programs will be created as part of the initial phase in order to ensure that there is a clear link between the surrounding Ward 8 community and the Innovation Hub.

DMPED is currently working with DDOT to procure Design-Build services for the first of two stages of infrastructure construction to occur within St. Elizabeths East. A request for qualifications for a design-build firm for \$51 million Stage I infrastructure improvements was issued in summer 2012. Construction is scheduled to commence in fall 2013 and be complete by fall 2015. DMPED entered into a memorandum of understanding (MOU) for the initial \$40 million for FY 2013, and the remaining funds will be transferred to DDOT by the end of FY 2014.

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.

Stage I of the improvements will be sufficient to support approximately 60% of the proposed development. Stage 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, which includes the interim Gateway Pavilion, additional planning expenses allocated towards the Office of Planning, and development and site activation expenses. MOUs with each of the relevant agencies are being negotiated and finalized. DMPED anticipates that the entire budget for St. Elizabeths through FY 2013 will be spent, and any remaining amounts will be allocated towards infrastructure costs.

**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.

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 hasn't yet been spent or encumbered by contract.

The unencumbered funds will be used, in FY 2013, to initiate the following studies:

- Survey and Development Parcel Plan (up to \$500,000)
  - Boundary and topography survey
  - American Land Title Association (ALTA) land title survey
  - Calculation of developable land
- Structural Assessment of Overbuild on Building 4 (parking garage) (\$30,000-50,000)
- Phase 1 and 2 Environmental Site Assessments (\$1 million)

For FY 2014, DMPED intends to spend its capital allotment as follows:

- Salaries of staff (this has historically been supported by our DOD-OEA grant, which expires Nov. 2013)
- Further environmental studies (as identified in the Phase 2)

- Initial road geometry planning
- Temporary use and programming seed money

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. DMPED explains that because the District does not yet own the Walter Reed project site, it cannot begin infrastructure improvements.

But, in addition to the long-term infrastructure needs for Walter Reed, DMPED has commissioned the Washington regional chapter of the Urban Land Institute to study potential interim uses. This was a multi-day, multidisciplinary panel held in April to evaluate programming opportunities to activate the Site during the various phases of negotiation, transfer and construction. Although its findings have not been published, ULI has made a preliminary estimate that it will cost \$500,000 make such temporary uses possible. This will be vital in maintaining the community and surrounding business as permanent redevelopment of the site progresses.

The Committee is encouraged to learn that the Walter Reed project is a priority and will be funded at a level necessary to implement the Reuse plan and provide the residents of Ward 4 and the District with first class amenities. To ensure that this is the case, the Committee recommends the transfer of \$3,500,000 in FY 2015 capital dollars for the Poplar Point-EB423C project to the Walter Reed-AWT-01C account in FY 2016. An additional \$2 million from the WASA New Facility project is also included in FY 2016.

***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 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 DMPED. The OCFO debt cap analysis assumes total HPTF bond issuances of approximately \$243.7 million. However, to date, only \$106.5 million of HPTF bond budget has been loaded in capital projects in the financial system.

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. Once we understand the timeline, phasing and cost with our development partners, we will understand the leveraging and annual spending plan for each community.

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.

**WASA Facility:** The Committee has some concerns with a new capital project proposed by the Mayor, which requests \$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 is that a relocation site has not been definitively identified. Assuming that the facilities will be relocated to an industrial zone, approving this capital project targets neighborhoods in Wards 5, 6, 7, and 8 with no prior notice. It is simply too casual an approach to presume that neighborhoods will readily receive a facility of this type, especially where there is already an overabundance of similar uses. Moreover, the Committee is concerned that designating capital funding for a project for which a land disposition agreement is not expected until year's end is a poor use of capital funding. Lastly, at least one potential site preliminarily identified by DMPED and Forest City will require a 2-year environmental abatement process, further delaying expenditure of these funds.

The more considerate approach is to assign a smaller amount of funding for site identification and community outreach. Thus the Committee reduces capital project EB0-EB409 WASA NEW FACILITY by \$8,000,000 during FY 2014. The remaining \$1,000,000 shall be used to engage in site identification activities and to undertake community outreach efforts. The full \$9 million remains in FY 2015. The Committee supports the plans Forest City has for this site and makes this recommendation with the consideration that the significant capital investment that remains in FY 2015 will provide the developer's tenant with some assurance that the project is supported by the Executive, the Council, and this Committee.

- That amount is directed as follows:
  - \$3,000,000 to Coolidge HS Modernization/Renovation, AM0-NX837 in **FY 2014**.
  - \$3,000,000 to a new capital project to perform streetscape/upgrade activities on Kennedy Street, NW from North Capitol Street, NW to Georgia Avenue, NW. This funding will augment an existing grant of \$1,000,000.
  - \$2,000,000 to Walter Reed Project, AWT01C, in FY 2016.

**Poplar Point:** Poplar Point is one of the last great urban waterfront redevelopment opportunities on the East Coast. The 110-acre site is being transferred to the District of Columbia from the federal government. Bounded by South Capitol Street, I-295 and the 11th Street Bridges, the site is largely unused, but contains some National Park Service and the U.S. Park Police facilities. Currently, the project is undergoing a federal environmental impact analysis and Small Area Planning phase. Poplar Point is envisioned to be the home of a variety of different uses including residential, retail, office entertainment, cultural, and park/open space uses. Currently, there are no specific figures for the actual allotment of space for the different uses.

The funding will support the following activities:

Item	Estimated Cost
EIS and Master Planning	\$500,000
RIFS and Environmental Processes	\$1,000,000
Environmental Remediation	\$10,000,000
NPS Facility Relocation: Site Analysis and Construction Documents	\$3,000,000
<b>Total</b>	<b>\$13,000,000</b>

The Committee questions whether the federal transfer process is proceeding apace to be able to spend the current capital budget it has in the out years. The Committee therefore recommends the transfer of \$3,500,000 in FY 2015 capital dollars for the Poplar Point-EB423C project to the Walter Reed-AWT-01C account in FY 2016. Should Poplar Point be on or ahead of schedule, these funds can always be shifted back next year.

***Economic Development Pool Project:***

The Economic Development Pool project, (EBO-EDP01), which is described in the budget submission as funding to “support key investments in neighborhood business districts,” has alternatively been described as ready funding for property appraisals or other uses as needed. These are useful expenditures, and ones that cannot always be foreseen at the time of the capital budget request, but they are also expenditures for which other capital projects are specifically designated, or for which a reprogramming of funds would have effectuated the same goal but with greater transparency. As an example of this opacity, the Pool currently has \$7 million designated to subsidize 52 units of workforce housing at the West End development.

***Balance capital funds:*** As of March 29, 2013, DMPED had an available balance allotment for 21 capital projects of \$72.7 million.

	Project Name	Available Allotment Balance 3/29/13
1	Lincoln Theatre	\$470,000
2	McMillan Site Redevelopment	\$1.8M
3	Skyland Shopping Center	\$4.8M
4	SW Waterfront	\$627
6	Boathouse Row	\$386,108
7	St. Es	\$21,330,000
8	Walter Reed Army Medical Center	\$1,638,000
9	Temple Courts/NW 1	\$17,000
10	New Communities	\$11.8M
12	Barry Farm, Park Chester	\$17M
13	Fort Lincoln	\$263,000
16	Ga Avenue Great Streets	\$1.4M

17	Penn Avenue Great Streets	\$1.6M
18	Howard Theatre	\$2.3M
21	Economic Development Pool	\$7.04M
	<b>Total</b>	<b>\$72.7M</b>

The majority of this allotment balance (\$61 million) is for projects that are either currently in active redevelopment or will soon be. However, \$386,108 remains at the Boathouse Row project. When asked how the agency intends to spend these balance funds, DMPED replied that they would be reprogrammed to other capital needs. The Committee supports the use of these funds for other capital projects and therefore transfers the same amount the New Communities capital project.

## 2. COMMITTEE RECOMMENDATIONS

### a. Fiscal Year 2014 Operating Budget Recommendations

- The Committee reduces the operating budget by \$502,000 as follows:
  - Reduce \$107,000 from the agency for funds associated with the Neighborhood Parade and Festival Fund. This funding is transferred to the Commission on the Arts and Humanities within the Committee on Finance and Revenue.
  - \$395,000 from the elimination of five vacant positions, the savings from which are to the Committee on Workforce and Community Affairs to increase funding for social workers for each lead agency that will support an additional 2000 older adults with pressing needs.

	<i>Position Title</i>	<i>Salary</i>	<i>Fringe</i>	<i>Total Salary (Salary +Fringe)</i>
10004997	Project Manager	\$68,319	\$14,825	\$83,144
10005008	Project Manager	\$68,319	\$14,825	\$83,144
10005010	Project Manager	\$68,319	\$14,825	\$83,144
10005014	Budget Analyst	\$74,888	\$16,250	\$91,138
10005196	Staff Assistant	\$45,345	\$9,839	\$55,184
	<b>Subtotal</b>			<b>\$395,754</b>

With this reduction, the agency would be funded for an additional 18 positions as compared to FY 2013. The resulting 75 positions is the highest staffing level since at least 2007. If DMPED can demonstrate in FY 2014 that the additional 14 positions are insufficient, have been filled, and assigned office space, the Committee will enthusiastically consider a reprogramming for additional FTEs.

- The Committee recognizes the transfer of \$4.8 million from the Department of Housing and Community Development's (DHCD) Housing Purchase Assistance Program (HPAP) to DMPED. The savings will be used to revive the Neighborhood Investment Fund (NIF). A transfer of the same amount from the Lead Safe Washington program, which is funded through the Housing Production Trust Fund (HPTF), restores the full funding level for HPAP. This swap of local dollars with HPTF dollars allows the Committee to fund NIF without diverting HPTF dollars for a purpose other than affordable housing.
- The Committee recognizes a transfer of \$4,490,000 from the Committee on Transportation and the Environment. This money, reduced from capital project KA0-EDS05, Great Streets Initiative Infrastructure, is directed to the Neighborhood Investment Fund.

**b. Fiscal Year 2014 Capital Budget Recommendations**

- The Committee reduces capital project EB0-EB409- WASA NEW FACILITY by \$8,000,000 in FY 2014. The Committee's is concerned that a relocation site has not been identified for the DC Water fleet and maintenance facility currently located at 5000 Overlook Avenue, SW. Assuming that the facilities will be relocated to an industrial zone, approving this capital project targets neighborhoods in Wards 5, 6, 7, and 8 with no prior notice. The remaining \$1,000,000 shall be used to engage in site identification activities and to undertake community outreach efforts. That amount is directed as follows:
  - \$3,000,000 to Coolidge HS Modernization/Renovation, AM0-NX837 in **FY 2014**.
  - \$3,000,000 to a new capital project to perform streetscape/upgrade activities on Kennedy Street, NW from North Capitol Street, NW to Georgia Avenue, NW. This funding will augment an existing grant of \$1,000,000.
  - \$2,000,000 to Walter Reed Project, AWT01C, in FY 2016.
- The Committee therefore recommends the transfer of \$3,500,000 in FY 2015 capital dollars for the Poplar Point-EB423C project to the Walter Reed-AWT-01C account in FY 2016. Should Poplar Point be on or ahead of schedule, these funds can always be shifted back next year.
- The Committee reduces capital project EDP01C, Economic Development Pool by \$500,000 and directs the savings to the New Communities project, EB008C, in the same amount in FY 2016.

- The Committee also reduces capital project AW707C, Boathouse Row by \$386,000 and directs the savings to the New Communities project, EB008C, in the same amount in FY 2014.

<b>Committee's Approved Fiscal Year 2014-2019 Capital Budget, DMPED, by Project (Dollars in Thousands)</b>									
<b>Project Name</b>	<b>Number</b>	<b>Exist Allot</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>6-Year</b>
McMillan Site Redevelopment	AMS11C		1,400	10,000	21,400	15,000	0	0	47,800
Skyland Shopping Center	ASC13C		40,000	0	0	0	0	0	40,000
Saint Elizabeths E Campus	AWR01C		29,500	8,500	17,500	0	0	0	55,500
Walter Reed Redevelopment	AWT01C		1,000	1,300	5,500	0	0	0	7,800
New Communities	EB008C		40,386	37,000	500	43,000	0	0	120,886
Barry Farm, Park Chester, Wade Road	EB013C		0	2,000	0	0	0	0	2,000
Lincoln Heights, Richardson Dwellings	EB015C		1,000	0	0	0	0	0	1,000
WASA New Facility	EB409C		1,000	9,000	0	0	0	0	10,000
Poplar Point	EB423C		1,000	3,500	5,000	0	0	0	9,500
Economic Development Pool	EDP01C		1,000	0	0	0	0	0	1,000
Boathouse Row	AW707C	-386	0	0	0	0	0	0	-386
<b>Agency Total</b>		<b>-386</b>	<b>116,286</b>	<b>71,300</b>	<b>49,900</b>	<b>58,000</b>	<b>0</b>	<b>0</b>	<b>295,100</b>

**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, 2014.
- The Committee recommends that DMPED coordinate efforts with the Office of the Chief Financial Officer to improve the transparency of its budget by making it

consistent with the agency organization and the programs and initiatives described on its website.

## C. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DB0)

<i>Fiscal Year 2014 Operating Budget, by Revenue Type (Dollars in Thousands)</i>							
	FY 2011 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
Local Funds	10,772	8,153	12,591	11,119	-4,800	6,319	-49.8%
Dedicated Taxes	0	0	0	0	0	0	N/A
Special Purpose	6,610	6,058	6,500	9,621	0	9,621	48.0%
General Fund Total	17,382	14,212	19,091	20,739	-4,800	15,939	-16.5%
Federal Payments	0	0	0	0	0	0	N/A
Federal Grant Funds	60,087	41,652	38,147	40,821	0	40,821	7.0%
Federal Medicaid	0	0	0	0	0	0	N/A
Federal Funds Total	60,087	41,652	38,147	40,821	0	40,821	7.0%
Private Funds	79	18	0	0	0	0	N/A
Gross Funds, Less Intra-District	77,548	55,882	57,238	61,560	-4,800	56,760	0.3%
Intra-District	23,549	21,807	68,604	106,208	0	106,208	54.8%
<b>GROSS FUNDS</b>	<b>101,097</b>	<b>77,689</b>	<b>125,842</b>	<b>167,768</b>	<b>-4,800</b>	<b>152,968</b>	<b>29.9%</b>

	FY 2011 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Ma	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
Local Funds	31.8	32.5	30.7	36.8	0.0	36.8	19.9%
Dedicated Taxes	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Special Purpose	18.2	25.3	33.6	32.8	0.0	32.8	-2.4%
General Fund Total	49.9	57.8	64.3	69.7	0.0	69.7	8.4%
Federal Payments	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Federal Grant Funds	39.7	45.4	35.6	54.0	0.0	54.0	51.7%
Federal Medicaid	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Federal Funds Total	39.7	45.4	35.6	54.0	0.0	54.0	51.7%
Private Funds	0.0	0.0	0.0	0.0	0.0	0.0	N/A
<b>GROSS FUNDS</b>	<b>52.2</b>	<b>52.2</b>	<b>52.2</b>	<b>52.2</b>	<b>0.0</b>	<b>52.2</b>	<b>-24.5%</b>

**DEPARTMENT OF HOUSING AND COMMUNITY  
DEVELOPMENT (DB0)**

**Fiscal Year 2014 Operating Budget, By Comptroller Source Group (Dollars In Thousands)**

<b>Comptroller Source Group</b>		<b>FY 2011 Actual</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Approved</b>	<b>FY 2014 Mayor</b>	<b>Committee Variance</b>	<b>FY 2014 Committee</b>	<b>Percent Growth FY13 Approved to FY14 Committee</b>
11	Regular Pay - Continuing Full Time	7,470	9,250	10,108	12,017	0	12,017	18.9%
12	Regular Pay - Other	1,229	1,244	1,588	605	0	605	-61.9%
13	Additional Gross Pay	193	231	176	176	0	176	0.0%
14	Fringe Benefits - Current Personnel	1,996	2,068	1,857	2,070	0	2,070	11.5%
15	Overtime Pay	3	5	0	0	0	0	N/A
<b>Personal Services (PS)</b>		<b>10,891</b>	<b>12,798</b>	<b>13,729</b>	<b>14,868</b>	<b>0</b>	<b>14,868</b>	<b>8.3%</b>
20	Supplies and Materials	81	89	244	299	0	299	22.5%
30	Energy, Comm. And Building Rentals	25	5	58	32	0	32	-44.8%
31	Telephone, Telegraph, Telegram, Etc.	81	121	119	124	0	124	4.2%
32	Rentals - Land and Structures	1,337	1,788	1,973	2,018	0	2,018	2.3%
34	Security Services	6	6	33	131	0	131	297.0%
35	Occupancy Fixed Costs	6	0	50	126	0	126	152.0%
40	Other Services and Charges	1,006	548	1,867	6,431	0	6,431	244.5%
41	Contractual Services - Other	4,890	10,714	22,626	26,051	0	26,051	15.1%
50	Subsidies and Transfers	82,714	51,319	84,920	117,460	(4,800)	112,660	32.7%
70	Equipment and Equipment Rental	58	301	224	229	0	229	2.2%
<b>Nonpersonal Services (NPS)</b>		<b>90,204</b>	<b>64,891</b>	<b>112,114</b>	<b>152,901</b>	<b>(4,800)</b>	<b>148,101</b>	<b>32.1%</b>
<b>GROSS FUNDS</b>		<b>101,095</b>	<b>77,689</b>	<b>125,843</b>	<b>167,769</b>	<b>(4,800)</b>	<b>162,969</b>	<b>29.5%</b>

Fiscal Year 2014 Operating Budget By Program (Dollars in Thousands)							
Agency Program		FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
<b>(1000) Agency Management Program</b>							
1010	Personnel	450	554	1,784	0	1,784	222%
1015	Training and Employee Development	96	246	117	0	117	-52%
1020	Contracting and Procurement	0	0	0	0	0	N/A
1030	Property Management	2,519	3,586	4,008	0	4,008	12%
1040	Information Technology	811	759	717	0	717	-6%
1050	Financial Management	950	2,257	6,297	0	6,297	179%
1055	Risk Management	45	0	0	0	0	N/A
1060	Legal	1,289	1,467	1,447	0	1,447	-1%
1070	Fleet Management	19	20	20	0	20	0%
1080	Communications	77	599	164	0	164	-73%
1085	Customer Service	148	83	263	0	263	217%
1087	Language Access	0	9	9	0	9	0%
1090	Performance Management	1,828	1,342	1,820	0	1,820	36%
Subtotal (1000)	Agency Management Program	8,232	10,922	16,646	0	16,646	52%
<b>(100F) Agency Financial Operations</b>							
110F	Budget Operations	339	218	389	0	389	78%
120F	Accounting Operations	331	257	456	0	456	77%
130F	Fiscal Officer	292	474	858	0	858	81%
Subtotal (100F)	Agency Financial Operations	962	949	1,703	0	1,703	79%
<b>(2000) Development Finance Division</b>							
2010	Affordable Housing Project Financing	37,778	77,405	94,859	-1,000	93,859	21.3%
2015	Community Facilities Project Financing	3,720	1,727	1,727	0	1,727	0.0%
2020	Tenant Opportunity to Purchase Assistance	81	86	0	0	0	-100.0%
Subtotal (2000)	Development Finance Division	41,579	79,218	96,586	-1,000	95,586	20.7%
<b>(3000) Residential and Community Service Division</b>							
3010	Neighborhood Based Activities	4,446	5,379	5,387	0	5,387	0.1%
3020	Community Services - Community Revitalization	217	1,795	2,003	0	2,003	11.6%
3030	Residential Services - HPAP	8,484	13,390	12,747	1,000	13,747	2.7%
3040	Residential Services - EAHP	771	793	482	0	482	-39.2%
3050	Residential Services - Lead Safe Washington	882	2,008	9,628	-4,800	4,828	140.4%

3060	Residential Services - Single Family Rehabilitation	2,524	3,084	9,994	0	9,994	224.1%
Subtotal (3000)	Residential and Community Services Division	17,324	26,449	40,241	-3,800	36,441	37.8%
<b>(4100) Property Acquisition and Disposition Division</b>							
4120	Property Acquisition	1,634	1,943	2,641	0	2,641	35.9%
4130	Property Disposition	1,262	750	549	0	549	-26.8%
4140	Property Management	90	255	255	0	255	0.0%
Subtotal (4100)	Property Acquisition and Disposition Division	2,986	2,948	3,445	0	3,445	16.9%
<b>(4500) Portfolio and Asset Management Division</b>							
4510	Portfolio and Asset Management	531	551	2,077	0	2,077	277.0%
4520	Tax Credit Allocation	33	113	120	0	120	6.2%
Subtotal (4500)	Portfolio and Asset Management	564	664	2,197	0	2,197	230.9%
<b>(6000) Homeownership and Home Rehab Assistance</b>							
	No Activity Assigned	18	0	0	0	0	N/A
Subtotal (6000)	Homeownership and Home Rehab Assistance	18	0	0	0	0	N/A
<b>(7000) Program Monitoring Division</b>							
7010	Contract Compliance	1,067	1,320	3,420	0	3,420	159.1%
7020	Quality Assurance	177	210	102	0	102	-51.4%
7030	Homelessness Prevention Compliance	2,409	81	88	0	88	8.6%
Subtotal (7000)	Program Monitoring Division	3,653	1,611	3,610	0	3,610	124.1%
<b>(8100) Housing Regulation Administration</b>							
8110	Rental Conversion and Sales Division	722	1,087	1,322	0	1,322	21.6%
8120	Housing Resource Center	98	76	76	0	76	0.0%
8140	Rental Accommodations Division	975	1,135	1,140	0	1,140	0.4%
Subtotal (8100)	Housing Regulation Administration	1,795	2,298	2,538	0	2,538	10.4%
<b>(9100) Rental Housing Commission</b>							
9110	Rental Housing Commission	573	785	802	0	802	2.2%
Subtotal (9100)	Rental Housing Commission	573	785	802	0	802	2.2%
<b>(9960) Year End Close</b>							
9961	Year End Close	2	0	0	0	0	N/A
Subtotal (9960)	Year End Close	2	0	0	0	0	N/A
<b>GROSS FUNDS</b>		<b>77,688</b>	<b>125,344</b>	<b>167,768</b>	<b>-4,800</b>	<b>162,968</b>	<b>29.5%</b>

# **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 CDBG and HOME.

***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 2014 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor's proposed FY 2014 gross funds budget for DHCD is \$167,768,000, an increase of \$41,926,000 from FY2013, or 33.3%. The FTE level of 159 represents an increase of 12.5 positions, or 8.5%, from FY 2013.

**Local Funds:** The Mayor's local funds budget is \$11,119,000, a decrease of \$1,472,000, or 11.7 %, over the FY 2013 approved budget of \$12,591,000. This funding level supports 36.8 FTEs; an increase of 6.2, or 20.1%, compared to the FY 2013 approved level.

**Special Purpose Revenue Funds:** The Mayor's proposed special purpose revenue funds budget is \$9,621,000, an increase \$3,121,000, or 48%, from the FY 2013 approved budget of \$6,500,000. This funding supports 32.8 FTEs, a decrease of 0.8, or 2.4%, compared to the FY 2013 approved level.

**Federal Funds:** The Mayor's proposed federal funds budget is \$40,821,000, an increase of \$2,674,000, or 7%, compared to the FY 2013 approved level. This funding supports 54.0 FTEs, an increase of 18.5, or 52%, compared to the FY 2013 approved level.

**Intra-District Funds:** The Mayor's proposed FY 2014 intra-district finds budget is \$106,208,000, an increase of \$37,604,000, or 54.8%, compared to the FY 2013 approved budget of \$68,604,000. This funding supports 35.2 FTEs, a decrease of 11.4, or 24.4%, compared to the FY 2013 level.

**Committee Analysis and Comments**

**Staffing:** DHCD currently has 146.5 FTEs, and the Mayor's proposed budget expands staffing by 12.5 FTEs, or 8.5%. These new positions will generally enhance regulatory compliance and more effectively spend program dollars, in addition to better pairing of inclusionary zoning and affordable dwelling units with qualified tenants.

The Committee does have some concerns that the staffing level increase is not proportional to the 33% increase in DHCD's gross fund budget, particularly given past inabilities to expend its full budget for the year. But, is supportive of the staffing increase given the additional work associated with the HPTF increase and the duties to administer the additional \$3 million associated with Senior Housing Modernization Grant Fund.

***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.<sup>2</sup> 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 and 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 Committee commends the task force for producing a strong report with many good ideas and recommendations. But, that report must be followed up with a concrete plan for implementation, designated individuals or agencies to be held responsible for fulfillment, and most of all, sufficient and stable funding for the next ten years to fund the new programs. DMPED is apparently spending \$100,000 to produce an "assessment" of affordable housing that will drive the expenditure of the \$100 million affordable housing program. But, DHCD obviously deserves a prominent if not the lead role in this important task.

***FY 2013 Supplemental Budget:*** On the issue of funding, the Mayor's proposed budget includes a total of \$100 million for various affordable housing programs. \$66.9 million of that amount is proposed for allocation in the FY 2013 supplemental budget currently before the Council. The Committee is concerned as to what extent these funds can be spent in a prudent manner given that DMPED will not complete its assessment of housing needs until this summer with just a few months before the fiscal year concludes.

The Mayor's errata letter to the FY2013 supplemental budget has proposed transferring \$40 million of the \$66.9 million originally earmarked to DHCD in FY 2013 to DHCD's FY 2014 budget. This greatly increases the agency's resources and will require unprecedented efficiency and performance.

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<sup>2</sup> District of Columbia Comprehensive Housing Strategy Task Force 2012, <http://www.taskforce2012.org/>.

<b>Proposed Housing Spending</b>				
<b>Description</b>	<b>FY 2013 Supp.</b>	<b>FY 2014</b>	<b>Agency</b>	<b>Total</b>
HPTF Affordable Housing	\$66,930,952	\$19,969,048	DHCD	\$86,900,000
Home Purchase Assistance Program (HPAP)	\$0	\$1,000,000	DHCD	\$1,000,000
Local Rent Supplement Program (LRSP)	\$0	\$3,000,000	DCHA	\$3,000,000
Rapid Rehousing	\$0	\$1,000,000	DHS	\$1,000,000
Emergency Rental Assistance Program (ERAP)	\$0	\$1,000,000	DHS	\$1,000,000
DNPSJ Victim Services	\$0	\$3,100,000	DMPSJ	\$3,100,000
Housing Database (Track, monitor and guide investments)	\$500,000	\$3,400,000	OCTO	\$3,900,000
Citywide Housing Needs Assessment	\$100,000	\$0	DMPED	\$100,000
<b>TOTAL</b>	<b>\$67,530,952</b>	<b>\$32,369,048</b>		<b>\$100,000,000</b>

**Performance Measurement:** Soon after assuming control of this Committee, Chairperson Bowser noted that the District does not know the extent of its affordable housing stock, including how many affordable homes and rent-controlled apartments it has. Without fully appreciating the supply and demand for affordable housing, the District cannot possibly create or implement a cogent strategy to address this key issue. With an ambitious goal of creating 10,000 new units of affordable housing by 2020, the District not only needs a very concrete strategic plan for achieving that goal and sustained funding to pay for it, but also needs to setup a system for measuring performance of the goals and programs in a clear and accurate manner. This will allow the agencies to track their progress and adjust programs where they are lacking and prioritize or learn from the most successful ones.

As is often said, what gets counted gets done. The Committee therefore urges DHCD, DMPED and the other relevant agencies to setup a long-term affordable housing strategic plan and performance measure system.

The Committee notes that the FY 2013 Budget Support Act required DHCD to produce an inventory of affordable housing that would serve this exact purpose. Although a plan for creating the inventory was due before the Council in December 2012, it still has not been provided. DMPED's future efforts would seem to fill that need, but previous time and opportunities have been lost as a result of DHCD's non-compliance with the law.

**Rent Control:** 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 primarily

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 more adequately informed of their rights and receive government or non-profit assistance and counseling to properly exercise them. Hardship petitions and other administrative appeals must be handled more quickly and efficiently.

Steps must also be taken to ensure more of those low- and middle-income households that are most in need of affordable housing have access to rent controlled units. Although this budget is not necessarily the proper venue for this matter, the Committee intends to give these issues more attention.

***Inclusionary Zoning and Affordable Dwelling Units:*** Similar to the rent control issue, DHCD has room for improvement with respect to its administration of relatively new inclusionary zoning regulations. The IZ law is intended to create more affordable housing in mixed income projects, by requiring all new developments to set aside a certain percentage of units at affordable levels. First implemented in 2010, it has been slow to yield actual results.<sup>3</sup> This can primarily be attributed to an economic downturn that slowed most new development. DHCD deserves credit for adding staff to work on this program and resolving federal mortgage guarantee challenges.

But, DHCD must also do a better job of tracking Inclusionary Zoning (IZ) units, working with project developers to help them find qualified tenants, and counseling tenants on their rights and responsibilities before moving into an IZ unit. This would serve as an important step in addressing a common complaint of IZ tenants and buyers, namely that they were not prepared for increased condominium fees and resale restrictions on their units. The agency has said they plan to issue a rulemaking that streamlines some of the IZ regulations as they learn what works and what does not. The Committee welcomes this effort and will monitor DHCD's progress in the coming year.

Affordable dwelling units (ADU) are a similar program in which affordable units were built in mixed-income projects on a voluntary basis in exchange for building on subsidized public land or receiving bonus density from the Zoning Commission. They pose essentially the same challenges and merit the same solutions.

The Committee will work with DHCD and affordable housing developers to make continued improvements to the programs as it evolves and serves meets its original intent.

***NOFA:*** The Notice of Funding Availability (NOFA) is the annual competitive solicitation process in which a host of DHCD programs are allocated. NOFA

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<sup>3</sup> Based on the most recent data available, two IZ units were produced in FY 2011, though more than 900 units are in the pipeline for development. There is a waiting list of 581 applicants for such units. See Department of Housing and Community Development, *Inclusionary Zoning Annual Report* (Mar. 24, 2012), available at <http://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/IZ%20Annual%20Report%202011.pdf>.

documentation lays out relatively clear criteria about how projects will be selected. But, the process could be clarified and improved. For example, there should be more transparency as to the role the independent advisory panel plays. DHCD must also take steps to ensure projects that mature months after NOFA funding is exhausted still have an opportunity to receive assistance from DHCD without having to wait until the next fiscal year.

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

Unfortunately, funding has dwindled from a high of \$38 million FY 2008 to just \$8.5 million in FY 2012. The Mayor's proposed HPAP budget for FY 2014 is \$12.7 million, a \$643,000 reduction from the previous year when the Council appropriated an additional \$2.5 million to overcome the mayor's FY 13 request. Restoring or exceeding HPAP funding beyond past year levels could serve hundreds more families. The Committee therefore recommends decreasing activity level 2010 by \$1 million and transferring all of that money to the HPAP program, activity level 3030.

The Committee also recommends transfer of local funds, in the amount of \$4.8 million, from HPAP to NIF. A transfer of the same amount from the LEAD Safe (which is funded through the housing Production Trust) restores the full funding level for HPAP. This swap of local dollars with HPTF dollars allows the Committee to fund NIF without diverting HPTF dollars for a purpose other than affordable housing.

**LEAD Safe and Single Family Rehab Programs:** Administered by the Residential and Community Service 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 proposed budget for FY 2014 increases the two programs' funding by \$14.5 million. This is more than triple last year's levels.

While well-intentioned, the Committee is concerned that these programs can effectively spend this massive influx of funding. As of May 3, 2013, DHCD had spent or obligated just 25% of the LEAD Safe budget. For the Single Family Rehab program the total expenditure and obligation rate was 60%. At this point, assuming a steady expenditure rate throughout the year, some 58% of these programs dollars should have already been used. There is also a backlog of 78 applications in these two programs that have been pending for more than 120 days. In FY 2012, the Single Family Residential Rehabilitation Program (SFRRP) budget was over \$2.8 million, \$335,000 of which was not spent. The comparable numbers for LEAD Safe are \$1.2 million and \$384,000.

Without significant staff increases,<sup>4</sup> better marketing, and considerable increases in demand for these programs, the Committee believes these dollars could go to waste. The District cannot afford this to happen given the intense demand for affordable housing and economic development programs. The Committee therefore recommends the following:

- Reduce the Lead Safe Washington program by \$4,800,000 and transfer that same amount to the HPAP. As discussed above, the same amount in local funds is then transferred from LEAD safe to NIF. For years, the NIF supported neighborhood revitalization through two important programs: Target Area Grant Program (TAPG) and Predevelopment and Project Grants (PDG). NIF PDG provides grants to support predevelopment and project financing activity for the construction and rehabilitation of affordable housing, mixed use and community-based facility projects. The Target Area Project Grants program funds initiatives, like job training, job placement for youths and adults, senior and youth programming, small business technical assistance, and affordable housing preservation, which will strengthen economic opportunities and improve the quality of life in 12 targeted areas of the District. The fund has not been funded during the last two years. This still leaves \$4.6 million in the budget for Lead Safe Washington, which is more than double the FY 2013 budget that is unlikely to be fully spent this year.

- The Committee recommends that 50% of the \$6.91 million budget for the Single Family Residential Rehabilitation program be directed toward grants and loans to senior citizens, 65-years and older, who would otherwise qualify for the program. In the District of Columbia, 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 percent. Seniors also face serious challenges to maintaining and staying in their homes. Renovation assistance would go a long way toward preserving affordable housing stock for seniors and keeping this vital population in our communities with the high quality of life they deserve.

**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 do all it can to force better utilization of these properties by their owners. That includes taxing those that stay blighted property and forcing sale to other parties that will use them 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), they auction blighted properties to individuals or developers to create affordable housing units.

But, the budget for this purpose is low, and the results are congruent with such funding. PADD, in FY 2013 to date, has acquired just six such properties out of a goal of 15. Its actual results in FY 2011 were 11 properties. In FY 2013, 32 such properties

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<sup>4</sup> In FY 2014, staff dedicated to Lead Safe will decline from 7 to 6 FTEs, while staff for Single Family Rehab will increase from 7 to 10 according to the agency.

were disposed of, leading to the creation or rehabilitation of 66 affordable units. Further, \$2 million in the capital budget has been removed by the administration in the FY 2014 capital budget request. More can be done to improve PADD's effectiveness, and the Committee therefore recommends increase funding for this purpose.

**c. Mayor's Proposed Fiscal Year 2014-2019 Capital Budget**

**Proposed Capital Budget Summary**

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

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2014 Operating Budget Recommendations**

- Revenues in the Housing Production Trust Fund are regularly used to securitize bond issuances. According to the OCFO and DMPED, the District has received about \$125.3 million in HPTF bond proceeds. And, the debt cap model assumes that DMPED will issue an additional \$120 million in HPTF bonds.

Although a safe bet, the debt service paid on HPTF bonds is slightly higher than that paid on the District's Income Tax Secured Revenue Bonds, the Committee recommends borrowing for HPTF purposes using Income Tax Secured Bonds, which are a more secure investment. Doing so frees up debt service that can be used for direct affordable housing purposes. Initial estimates indicate that a savings of approximately \$2.5 million could be realized in each of the first three years and up to \$7 million in years thereafter. This is a significant opportunity. Unfortunately, the District's Treasurer was unable to certify a savings at the time of the Committee vote. The Committee expects that a certification will be forthcoming at which time the savings shall be attributed to funding Age-in-Place and Equitable Senior Citizen Real Property Act of 2012 (D.C. Law 19-0165). The Committee also recommends that the income threshold be indexed to inflation.

- The Mayor's proposed HPAP budget for FY 2014 is \$12.7 million, a \$643,000 reduction from the previous year when the Council appropriated an additional \$2.5 million to overcome the mayor's request. Restoring or exceeding HPAP funding beyond past year levels could serve hundreds more families and have the numerous salutary effects on their communities as previously mentioned above.

The Committee therefore recommends decreasing activity level 2010 by \$1 million and transferring the full amount to the HPAP program.

- The Committee also recommends transfer of local funds, in the amount of \$4.8 million, from HPAP to NIF, a program within DMPED. A transfer of the same amount from the Lead Safe Washington program, which is funded through the Housing Production Trust Fund, restores the full funding level for HPAP. This swap of local dollars with HPTF dollars allows the Committee to fund NIF without diverting HPTF dollars for a purpose other than affordable housing. For years, the NIF supported neighborhood revitalization through two important programs: Target Area Grant Program (TAPG) and Predevelopment and Project Grants (PDG). NIF PDG provides grants to support predevelopment and project financing activity for the construction and rehabilitation of affordable housing, mixed use and community-based facility projects. The Target Area Project Grants program funds initiatives, like job training, job placement for youths and adults, senior and youth programming, small business technical assistance, and affordable housing preservation, which will strengthen economic opportunities and improve the quality of life in 12 targeted areas of the District. The fund has not been funded during the last two years.
- In anticipation that \$40 million of the \$66.9 million in Housing Production Trust Fund budget allocated to DHCD will not be spent in FY 2013 as suggested by the Mayor's May 2, 2013 errata letter, the Committee recommends that it carryover into FY 2014 to be used for the same purposes at DHCD or as DMPED's affordable housing assessment recommends.

**b. Fiscal Year 2014 Capital Budget Recommendations**

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

**c. Policy Recommendations**

- The Committee recommends that 50% of the \$6.91 million budget for the Single Family Residential Rehabilitation program be directed toward grants and loans to senior citizens, 65-years and older, who would otherwise qualify for the program. In the District of Columbia, 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 percent. Seniors also face serious challenges to maintaining and staying in their homes. Renovation assistance would go a long way toward preserving

affordable housing stock for seniors and keeping this vital population in our communities with the high quality of life they deserve.

- 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 Rent Administrator, in tandem with the Office of the Tenant Advocate, conduct more training, marketing, and counseling to inform tenants of their rights and responsibilities. It must also reduce the backlog of cases and improve disposition times.
- The Committee recommends that DHCD increase the staff and resources administering IZ and ADU programs, including tracking of those units, working with tenants and owners, and better linking the two so that available units are quickly filled by qualified individuals.
- DHCD should take steps to clarify the NOFA process, including providing more transparency on the role the independent advisory panel plays and taking steps to ensure projects across the District that mature months after NOFA funding is exhausted still have an opportunity to receive assistance from DHCD without having to wait until the next NOFA comes around.
- DHCD must generally be more effective in expending funds it has for programs such as HPAP, EHAP, small business technical assistance, lead safe, single family rehabilitation, and others. That includes procuring grant management contracts for those programs as close to the beginning of the financial year as possible, using performance based contracts, and better marketing strategies.

## D. HOUSING PRODUCTION TRUST FUND (UZ0)

*Fiscal Year 2014 Operating Budget By Revenue Type (Dollars in Thousands)*

	FY11 Actual	FY2012 Actual	FY2013 Approved	FY2014 Mayor	Committee Variance	FY2014 Committee	Percent Growth FY13 Approved to FY14 Committee
Dedicated Taxes	31,649	44,198	69,453	102,676	0	102,676	47.8%
Special Purpose	0	1,850	15,000	0	0	0	-100.0%
General Fund Total	31,649	46,048	84,453	102,676	0	102,676	21.6%
<b>GROSS FUNDS</b>	<b>31,649</b>	<b>46,048</b>	<b>84,453</b>	<b>102,676</b>	<b>0</b>	<b>102,676</b>	<b>21.6%</b>

*Fiscal Year 2014 Operating Budget By Revenue Type*

	FY11 Actual	FY2012 Actual	FY2013 Approved	FY2014 Mayor	Committee Variance	FY2014 Committee	Percent Growth FY13 Approved to FY14 Committee
Local Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Dedicated Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Special Purpose	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
General Fund Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Grant Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Medicaid	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Private Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Gross Funds, Less Intra-District</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
Intra-District	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>GROSS FUNDS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>

*Fiscal Year 2014 Operating Budget By Comptroller Source Group (Dollars in Thousands)*

Comptroller Source Group	FY2011 Actual	FY2012 Actual	FY2013 Approved	FY2014 Mayor	Committee Variance	FY2014 Committee	Percent Growth FY13 Approved to FY14 Committee
40 Other Services and Charges	-1	16,721	0	0	0	0	NA
41 Contractual Services - Other	13,678	29,223	84,456	102,676	0	102,676	21.6%
50 Subsidies and Transfers	17,972	104	0	0	0	0	NA
<b>Nonpersonal Services (NPS)</b>	<b>31,649</b>	<b>46,048</b>	<b>84,456</b>	<b>102,676</b>	<b>0</b>	<b>102,676</b>	<b>21.6%</b>
<b>GROSS FUNDS</b>	<b>31,649</b>	<b>46,048</b>	<b>84,456</b>	<b>102,676</b>	<b>0</b>	<b>102,676</b>	<b>21.6%</b>

Fiscal Year 2014 Operating Budget, By Program (Dollars In Thousands)							
Agency Program		FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
<b>(1000) Housing Production Trust Fund</b>							
1100	Housing Production Trust Fund (Administration)	3,310	4,539	4,514	0	4,514	-0.6%
1101	Housing Production Trust Fund	42,738	79,914	98,162	0	98,162	22.8%
Subtotal(1000)	Housing Production Trust Fund	46,048	84,453	102,676	0	102,676	21.6%
<b>GROSS FUNDS</b>		<b>46,048</b>	<b>84,453</b>	<b>102,676</b>	<b>0</b>	<b>102,676</b>	<b>21.6%</b>

## 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 DCHA, 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 affording the original intent of the HPTF's creation. 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.<sup>5</sup> Half of the funds must be used for the purpose of assisting in the provision of rental housing.<sup>6</sup> It also restricts administrative costs of the Fund from exceeding 10% of its budget.<sup>7</sup> The Mayor is required to file an annual report that reports on the actions and spending of the HPTF.<sup>8</sup>

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 the funds and confirm compliance with District law.<sup>9</sup> All 9 seats on the Board are currently vacant. But, the Mayor has submitted nominees to the Council that this Committee plans to consider in short order.

<sup>5</sup> D.C. Official Code § 42-2802(b-1).

<sup>6</sup> D.C. Official Code § 42-2802(b-1).

<sup>7</sup> D.C. Official Code § 42-2802(b)(10).

<sup>8</sup> D.C. Official Code § 42-2803.02.

<sup>9</sup> D.C. Official Code § 42-2802.01.

**b. Mayor's Proposed Fiscal Year 2014 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor's proposed FY 2014 gross funds budget for the HPTF is \$102,676,000, an increase of \$18,223,000, or 21.6%, from the FY 2013 approved budget of \$84,453,000. This budget does not support any FTEs since the HPTF is a paper agency administered by DHCD.

*Dedicated Taxes:* The Mayor's proposed FY 2014 dedicated taxes budget is \$102,676,000, an increase of \$32,223,000, or 47.8% from the FY 2013 approved budget of \$69,453,000.

*Special Purpose Revenue Funds:* The Mayor's proposed FY 2014 special purpose revenue funds budget is \$0, a decrease of \$15,000,000, or -100% from the FY 2013 approved budget of \$15,000,000.

**Committee Analysis and Comments**

*Budget Trends:* The Committee is heartened by the significant increase in funds allocated to the HPTF in FY 2014 under the Mayor's proposed budget. Unfortunately, in the past two fiscal years, the HPTF has been raided for programs such as the Local Rent Supplement Program (LRSP) that while worthy, do not comport with the intent of the Fund to produce more affordable housing units. This defeats the purpose of having a dedicated revenue source for housing production when statutory restrictions can simply be flouted with an amendment in the Budget Support Act each year. The Committee urges the Mayor and Council away from further such actions. Funding over and above the 15% property transfer and deed recordation taxes will be necessary in the long-term if the District has any hope of achieving its goal of 10,000 new units of affordable housing by 2020.

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 2012 pledged by the Mayor to go towards housing purposes in his FY 2013 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 10x20 goal, 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 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 has budgeted \$3.8 million for administration of the HPTF, in addition to the \$4.5 million set aside in the HPTF budget. This amounts to 8% of the FY 2014 HPTF budget.

The Committee reiterates the concern it raised in its discussion of the DHCD budget that the District lacks a concrete spending plan and performance measurement system for its affordable housing programs. DMPED has slated to receive \$100,000 in the FY 2013 supplemental budget for an citywide housing needs assessment that may serve that purpose, though more details must be provided to the Committee to judge. Further, the Office of the Chief Technology Officer (OCTO) is being provided with \$3,900,000 over FY 2013 and FY 2014 to prepare a database that will track, monitor and guide housing investments. The Committee is concerned that such a large amount is not justified for what should be a fairly simple administrative function. In tandem with the Committee on Government Operations that has jurisdiction over OCTO, the Committee has asked for more detail on the scope of the project, but otherwise recommends transferring some of these funds to programs that produce or preserve actual affordable housing.

**Board Vacancies:** In the Committee's budget hearing for DHCD, it was revealed that no current staff could recall when the last time the HPTF Advisory Board met. They speculated that it had been several years. Three members are currently in holdover status from terms that expired in January 2013. This does not sound like the robust advisory and oversight entity that the Board was intended to be. The Mayor has nominated 9 new members, and this Committee will act quickly to consider them. But, the executive must do more in the future to prevent this from happening. It represents years of opportunity lost on a key issue.

**Transparency:** Perhaps due in large part to an inactive Board and turnover in DHCD leadership, the quarterly and annual reports on HPTF spending that are required by law have not been filed since February 2012 for FY 2011. Such reports are a key accountability and oversight tool that shows the Council, housing advocates and the public that their resources are being used prudently. To his credit, Director Kelly recognizes the importance of these reports and pledged to produce them in short order. The Committee will hold the agency to that.

**HPTF Securitization:** Revenues in the Housing Production Trust Fund are regularly used to securitize bond issuances. According to the OCFO and DMPED, the District has received about \$125.3 million in HPTF bond proceeds. And, the debt cap model assumes that DMPED will issue an additional \$120 million in HPTF bonds.

Although a safe bet, the debt service paid on HPTF bonds is slightly higher than that paid on the District's Income Tax Secured Revenue Bonds, the Committee recommends borrowing for HPTF purposes using Income Tax Secured Bonds, which are a more secure investment. Doing so frees up debt service that can be used for direct affordable housing purposes. Initial estimates indicate that a savings of approximately

\$2.5 million could be realized in each of the first three years and up to \$7 million in years thereafter. This is a significant opportunity. Unfortunately, the District's Treasurer was unable to certify a savings at the time of the Committee vote. The Committee expects that a certification will be forthcoming at which time the savings shall be attributed to funding Age-in-Place and Equitable Senior Citizen Real Property Act of 2012 (D.C. Law 19-0165). The Committee also recommends that the income threshold be indexed to inflation.

**c. Mayor's Proposed Fiscal Year 2014-2019 Capital Budget**

**Proposed Capital Budget Summary**

The Housing Production Trust Fund has not associated capital funds.

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2014 Operating Budget Recommendations**

- The Committee makes no recommendations to the Mayor's proposed budget for FY 2014.

**b. Fiscal Year 2014 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 and do whatever it can to minimize administrative costs, and thereby build more affordable housing.
- The Committee insists that DHCD comply with the law by producing annual and quarterly reports on HPTF spending and results.

## E. HOUSING AUTHORITY SUBSIDY (HY0)

*Fiscal Year 2014 Operating Budget, By Revenue Type (Dollars in Thousands)*

	FY 2011 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
<b>DCHA</b>							
Local Funds	22,823	4,000	14,213	34,213	0	34,213	140.7%
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	0	18,000	19,969	0	0	0	-100.0%
<b>GROSS FUNDS</b>	<b>22,823</b>	<b>22,000</b>	<b>34,182</b>	<b>34,213</b>	<b>0</b>	<b>34,213</b>	<b>0.1%</b>

*Fiscal Year 2014 Full-Time Equivalents, By Revenue Type*

	FY 2011 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
<b>DCHA</b>							
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 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
50-SUBSIDIES AND TRANSFERS	22,000	34,182	34,213	0	34,213
Subtotal Nonpersonnel Services	22,000	34,182	34,213	0	34,213
Gross Funds	22,000	34,182	34,213	0	34,213

<b>Proposed Operating Budget by Program (Dollars in Thousands)</b>					
	<b>FY 2012 Actuals</b>	<b>FY 2013 Approved</b>	<b>FY 2014 Mayor's Proposed</b>	<b>FY 2014 Committee Variance</b>	<b>FY 2014 Committee Proposed</b>
1000-HOUSING AUTHORITY SUBSIDY	22,000	34,182	34,213	0	34,213
<b>Gross Funds</b>	<b>22,000</b>	<b>34,182</b>	<b>34,213</b>	<b>0</b>	<b>34,213</b>

## **1. COMMITTEE ANALYSIS AND COMMENTS**

### **a. Agency Mission and Overview**

The District of Columbia Housing Authority (DCHA) is devoted to providing quality affordable housing to extremely low- to moderate-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.

Since 1934, public housing has been owned and operated in the District by various entities. 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.

While DCHA's core mission is to provide quality affordable housing to low income families, DCHA has also worked 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.

In recent years, federal budget cuts and sequestration have negatively impacted DCHA, which in turn threatens DCHA's ability to support its operations. The triggered sequestration, effective March 1, 2013, will result in a five percent (5%) federal funding reduction to the U.S. Department of Housing and Urban Development (HUD). DCHA's federal funding will consequently be reduced by 5%, or about \$1,000,000 per month.

**b. Mayor's Proposed Fiscal Year 2014 Operating Budget**

**Proposed Operating Budget Summary**

**Local Funds:** The Mayor's FY 2014 proposed local funds subsidy for DCHA is \$34,213,000, which represents a 0.1% increase from the FY 2013 approved local subsidy of \$34,182,000.

**Committee Analysis and Comments**

The Mayor's FY 2014 proposal for the Housing Authority Subsidy represents a 0.1% 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:** In 2007, the Local Rent Supplement Program (LRSP) was created to provide rental assistance to extremely low-income District residents. The LRSP also provides permanent supportive housing with services to hundreds of chronically homeless residents, which in turn reduces the District's shelter, emergency rooms and mental health services costs. Regarding eligibility, the LRSP supports families who earn no more than 30% of Area Median Income (AMI), or about \$32,000. It was intended to complement the federal HCVP, as well as to keep housing affordable in the long-term through both tenant purchase and production and development of site-based projects.

The LRSP is comprised of three programs: (1) tenant-based; (2) project-based; and (3) sponsor-based. The Tenant-Based Program operationally resembles the federal 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. DCHA's FY 2013 approved budget and the Mayor's FY 2014 proposed request for the LRSP, along with Committee proposals, are reflected and itemized in the following chart.

Since 2011, Mayor Gray has chosen to shift funding from another affordable housing program, the Housing Production Trust Fund, to the LRSP in the amount of \$20 million per year. The Mayor's strategy seems to favor the supply side of the affordable housing equation, rather than the demand side.

**Project-and sponsor-based LRSP:** The Committee notes that for the first time in several years, the Mayor's FY 2014 budget includes \$3,000,000 of funding to support net new units, which will be used to finance project-and sponsor-based units that will accommodate referrals from District agencies. According to DCHA, this will enable DCHA to house over 200 low-income households in need of housing. Additionally, per the FY 2013 Budget Support Act, \$2,000,000 of local funds has been added to the

Housing Authority Subsidy to fund project- and sponsor-based units under the LRSP. This \$2,000,000 in local funding, along with new funding proposed in the FY 2013 and FY 2014 budgets for the Housing Production Trust Fund (HPTF), will produce 550 housing units for individuals and families at 0-30% AMI. It is estimated that no new affordable housing units will be available for at least two years.

***Tenant-based LRSP:*** Although \$4,000,000 was added to the LRSP tenant-based program for DCHA to administer in FY 2013, no monies have been added to the tenant-based component of the LRSP for FY 2014. While the Committee supports the above-mentioned increase to project- and sponsor-based components of the 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. As such, increased funding to tenant vouchers in FY 2014 is needed to meet the pressing needs of the District's most vulnerable residents. For the elderly, disabled, youth and homeless of the District, waiting two years for housing units to come online is unacceptable. Accordingly, the Committee recommends the following, but does not have sufficient funds to:

- **End homelessness for children with no safe place to sleep.** With an annual investment of \$5 million, \$3.5 million in tenant-based Local Rent Supplement, and \$1.5 million for Housing First, DC could end homelessness for every family in DC General and in hotels: around 300 families.

Family homelessness increased almost 75% between 2008 and 2012, and DC has stopped being able to serve "Priority One" families year-round in emergency shelters as a result of the high demand for services. This investment in housing would move enough additional families out of shelter over the next two years to ensure sufficient space in the shelter system to serve families with no safe place to sleep year-round, and to vastly decrease the amount of time any family has to live in DC General. Those families who need permanent supportive housing should be served by the DHS Housing First program. The rest should be served by the Local Rent Supplement Program.

Housing First: \$1.5 million (60 households served with housing and supportive services)

Tenant-based Local Rent Supplement Program: \$3.5 million (240 households served with vouchers)

- **End homelessness for all seniors.** With a total annual investment of \$10 million, \$4.3 million from Tenant-based local Rent Supplement, DC could end homelessness for every senior in DC.

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, unnecessarily shortening their lives. No elderly DC resident should be homeless. In 2012, 573 homeless single adults as well as adults in 3 families in shelters, were over age 62. Those who are elderly and need permanent supportive housing should be served by the DHS Housing First program. The rest should be served by a set-aside appropriation to the Local Rent Supplement Program.

Program breakdown:

Housing First: \$5.7 million (224 households served with housing and supportive services)

Tenant-based Local Rent Supplement Program: \$4.3 million (352 households served with vouchers)

- **End homelessness for every DC resident with HIV/AIDS.** With a total annual investment of \$3.75 million, DC could end homelessness for every person with HIV/AIDS in DC.

DC is in the midst of a severe HIV/AIDS epidemic and housing reduces mortality rates by 80%. While many advances have been made in treating the disease and in preventing transmission, studies show that homelessness both decreases good health outcomes dramatically and increases transmission rates (due to increase in sex trade, sexual violence and needle sharing practices on the street). No DC resident with HIV/AIDS should experience homelessness. In 2012, 131 single adults and 24 adults in families were identified as homeless and living with HIV/AIDS. (Due to under-reporting, these numbers are likely unrepresentative of the actual need.) Those who have HIV/AIDS and need permanent supportive housing should be served by the DHS Housing First program. The rest should be served by a set-aside appropriation to the Local Rent Supplement Program.

Housing First: \$1.25 million (50 households served with housing and supportive services)

Tenant-based Local Rent Supplement Program: \$2.5 million (200 households served with vouchers)

***Budget Support Act:*** The Committee recommends the repeal of Title II, Subtitle H of the FY 2014 Budget Support Act proposed language, which would limit project- and sponsor-based assistance to Priority One homeless families or individuals referred by agencies under the Mayor's direction. On April 2, 2013 DHCD's consolidated RFP already makes permanent supportive housing a priority for the use of LRSP, and DHCD, DHS, DMH, DCHA and DCHFA are parties to this Memorandum of Understanding governing the RFP. Accordingly, the proposed language of the Budget Support Act unnecessarily restricts usage of LRSP. The proposed language of the Budget Support Act poses an administrative burden and would prevent DHCD and DCHA from using LRSP to fund projects for extremely low-income residents who are not currently homeless. At

DCHA's FY 2014 Budget Hearing on April 22, 2013, witnesses expressed support for repealing Title II, Subtitle H of the FY 2014 Budget Support Act, including the Washington Legal Clinic for the Homeless, Coalition for Nonprofit Housing and Economic Development and DC Fiscal Policy Institute.

***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, the Housing Choice Voucher Program, 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 March 2013, there were almost 70,000 families and individuals on the waiting list requesting housing.

On April 12, 2013, DCHA suspended the intake of new applications on its waiting lists for several reasons. First, DCHA needed to clean and update the waiting list to ensure that those on the list still seek and are eligible for housing. Additionally, DCHA will give people on the public housing waiting list the opportunity to list which properties they prefer to inhabit. Finally, DCHA hopes to make the waiting list process easier to understand and manage. DCHA expects to reopen the waiting list for a limited time to accept new applications when public housing or vouchers are available.

For District residents who call with questions, DCHA is providing a resource sheet listing other HUD-funded and DCHA-funded housing providers, as well as contact information for other housing authorities in the region. The Committee underscored the importance of having this resource sheet be available to the wider District government agencies. The Committee also advised discussing the Resource Sheet with the Director of Office of Unified Communications of the District of Columbia so that the staff can be trained on the relevant information. The Committee also expressed concern that the Mayor was sending those in need of housing outside DCHA and executive offices specializing in housing matters. In short, the Committee underscores the importance of identifying solutions to address the extensive demand for housing needs in the District of Columbia, especially increased funding in tenant-based vouchers to meet the immediate needs of the District's most vulnerable residents.

***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 in the Comprehensive Housing Strategy Task Force. In particular, the Committee recommends supporting the One City 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.

***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 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 DMPED. The OCFO debt cap analysis assumes total HPTF bond issuances of approximately \$243.7 million. However, to date, only \$106.5 million of HPTF bond budget has been loaded in capital projects in the financial system. Further, the timeline for projects is outstanding.

On February 12, 2013, the Committee on Economic Development held an oversight hearing on NCI to assess its progress and challenges with members of the public, real estate developers as well as DCHA and DMPED. At the hearing, DCHA Executive Director Adrienne Todman characterized NCI as a participatory process. She explained that DCHA has held numerous meetings at each NCI site, and has worked with residents to inform and educate them on the process.

The Committee advises DMPED and DCHA to increase transparency as the agencies work with the residents of the sites to determine the best path forward. While some NCI sites have progressed adequately, others, especially Barry Farm, have lagged behind schedule. To advocates and residents alike, the details of the destruction 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, stemming from the District of Columbia Fiscal Policy Institute's proposal, the Committee recommends adopting a reporting requirement for DMPED and DCHA.

**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 FY14 Funding Proposal for Housing Assistance Payments (Dollars in Thousands)**

	<b>FY 2013 Approved</b>	<b>Mayor's FY 2014 Proposed</b>	<b>Committee's FY 2014 Proposed</b>	<b>Variance</b>	<b>Percent Growth FY13 Approved to FY 14 Committee</b>
Rental Assistance Support – 500 families	6,569	6,569	6,569	0	0%
Admin. Support – 500 families	571	571	571	0	0%
<b>Total</b>	<b>7,140</b>	<b>7,140</b>	<b>7,140</b>	<b>0</b>	<b>0%</b>

**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 69 FTE's of the Office of Public Safety.

***Office of Public Safety FTE's***

<b>Positions</b>	<b>Number of FTE's</b>
<b>Sr. Police Officer</b>	<b>6</b>
<b>Lieutenant</b>	<b>2</b>
<b>Police Officers</b>	<b>18</b>
<b>Sergeant</b>	<b>8</b>
<b>Special Police Officer</b>	<b>22</b>
<b>Chief</b>	<b>1</b>
<b>Deputy Chief</b>	<b>1</b>
<b>Police Investigator</b>	<b>0</b>
	<b>69</b>

**c. Mayor's Proposed Fiscal Year 2014-2019 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 2014 Operating Budget Recommendations**

- The Committee makes no recommendations to the Mayor's proposed budget for FY 2014.

**b. Fiscal Year 2014 Capital Budget Recommendations**

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

**c. Policy Recommendations**

- 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 recommends that DCHA identify a solution to the lighting problem and secure programming for a community center at Woodland Terrace, by June 1, 2013.
- 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 recommends DCHA closely monitor vacant properties to efficiently turn them over to new tenants.
- The Committee encourages DCHA to work closely with the Office of Public Safety to reduce crime on DCHA sites.
- The Committee recommends that DCHA coordinate efforts with DMPED to improve the transparency of the progress of the New Communities Initiative.
- The Committee urges DCHA, DMPED and DHCD to submit an annual report detailing progress made at each New Communities site.
- The Committee recommends that DCHA meet with residents of each New Communities site to determine the best path forward.
- The Committee urges DCHA to demolish vacant buildings at Lincoln Heights and meet with the community to explain the relocation plan as replacement units become available.
- 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, and a senior housing program.
- The Committee encourages DCHA to continue identifying ways to expand affordable housing to low income families in the District.
- 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, despite federal budget cuts and sequestration.
- The Committee recommends funding the following initiatives:
  - **End homelessness for children with no safe place to sleep.** With an annual investment of \$5 million, \$3.5 million in tenant-based Local Rent

Supplement, and \$1.5 million for Housing First, DC could end homelessness for every family in DC General and in hotels: around 300 families

- **End homelessness for all seniors.** With a total annual investment of \$10 million, \$4.3 million from Tenant-based local Rent Supplement, DC could end homelessness for every senior in DC.
- **End homelessness for every DC resident with HIV/AIDS.** With a total annual investment of \$3.75 million, DC could end homelessness for every person with HIV/AIDS in DC.

## F. HOUSING FINANCE AGENCY (HF0)

*Fiscal Year 2014 Operating Budget, By Revenue Type (Dollars in Thousands)*

	FY 2011 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
<b>HF</b>							
Local Funds	0	0	0	0	0	0	0.0%
Dedicated Taxes	0	0	0	0	0	0	0.0%
Special Purpose	9,339	8,884	8,735	9,689	0	9,689	10.9%
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%
<b>GROSS FUNDS</b>	<b>9,339</b>	<b>8,884</b>	<b>8,735</b>	<b>9,689</b>	<b>0</b>	<b>0</b>	<b>10.9%</b>

*Fiscal Year 2014 Full-Time Equivalents, By Revenue Type*

	FY 2011 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
<b>HF</b>							
Total FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0%

<b>Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)</b>					
	<b>FY 2012 Actual</b>	<b>FY 2013 Approved</b>	<b>FY 2014 Mayor's Proposed</b>	<b>FY 2014 Committee Variance</b>	<b>FY 2014 Committee Proposed</b>
11-REGULAR PAY - CONT FULL TIME	0	4,699	5,034	0	5,034
14-FRINGE BENEFITS - CURR PERSONNEL	0	1,000	1,026	0	1,026
15-OVERTIME PAY	0	32	32	0	32
<b>Subtotal Personnel Services</b>	<b>0</b>	<b>5,731</b>	<b>6,092</b>	<b>0</b>	<b>6,092</b>
20-SUPPLIES AND MATERIALS	0	110	100	0	100
30-ENERGY, COMM. AND BLDG RENTALS	0	140	130	0	130
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	0	68	66	0	66
33-JANITORIAL SERVICES	0	56	76	0	76
34-SECURITY SERVICES	0	18	20	0	20
40-OTHER SERVICES AND CHARGES	0	1,170	1,700	0	1,700
41-CONTRACTUAL SERVICES - OTHER	0	1,018	1,020	0	1,020
70-EQUIPMENT & EQUIPMENT RENTAL	0	185	190	0	190
80-DEBT SERVICE	0	240	295	0	295
<b>Subtotal Nonpersonnel Services</b>	<b>0</b>	<b>3,004</b>	<b>3,597</b>	<b>0</b>	<b>3,597</b>
<b>Gross Funds</b>	<b>0</b>	<b>8,735</b>	<b>9,689</b>	<b>0</b>	<b>9,689</b>

<b>Proposed Operating Budget by Program (Dollars in Thousands)</b>					
	<b>FY 2012 Actuals</b>	<b>FY 2013 Approved</b>	<b>FY 2014 Mayor's Proposed</b>	<b>FY 2014 Committee Variance</b>	<b>FY 2014 Committee Proposed</b>
1000-HOUSING FINANCE AGENCY	0	8,735	9,689	0	9,689
<b>Gross Funds</b>	<b>0</b>	<b>8,735</b>	<b>9,689</b>	<b>0</b>	<b>9,689</b>

## 1. 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. Impressively, since its inception, HFA has provided capital for more than 14,000 units of affordable rental housing, assisted over 6,000 District residents purchase homes, and invested over \$2.5 billion into the District's economy.

HFA is a corporate instrumentality with a legal existence separate from the government of the District of Columbia. HFA is entirely self-supporting and none of the proposed budget funds are 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. Because of this, as well as 446 and 490(g)(3) of the Home Rule Act, HFA's budget is not subject to congressional authorization. HFA's budget is instead 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 FTEs.

**b. Mayor's Proposed Fiscal Year 2014 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor's FY 2014 proposed operating budget for HFA is \$9,989,000, which represents an increase of 10.9% from the FY 2013 approved budget of \$8,735,000. This budget supports no full-time equivalent employee levels (FTEs) because HFA employees are not covered by the merit personnel system of the District of Columbia. Although not categorized as FTEs, HFA operating budget supports 46 funded positions.

**Committee Analysis and Comments**

The District of Columbia Housing Finance Agency's (HFA) proposed FY 2014 gross operating budget is \$9,689,000, which represents a 10.9% increase from the FY 2013 approved budget of \$8,735,000. This increase will enable HFA to execute its business plan objectives through FY 2014. In particular, the proposed budget includes an increase of \$335,000, which assumes full staffing contingent to account for new positions that may be added in the course of the next two years. Additionally, the \$530,000 increase in other services and charges represents expended financing activities tied to non-performing assets, for which HFA expects to set aside funds.

This budget supports no full-time equivalent employee levels (FTEs) because HFA employees are not covered by the merit personnel system of the District of Columbia. Although not categorized as FTEs, HFA operating budget supports 46 funded positions.

**c. Mayor's Proposed Fiscal Year 2014-2019 Capital Budget**

**Proposed Capital Budget Summary**

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

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2014 Operating Budget Recommendations**

- The Committee makes no recommendations to the Mayor's proposed budget for FY 2014.

**b. Fiscal Year 2014 Capital Budget Recommendations**

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

**c. Policy Recommendations**

- The Committee recommends that, in FY 2014, HFA implement relevant recommendations contained in the Comprehensive Housing Strategy Task Force's report. First, the Committee recommends delegating underwriting authority to HFA when debt funding is provided by HFA and gap financing is provided by DHCD. Second, 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 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 and mixed income as well as rebuilding the community with any potential sale of the property. The Committee also encourages HFA to determine whether the Parkway Overlook buildings are repairable and stabilized before moving forward with its disposition.

## G. OFFICE OF CABLE TELEVISION (CT0)

*Fiscal Year 2014 Operating Budget, By Revenue Type (Dollars in Thousands)*

	FY11 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
<b>OC1</b>							
Local Funds	0	5,605	8,592	8,462	0	8,462	0
Dedicated Taxes		0	0	0	0	0	0
Special Purpose	6,957	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0	0
Private Funds	0	0	0	0	0	0	0
Intra-District	19	17	0	0	0	0	0
<b>GROSS FUNDS</b>	<b>6,976</b>	<b>5,621</b>	<b>8,592</b>	<b>8,462</b>	<b>0</b>	<b>8,462</b>	<b>0</b>

*Fiscal Year 2014 Full-Time Equivalents, By Revenue Type*

	FY11 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
<b>OC1</b>							
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	31.9	32.3	39.5	39.5	0.0	39.5	0.0%
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%
<b>GROSS FUNDS</b>	<b>31.9</b>	<b>32.3</b>	<b>39.5</b>	<b>39.5</b>	<b>0.0</b>	<b>39.5</b>	<b>0.0%</b>

<b>Proposed Operating Budget by Comptroller Source Group (Dollars in Thousands)</b>					
	<b>FY 2012 Actual</b>	<b>FY 2013 Approved</b>	<b>FY 2014 Mayor's Proposed</b>	<b>FY 2014 Committee Variance</b>	<b>FY 2014 Committee Proposed</b>
11-REGULAR PAY - CONT FULL TIME	2,208	2,610	2,687	0	2,687
12-REGULAR PAY - OTHER	193	277	342	0	342
13-ADDITIONAL GROSS PAY	7	0	0	0	0
14-FRINGE BENEFITS - CURR PERSONNEL	485	593	624	0	624
15-OVERTIME PAY	55	60	50	0	50
<b>Subtotal Personnel Services</b>	<b>2,948</b>	<b>3,540</b>	<b>3,703</b>	<b>0</b>	<b>3,703</b>
20-SUPPLIES AND MATERIALS	20	35	35	0	35
30-ENERGY, COMM. AND BLDG RENTALS	4	92	99	0	99
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	95	244	100	0	100
32-RENTALS - LAND AND STRUCTURES	32	0	45	0	45
34-SECURITY SERVICES	0	50	50	0	50
35-OCCUPANCY FIXED COSTS	51	105	83	0	83
40-OTHER SERVICES AND CHARGES	914	2,583	1,848	0	1,848
41-CONTRACTUAL SERVICES - OTHER	158	253	300	0	300
50-SUBSIDIES AND TRANSFERS	979	850	995	0	995
70-EQUIPMENT & EQUIPMENT RENTAL	419	841	1,205	0	1,205
<b>Subtotal Nonpersonnel Services</b>	<b>2,673</b>	<b>5,052</b>	<b>4,760</b>	<b>0</b>	<b>4,760</b>
<b>Gross Funds</b>	<b>5,621</b>	<b>8,592</b>	<b>8,464</b>	<b>0</b>	<b>8,464</b>

<b>Proposed Operating Budget by Program (Dollars in Thousands)</b>					
	<b>FY 2012 Actuals</b>	<b>FY 2013 Approved</b>	<b>FY 2014 Mayor's Proposed</b>	<b>FY 2014 Committee Variance</b>	<b>FY 2014 Committee Proposed</b>
1000-AGENCY MANAGEMENT PROGRAM	1,201	3,123	2,208	0	2,208
2000-PROGRAMMING	4,013	4,936	5,706	0	5,706
3000-REGULATORY	403	533	550	0	550
9960-YR END CLOSE	4	0	0	0	0
<b>Gross Funds</b>	<b>5,621</b>	<b>8,592</b>	<b>8,464</b>	<b>0</b>	<b>8,464</b>

## 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 (as that term is defined by the District's cable television laws); (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 2014 Operating Budget**

### **Proposed Operating Budget Summary**

The Mayor's proposed FY 2014 gross funds budget for DMPED is \$8,463,899, a decrease \$128,000 from FY2013, or -1.5%. The FTE level of 39.5 remains unchanged.

***Special Purpose Revenue Funds:*** The Mayor's proposed special purpose budget is 8,463,899, a decrease \$128,000 from FY2013, or -1.5%. The FTE level of 39.5 remains unchanged. The agency receives all of its funding from one special reserve fund, the Cable Franchise Fee fund.

### **Committee Analysis and Comments**

***Staffing:*** Although the FY 2014 budget does not request additional FTEs, the Committee is concerned that the staffing level is somewhat excessive. The agency currently has authority for 39.5 FTEs but 8.5 of those are vacant. Four of these positions were added during FY 2013. The fact that these remain unfilled and are not advertised, suggests that they are not essential. The agency notes that the part-time producer position has just recently closed and will soon be filled, and two production assistants and a part-time producer will be filled very shortly. The Committee commends this effort but would like to see the agency make an even greater effort.

***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, OCT is negotiating franchise renewals with the District's cable television providers: Comcast, RCN, and Verizon.

Comcast, the nation's largest cable television provider, is currently in franchise renewal negotiations with the District. It currently serves District residents under a 2002 cable franchise agreement that expired on April 20, 2013.<sup>10</sup> This agreement allows Comcast to install cable and facilities throughout the District's rights-of-way in return for the payment of certain rental fees - known as franchise fees - and other benefits for the District and its residents. Under the franchise agreement the District also imposes various obligations on the providers to protect the rights and interests of District residents and cable subscribers. The RCN franchise renewal negotiations are ongoing and are expected to conclude June 30, 2013. Verizon's existing franchise agreement expires April 30, 2024.

***New Headquarters:*** The agency, in collaboration with the DC Department of General Services (DGS), officially broke ground on April 1st for the site of the new headquarters for OCT. 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.

The demolition of the interior is in full swing. The project renovation will include replacing the roof, renovation of exterior and interior structures, build-out of the production studios and installation of the television broadcast equipment. The project is slated for completion in fall 2013.

***Reprogramming:*** The costs associated with the acquisition and build out of the new headquarters were not included in a capital project. Instead, significant funds have been reprogrammed and used as pay-go funding. For instance, in FY 2012, the agency spent \$5 million in excess franchise fees for acquisition and construction purposes. The proposed \$1.1 million increase to OCT's budget is requested due to an increase in PEG funds collected from the District's PEG cable franchises-Comcast, RCN and Verizon. The additional funds will be used to supplement OCT's capital project renovation including equipment installation for the new facility located at 1899 9<sup>th</sup> Street, NE and to support the District's PEG Channels-TV-13, DCN, DKN, DCTV and UDC. All of this spending is additional to approximately \$2.4 million to purchase the building and another \$9.7 million for renovations. Altogether, the costs associated with the new headquarters are approximately \$12 million.

***Programming Improvements and Cost Efficiencies:*** The move to the new headquarters should improve programming capacity and create cost efficiencies. In FY 2012, OCT purchased LiveU – a portable cellular based live video transmission system. This ever-changing technology enables OCT to provide live event coverage for

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<sup>10</sup> According to testimony of Eric Richardson, Director of OCT, Comcast and OCT have entered into a 6-month extension of the underlying agreement.

emergency announcements, information, updates and other time-sensitive events. This technology will reduce OCT's budget by \$144,000. Likewise, in FY 2014, OCT seeks to complete 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.

And, the agency should become a more efficient steward of taxpayer dollars by switching from a digital telecommunications platform to voice over Internet Protocol (VOIP) which anticipates a costs savings. The agency notes, too, that it intends to upgrade to mobile cell phones only during free carrier promotions; participate in buy-back programs for used communications equipment and closely monitor cell phone usages for all users.

*Satellite Subscribers and PEG Channels:* Chairperson Bowser noted during the oversight hearing that many residents of the District of Columbia who received television via satellite complain that they do not receive Channel 13 (which airs Council hearings) or other PEG channels. Director Eric Richardson noted that the federal Telecommunications Act, which preempts state and local regulation of these devices and services, means that neither the District nor any other local jurisdiction has the legal authority to impose programming mandates on satellite television service providers. In other words, the District cannot force satellite companies to carry its PEG cable channel programming.

**c. Mayor's Proposed Fiscal Year 2014-2019 Capital Budget**

**Proposed Capital Budget Summary**

OCT does not have a capital budget.

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2014 Operating Budget Recommendations**

- The Committee makes no recommendations.

**b. Fiscal Year 2014 Capital Budget Recommendations**

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

c. **Policy Recommendations**

- The Committee makes no recommendations.

## H. WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (KE0)

*Fiscal Year 2014 Operating Budget By Revenue Type Dollars In Millions*

	FY11 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
Local Funds	245,703	138,068	199,156	200,222	588	200,810	0.8%
Dedicated Taxes	0	52,186	57,202	59,119	0	59,119	3.4%
Special Purpose	12,000	31,085	30,579	41,159	0	41,159	34.6%
General Fund Total	257,703	221,339	286,937	300,500	588	301,088	4.9%
Federal Payments	0	0	0	0	0	0	0.0%
Federal Grant Funds	0	0	0	0	0	0	0.0%
Federal Medicaid	0	0	0	0	0	0	0.0%
Federal Funds Total	0	0	0	0	0	0	0.0%
Private Funds	0	0	0	0	0	0	0.0%
Gross Funds, Less Intra-District	257,703	221,339	286,937	300,500	588	301,088	4.9%
Intra-District	0	57,206	0	0	0	0	0.0%
<b>GROSS FUNDS</b>	<b>257,703</b>	<b>221,339</b>	<b>286,937</b>	<b>300,500</b>	<b>588</b>	<b>301,088</b>	<b>4.9%</b>

*Fiscal Year 2014 Full-Time Equivalent By Revenue Type*

	FY11 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
Local Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Dedicated Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Special Purpose	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
General Fund Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Grant Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Medicaid	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Private Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Gross Funds, Less Intra-District	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Intra-District	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>GROSS FUNDS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>

Fiscal Year 2014 Operating Budget, By Comptroller Source Group (Dollars in Thousands)							
Comptroller Source Group	FY 2011 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee
50 Subsidies and Transfers	257,703	278,545	286,937	300,500	588	301,088	4.9%
<b>Nonpersonal Services (NPS)</b>	<b>257,703</b>	<b>278,545</b>	<b>286,937</b>	<b>300,500</b>	<b>588</b>	<b>301,088</b>	<b>4.9%</b>
<b>GROSS FUNDS</b>	<b>257,703</b>	<b>278,545</b>	<b>286,937</b>	<b>300,500</b>	<b>588</b>	<b>301,088</b>	<b>4.9%</b>

Fiscal Year 2014 Operating Budget, By Program (Dollars in Thousands)							
Agency Program	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor	Committee Variance	FY 2014 Committee	Percent Growth FY13 Approved to FY14 Committee	
<b>DC00 DC Projects Only</b>							
CIRC Circulator	0	14,500	18,077	0	18,077	25%	
REDF Reduced Fares	0	970	979	0	979	1%	
SCHS School Subsidy	0	5,585	5,585	0	5,585	0%	
Subtotal (DC00) DC Projects Only	0	21,055	24,641	0	24,641	17%	
<b>DS00 Debt Service</b>							
DS01 Debt Service - Series	21,002	16,761	16,765	0	16,765	0%	
Subtotal (DS00) Debt Service	21,002	16,761	16,765	0	16,765	0%	
<b>MA00 Metro Access</b>							
PARA Para-Transit	27,570	28,099	27,592	0	27,592	-1.8%	
Subtotal (MA00) Metro Access	27,570	28,099	27,592	0	27,592	-1.8%	
<b>OP00 WMATA Operations</b>							
BUS1 Metrobus	198,193	168,882	183,790	588	184,378	9.2%	
RAIL Metrorail	31,779	52,140	47,712	0	47,712	-8.5%	
Subtotal (OP00) WMATA Operations	229,972	221,022	231,502	588	232,090	5.0%	
<b>GROSS FUNDS</b>	<b>278,545</b>	<b>286,937</b>	<b>300,500</b>	<b>588</b>	<b>301,088</b>	<b>4.9%</b>	

Mayor's Proposed Fiscal Year 2014-2019 Capital Budget, By Project (Dollars in Thousands)								
Code	Project Name	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	6-Year
KE0-SA202	Metrobus	12,855	12,633	15,294	14,665	14,665	14,265	84,377
KE0-SA301	Metrorail Rehab	9,340	9,180	11,149	10,623	10,623	10,423	61,338
KE0-SA311	WMATA Fund Project	50,000	50,000	50,000	50,000	50,000	50,000	300,000
KE0-TOP02	Project Development	1,099	1,099	1,099	1,099	1,099	699	6,194
KE0-TOP03	System Performance	49,341	43,713	29,619	42,446	42,446	42,013	249,578
<b>AGENCY TOTAL</b>		<b>122,635</b>	<b>116,625</b>	<b>107,161</b>	<b>118,833</b>	<b>118,833</b>	<b>117,400</b>	<b>701,487</b>

Code	Project Name	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	6-Year
KE0-SA 202	Metrobus	12,855	12,633	15,294	14,665	14,665	14,265	84,377
KE0-SA 301	Metrorail Rehab	9,340	9,180	11,149	10,623	10,623	10,423	61,338
KE0-SA 311	WMATA Fund Project	50,000	50,000	50,000	50,000	50,000	50,000	300,000
KE0-TOP02	Project Development	1,099	1,099	1,099	1,099	1,099	699	6,194
KE0-TOP03	System Performance	49,341	43,713	29,619	42,446	42,446	42,013	249,578
<b>AGENCY TOTAL</b>		<b>122,635</b>	<b>116,625</b>	<b>107,161</b>	<b>118,833</b>	<b>118,833</b>	<b>117,400</b>	<b>701,487</b>

## 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 Washington metropolitan 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 2014 Operating Budget

## **Proposed Operating Budget Summary**

The Mayor's proposed FY 2014 gross funds budget for WMATA is \$300,500,000, an increase of \$13,563,080 from FY2013, or 4.7%. 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 \$200,222,000, an increase of \$1,066,000, or 0.5%, over the FY 2013 approved budget of \$199,156,000.

**Dedicated Taxes:** The Mayor's proposed dedicated taxes budget is \$59,119,000, which represents an increase of \$1,917,000, or 3.4%, over the FY 2013 approved budget of \$57,202,000.

**Special Purpose Revenue Funds:** The Mayor's proposed special purpose revenue funds budget is \$41,159,000, an increase of \$10,580,000, or 34.6%, from the FY 2013 approved budget of \$30,579,000.

## **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 more than \$422 million for operating and capital subsidies in FY 2014, 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 metropolitan Washington 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.<sup>11</sup> In addition, WMATA operating costs have seen a steady uptick, requiring fare increases on a regular 2-year basis. 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.<sup>12</sup> The Committee recommends that WMATA do all it can 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.

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<sup>11</sup> 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.

<sup>12</sup> The Momentum strategic plan recently drafted by WMATA staff is discussed in greater detail below.

**Federal Funding:** The drop in Metrorail ridership is partly attributable to the reduction in transit benefit available to federal employees, who comprise significant part of WMATA's customer base. Thankfully, the monthly benefit was recently restored from \$125 to \$245, once again making it equal with the amount offered for parking benefits as it should be. Unfortunately, it is only for federal FY 2013, and WMATA will have to work closely with the region's Congressional delegation to ensure continued parity. WMATA must also do a better job in marketing the program to larger employers and residents.

Transit benefits are the not the only issue of concern on the federal front. The uncertain federal budget environment, and most notably the sequestration cuts and associated employee furloughs, are predicted to reduce WMATA revenue by \$10 million in FY 2014 alone. WMATA management have prepared a list of contingencies to make-up this loss if necessary, including closing certain station entrances on weekends and cancelling or delaying projects and planning studies. Sequestration has also reduced PRIIA capital assistance by \$8 million. The Compact jurisdictions have collectively found ways to make up this difference, recognizing how vital these resources are to the 6-year, \$5 billion "State of Good Repair" construction and maintenance program despite not having any obligation to do so. The Committee hopes Congress and the federal government can overcome this budget morass quickly to give WMATA, other state and local government agencies, and millions of people across the country certainty that they can rely on federal support they have come to expect. Not only must the federal government fulfill their current PRIIA obligations, but WMATA will need a new capital assistance agreement with them and the Compact jurisdictions starting in FY 2017

**Multi-year budgeting and business plan:** At the Board's request, FY 2014 will mark the first year in which WMATA operates under a multi-year budget and business plan. This will go a long way towards careful and effective stewardship of the Authority's resources. It should also demonstrate to the federal government and Compact jurisdictions that their support is being invested properly and should continue and expand. Although the Committee generally commends management for this effort, it would encourage an improved performance measuring system and more public involvement in the process.

**Momentum:** Addressing ridership declines, increased costs, declining federal assistance and business planning is necessary to the long-term reliability and growth of the Metro system. Fortunately, this year the WMATA Board and management undertook a strategic planning process that has resulted in the drafting of the Momentum long-range plan. This will serve as the roadmap for the next 25 years or more, and it has a host of ideas to ensure that Metro grows with the region. They include 100% 8-car service on Metrorail, complete construction of the Metrobus Priority Corridor Networks, and many other improvements. The key will be making these ideas concrete and finding the resources and jurisdictional support to make them a reality. WMATA will continue to reach out and get input from key stakeholders on Momentum. The Committee

encourages high level talks between jurisdictional leaders and WMATA to ensure key next steps are taken in short order.

**Capital Plan:** Even as WMATA plans for the future, it is also completing important work in the short- and mid-term that is necessary to maintaining a safe and reliable system. Hence, a 6-year, \$5.5 billion capital improvement plan. Major aspects of this capital budget include track circuit and switch replacements required by the National Transportation Safety Board, new 7000 Series rail cars, replacement of 100 buses and renovation of 100 buses each year, modernization of WMATA's fare collection system, replacement or rehabilitation of 158 escalators and 85 elevators. Even with those extensive efforts, WMATA has billions of dollars in projects in their Capital Needs Inventory that are not currently funded, including:

**Bus garages:** Funding in the capital budget exists for the Southern Avenue and Cinder Bed Road garages. But, the bus fleet must continue to expand to serve the growing demand of riders, and this cannot happen without further expansion of existing garages and construction of new ones. Northern and Western garages in the District are badly in need of replacement and present great opportunities for economic development as anchor sites in their respective communities. Further, as bus technology changes, such as use of alternative fuels and articulated vehicles, new or upgraded facilities are made all the more important. While renovations of existing facilities are funded in FY 2014, new facilities don't appear in the capital budget until 2018. Given the long lead time for property acquisition, regulatory approval, public input and construction, the Committee is concerned that funding may be needed sooner.

**8-car Trains:** A similar issue exists for expansion of Metrorail service. With the region's anticipated growth over the next 25 years, Metrorail must inevitably expand and offer more service. The first step is 100% use of 8-car trains, as opposed to the current mix of 6 and 8 car trains. This effort requires upgrades to the systems power facilities, engineering studies, new cars, and station capacity enhancements to reduce congestion on platforms and improve access by riders. Just \$200 million, or 6.7%, of the estimated \$3 billion cost to achieve this goal is funded in the current 6-year capital plan. This makes finding new funding for the *Momentum* plan all the more important. But, the Committee hopes WMATA is able to prioritize the initial phases of these projects sooner than that and works diligently on the aspects that are currently funded.

**Dulles Silver Line:** The Silver Line represents a significant expansion in the Metrorail system in Virginia. Phase I, the 11 mile, 5-station extension will serve Tysons Corner and Reston. Construction, which is being overseen by the Metropolitan Washington Airports Authority (MWAA), will be complete this summer, with revenue service beginning in January 2014 after testing and training occurs. The procurement process for Phase II to Dulles Airport is currently underway with scheduled completion by 2018. In light of the recent issues concerning delays, budget overruns and construction quality on the Silver Spring Transit Center, the Committee recommends that WMATA take an active role in the oversight of the Silver Line construction given that it will be the entity responsible for its operation, maintenance, and safety issues should they

arise. As such, the Authority can't afford not to closely monitor and coordinate these efforts.

Expansion of the Metrorail system, which can be costly to operate and maintain without strong ridership, also demands strict fiscal stewardship and management. WMATA should therefore do all it can to adjust service levels to meet demand, eliminate bus service made redundant by the Silver Line, and do all it can to promote ridership.

**Bus Capacity:** Examples of ridership growth that is not speculative currently exist on key bus routes in the core of the system. They include major corridors like 16<sup>th</sup> Street and Georgia Avenue, which already have high rush hour at peak periods. Now they are starting to experience expanded rush hours into late night hours as the District's demographics, growth patterns, and economy evolve. WMATA is to be commended for their response to this demand by adding service where it's needed. This is, after all, a good problem to have, and Metro should not forego this potential revenue. That said, WMATA should closely monitor ridership trends, be responsive, and add the fleet and garage capacity so that service changes can change as needed.

**Procurement:** Although not unique to WMATA, contracting delays, cost overruns and technical shortcomings pose a major hurdle in offering the improved service riders deserve. Traffic signal priority technology, the new electronic payment program, and real-time information displays present just a few of the on-going examples of procurement problems. While acknowledging that WMATA has unique challenges stemming from the need for regional coordination and the desire to be at the forefront of transit offerings, the Committee believes more can be done to streamline this process and adopt best practices from other government agencies. WMATA, in fact, may already be on this path by hiring a consultant to perform an efficiency study for the agency.

**Safety and Security:** The continued prosperity of the Metro system depends in large part to riders feeling safe and secure when they use it. That includes confidence that accidents like the one that occurred on the Red Line near Ft. Totten in 2009 are not repeated. It also requires not be subject to crime and harassment. Fortunately, such incidents are presently rare, but there is more that can be done on the following issues to improve WMATA's safety and security record further.

**Sexual Harassment:** In response to testimony heard at this Committee's budget hearings for FY 2013 by members of the advocacy group, Collective Action for Safe Spaces, WMATA took several steps to ensure better enforcement and investigation of sexual harassment claims. That included creating a special awareness campaign, training employees on the topic, and creating a special hotline and website for reporting issues. But, more can still be done to track occurrences of these crimes in the Metro system, in addition to more effectively arresting and prosecuting perpetrators of these crimes.

**Lighting:** The Metro system's architecture is recognized internationally for its trademark distinctive, concrete design. But, particularly as it ages, that architecture is often criticized for resulting in a poorly lit environment that can be confusing and, or

hazardous for riders. To address this problem, WMATA's has budgeted \$4 million in FY2014 to light 17 station mezzanines and \$53 million over the 6-year capital plan. The Committee would like to commend WMATA's Accessibility Advisory Committee (AAC) for voluntarily studying the issue and producing a thorough report on how to improve lighting with special consideration for the disabled and blind population. The Committee hopes all of the AAC's recommendations will be adopted with full funding from WMATA, while also protecting historic character of the Metro design. It will go a long way towards making the system safer and more user-friendly for all.

**Radios:** The recent Green Line incident revealed that outdated radio equipment can make it hard to communicate during emergencies on Metrorail. The system, which has not been replaced since Metro was first built some 40 years ago, only has one channel. This means that all of the operational communications happen on one channel, leaving no room for a special emergency communications. WMATA is in the process of installing a new digital system on its new 7000 series rail cars currently under construction, but it is not clear whether it will be fitted on older cars. The Committee expects WMATA to devise both interim and permanent solutions to this problem. Finishing the already delayed neutral host wireless system so that cell phones function more consistently in the tunnels would be a good start.

**Cameras:** In addition to communications equipment, WMATA needs to improve its closed-circuit camera system. The recent marathon bombing in Boston demonstrates, such a system is key to investigating and deterring crime, including potential acts of terror to which the nation's capital is certainly a target. WMATA currently has 1,900 cameras deployed in all rail stations, buses, and parking facilities. They have aided in the arrest of several criminals. But, the quality is generally low, which sometimes makes the data useful for investigations. Fortunately, WMATA has \$19 million in the FY 2014 capital plan to fund improved cameras on buses. The Committee commends the agency for this funding and encourages expanded use of cameras with the latest technology to take every reasonable step to improve safety while protecting individual's civil rights and privacy.

**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 has continued to increase the perception of danger. In FY 2013, WMATA hired an additional 32 officers, which are currently being trained, and will be deployed on Metrobus this fall. The Committee organized a public hearing in Ward 8 to hear from the public and WMATA on this issue. In response, WMATA pledged to work more closely with the Metropolitan Police Department in pursuing these crimes, have quicker responses from their Bus Operations Control Center (BOCC), and work with schools and youth organizations to deter vandalism. The Committee believes the outreach campaign is still lacking and Metro Transit Police need to present to schools at the beginning of each year and perhaps work with them to stagger release hours so the system is not overwhelmed with youth all at once.

**Marketing:** In FY2013, WMATA raised fares as part of its budget process, including a new \$1 surcharge on those who use paper fare cards on the Metrorail system. As intended, it has shifted many riders to use SmarTrip cards, which results in operational savings and efficiencies for the system. But, it also imposes a big fee on those who don't have, can't afford or don't know how to obtain SmarTrip cards. To their credit, WMATA has taken steps to make SmarTrips cheaper and more widely available. But, it is still a case of WMATA being inhospitable towards tourists and other visitors. Given the importance of conventions and the hospitality industry to the regional economy, WMATA needs to do all it can to cater their services to this population. That includes completion of the new electronic payment program that will allow direct payment of fares with credit cards and smartphones. While this essentially eliminates the need for any kind of fare media, is it several years away. In the meantime, the Committee urges WMATA to consider alternative solutions, including better marketing, bulk purchase discounts of fare media, more user-friendly station kiosks and well-trained employees.

**MetroAccess:** WMATA's paratransit service general receives positive reviews from its riders for reliability and customer service, though the cost, particularly in comparison to bus and rail fares is a frequent complaint. MetroAccess has also witnessed a steady decline in ridership in the past year. Given the considerable subsidy required for each trip of over \$50 per ride, this has resulted in savings to the Compact jurisdictions. WMATA credits better training of its Access customers on how to effectively use the bus and rail networks as well as the offering of discounted trips. The Committee needs assurances that this is in fact that case and that riders who need MetroAccess aren't simply being priced out of transportation that is vital to making medical visits, working, and all of the other trips that are necessary for an independent, high-quality life for members of our disabled community.

Starting in FY2014, MetroAccess service will be delivered under a new contract and business model that separates the trip providers from the quality assurance and call center operations. This is intended to ensure more accountability and independence. The Committee is most concerned that a smooth transition occurs between old and new contracts.

Finally, the long-delayed fare calculator system that allows MetroAccess riders to better weigh their options and navigate the extremely complex fare system must be completed as soon as possible.

**Human Resources:** Just 1,562 or 14% of WMATA's 12,000 employees live in the District. This has been a persistent problem. 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 would also like to learn more about WMATA's practices

with regard to the criminal histories and credit records of 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 need the kind of quality jobs offered at WMATA the most.

***Collective Bargaining:*** WMATA is in the midst of negotiating a new collective bargaining agreement with its largest labor union, Amalgamated Transit Union (ATU) Local 689. This poses a financial risk to the authority because it has not budgeted any kind of salary and fringe increase for this year. The Committee has the highest regard for WMATA employees, without which the transit services the entire region so dearly relies upon, would not be possible. But, WMATA must also do what it can to negotiate provisions that address the fatigue management problem and ensures high performance, safety, and good customer service by its employees, in addition to efficient use of its limited resources.

***Joint Development Guidelines:*** At the request of the WMATA Board, staff have recently provided updates to the joint development guidelines that outline the process to develop excess or underutilized WMATA property. This is a good first step towards streamlining the joint development process. This will attract better partners, better proposals, reduce costs, and create results quicker. In turn, it should boost Metro ridership and contribute to WMATA strategic planning goal of “creating complete communities.” Part of such a smart growth policy includes creating more affordable housing on publicly held land. The Committee is optimistic that WMATA will join in this effort and substantively contribute to the creation of more affordable housing.

The Committee also encourages WMATA to make the joint development process more transparent and review long-stalled projects to see what can be done to improve performance and bring them to fruition.

### **c. Mayor’s Proposed Fiscal Year 2014-2019 Capital Budget**

#### **Proposed Capital Budget Summary**

The Mayor’s proposed capital budget for WMATA is \$122,635,000 in FY 2014, up \$4,667,000, or 4.0% from the FY 2012 \$117,968,000.

#### **Committee Analysis and Comments**

The Committee supports the FY 2014 capital budget for WMATA as proposed by the Mayor. The District and region will receive the benefit of these expenditures in the form of 200 new or rehabilitated buses, 158 escalators and 85 elevators that will be replaced or rehabilitated, lighting improvements at 13 stations, completion of Phase I of the Silver Line, new 7000 series rail cars, and miles of new track and control switches to ensure smoother, safer rides.

The Committee has concerns about the federal government fulfilling its responsibilities under the capital funding agreement given sequestration and ongoing budget negotiations. But, the Compact jurisdictions are to be commended for unanimously meeting their obligations despite this uncertainty at the federal level.

## **2. COMMITTEE RECOMMENDATIONS**

### **a. Fiscal Year 2014 Operating Budget Recommendations**

- The Committee recognizes a transfer of \$588,000 from the Committee on Transportation and the Environment to fill a gap in the District's subsidy owed to WMATA. This reflects an amendment made by the Board of Directors in approving the WMATA's FY 2014 budget in April 2013.

### **b. Fiscal Year 2014 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 and DOES to work together on improving the number of District residents who makeup WMATA's 12,000 person workforce.
- The Committee recommends that WMATA do all it can 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 directs WMATA to take more robust steps to reduce labor and pension costs, including consolidation of pension funds, more aggressive labor negotiations, and employee retirement contribution requirements like those the District requires of its teachers, police and firemen.
- The Committee directs DDOT and WMATA to work more closely with Events DC and other tourism entities in the region to encourage greater use of the Metro system by visitors, including better marketing, bulk purchase discounts of fare media, more user-friendly station kiosks, and well-trained employees.
- 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.

### III. FISCAL YEAR 2014 BUDGET REQUEST ACT APPROPRIATION LANGUAGE RECOMMENDATIONS

On Thursday, March 28, 2013, Chairman Mendelson introduced, on behalf of the Mayor, the “Fiscal Year 2014 Budget Request Act of 2013” (Bill 20-198). The Committee’s adjustments are reflected above in Title I. A. and Title I. D. of this report.

### IV. FISCAL YEAR 2014 BUDGET SUPPORT ACT RECOMMENDATIONS

On Thursday, March 28, 2013, Chairman Mendelson introduced, on behalf of the Mayor, the “Fiscal Year 2014 Budget Support Act of 2013” (Bill 20-199). 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 2014 Budget Support Act of 2013”:

1. Title II, Subtitle A, Limited Grant-Making Authority Realignment
2. Title II, Subtitle H, Project-Based and Sponsor-Based Local Rent Supplement Funding
3. Title II, Subtitle I, Housing Production Trust Fund Revenue Dedication
4. Title VI, Subtitle E, DDOT Parking Meter Revenue
5. Title VIII, Subtitle D, Great Streets Neighborhood Retail Priority Area

#### 1. *Title II, Subtitle A, Limited Grant-Making Authority Realignment*

##### a. Purpose, Effect, and Impact on Existing Law

This subtitle would accomplish two distinct objectives. First, it would transfer the responsibility for administering the Neighborhood Parades and Festivals grant program from DMPED to the Homeland Security and Emergency Management Agency (HSEMA). Established by Councilmember Bowser and included in the FY 2013 Budget Support Act of 2012, the Neighborhood Parade and Festival Fund was intended to defray costs associated with parades, festivals, and other celebrations sponsored by a neighborhood or civic association. DMPED was charged with administering the fund,

and managing the initial \$107,000. However, DMPED failed to produce a program and none of the initial allotment was spent.

Second, this subtitle would extend through FY 2014 DMPED's grant-making authority to support sector consultants, regional economic development, and local business promotion, as originally provided for in the "Deputy Mayor for Planning and Economic Development Limited Grant-Making Authority Act of 2012." It would also, however, eliminate the authority and appropriation for making two specific grants.

#### **b. Committee Reasoning**

For years the Caribbean Day Parade marched its way down Georgia Avenue entertaining tens of thousands of spectators, many of whom came from miles around to celebrate their Caribbean ancestry. But, faced with exorbitant costs, the Caribbean Day Parade and Festival decamped for Baltimore last year. Councilmember Bowser responded by creating a grant program to offset the costs of associated with operating a parade, block party, or street festival in the District of Columbia. These costs, due to street closures, security, police and fire personnel, overtime fees, and the like, can be prohibitive.

Councilmember Bowser funded the program with an initial \$107,000 and charged the Deputy Mayor for Planning and Economic Development with its administration. Unfortunately, a year later that office has done nothing to make these funds available. In fact, DMPED stated that it is working with the District of Columbia Homeland Security and Emergency Management Agency (HSEMA) to make these grants. Subtitle I, A would make this transfer of authority legal.

*The Committee does not support the transfer of authority.* Instead, the Committee transfers that authority to the Commission on Arts and Humanities (DCCAH). The DCCAH regularly makes grants to arts or cultural organizations to support their mission. The Commission has indicated a willingness to administer this fund. The Committee notes also that it has transferred the \$107,000 allotted in FY 2013 to DCCAH through the FY 2013 budget supplemental. This amendment then would effectuate a transfer of the authority necessary to expend the funding. If the Council includes this amendment in the FY 2014 Budget Support Emergency Act of 2013 DCCAH will be able to expend those fund in FY 2013 and beyond.

Subtitle II, A would also extend to DMPED authority to make certain grants. DMPED had this authority during FY 2013 and successfully, and fully, exhausted the associated funds. DMPED provided a grant of \$100,000 to support a sector consultant in the Education/Medical Facilities; a grant of \$350,000 to an organization to support local business promotion. DMPED also provided a grant of \$75,000 to a regional economic development entity for the purpose of supporting/publicizing business opportunities for the District nationwide. And DMPED provided a grant of \$50,000 to support the Bank On program.

However, grant authority was also allowed to provide renovation funding for a sit-down restaurant at the Penn Branch Shopping Center, and for the purpose of providing assistance to a mixed use development located in Ward 7. The former has not occurred but DMPED tells the Committee that while the money was not spent “we have informed the developer of this potential assistance and remain committed to working with them when they have identified a potential restaurant for their shopping center project.” The Committee appreciates this sentiment but, without the authority to make the grant, there is no ready source of funding to assist the developer or a sit down restaurant.

With respect to the grant for affordable housing in Ward 7, the Committee notes that at the April 9<sup>th</sup>, 2013 Legislative Meeting, the Council approved emergency legislation providing a loan to the developer of affordable housing at 4800 Nannie Helen Burroughs Avenue in the same amount as had been designated for a grant. The loan serves, essentially, the same purpose of the grant funds. The Committee supports the substitution of this loan for the grant, and the extension of the limited grant making authority.

**c. Section-by-Section Analysis**

- Sec. 201. Provides the short title.
- Sec. 202. Extends the authority for specific grant making purposes through FY 2014.

Repeals DMPED’s authority for making grants for parades, festivals and any other celebration sponsored by a neighborhood or civic associations.

Authorizes the Commission on Arts and Humanities to make grants for parades, festivals and any other celebration sponsored but a neighborhood or civic associations.

**d. Legislative Recommendations for Committee of the Whole**

Sec 201. Short Title

This subtitle may be cited as the “Deputy Mayor for Planning and Economic Development Limited Grant-Making Authority Amendment Act of 2013”.

Sec. 202. The Deputy Mayor for Planning and Economic Development Limited Grant-Making Authority Act of 2012, effective September 20, 2012 (D.C. Law 19-168; codified in scattered cites in the D.C. Official Code), is amended as follows:

(a) Section 2032 (D.C. Official Code § 1-328.04) is amended as follows:

(1) Subsection (a) is amended as follows:

(A) Paragraph (2) is amended by striking the phrase “project;” and inserting the phrase “project; and” in its place;

(B) Paragraph (3) is repealed.

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

“(b-1) The Deputy Mayor may make grants for fiscal year 2014 as follows:

“(1) An amount of \$100,000 for sector consultants;

“(2) An amount of \$350,000 for local business promotion;

“(3) An amount of \$75,000 for regional economic development; and

“(4) An amount of \$50,000 for the Bank on DC program.”.

(b) Section 2033 (D.C. Official Code § 1-325.211) is amended as follows:

(1) Subsection (a) is amended by striking the phrase “Deputy Mayor for Planning and Economic Development” and inserting the phrase “Commission on Arts and Humanities” in its place.

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

“(a-1) The Commission on Arts and Humanities is authorized to make grants for the purpose of providing funds for parades, festivals, and any other celebrations sponsored by a neighborhood or civic association.

(3) Subsection (b)(1) is amended as follows:

(A) Subparagraph (B) is amended by striking the period and inserting a semicolon in its place.

(B) A new subparagraph (C) is added to read as follows:

“(C) An annual appropriation of \$107,000.”.

**2. *Title II, Subtitle H, Project-Based and Sponsor-Based Local Rent Supplement Funding***

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle states that, in FY 2014 and all subsequent years, all slots for project-based and sponsor-based Local Rent Supplement assistance funded by \$5 million in local funds from the Mayor will be filled with priority one homeless families *or* individuals referred by the Department of Human Services, the Department of Behavioral Health, or other District agencies the Mayor may designate. This subtitle, if approved, would set aside \$5 million for these two populations, whereas otherwise LRSP funding can be used for any population, no matter how they are referred, so long as the applicants meet eligibility guidelines.

**b. Committee Reasoning**

The Committee recommends the withdrawal of this proposed subtitle, which would limit project- and sponsor-based Local Rent Supplement assistance to priority one homeless families or individuals referred by agencies under the Mayor's direction.

The Committee does not support this subtitle because it is unnecessarily limiting and presents administrative difficulties. The proposed subtitle would unnecessarily preclude the use of these \$5 million funds for individuals and families that are in need of affordable housing, but do not necessarily meet the priority one eligibility threshold. The proposed language of the Budget Support Act poses an administrative burden and would prevent DHCD and DCHA from using LRSP to fund projects for extremely low income residents who are not currently homeless. This would in turn undermine the legislative intent of LRSP to provide extremely low-income District residents with housing assistance. Moreover, it is unclear what effect this subtitle would have on applications recently submitted applications seeking LRSP subsidy.

The Committee agrees that priority one homeless families should be a priority in receiving public housing, but flexibility must be afforded the government agency to administer the program and take into account the unique housing situations of the District's most vulnerable residents.

**c. Section-by-Section Analysis**

Sec. 271. Provides the short title.

Sec. 272. Restricts the use of \$5 million of project-and sponsor-based funding to priority one homeless families or individuals referred by the Department of Human Services, the Department of Mental Health, or other District agencies under the direction of the Mayor.

**d. Legislative Recommendations for Committee of the Whole**

The Committee recommends the repeal of this subtitle.

**3. *Title II, Subtitle I, Housing Production Trust Fund Revenue Dedication***

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would repeal the provisions of the D.C. Code that were contained in the Budget Support Act for FY 2013<sup>13</sup> which diverted nearly \$20 million from the Housing Production Trust Fund (HPTF) for use by the D.C. Housing Authority for the Local Rent Supplement Program (LRSP). The Mayor's proposed budget for FY 2014 funds the Local Rent Supplement Program by other means, thus allowing full funding of the Housing Production Trust per a 15% set aside of deed recordation and real property transfer taxes as required by D.C. Code § 42-2802(c)(16).

**b. Committee Reasoning**

The Committee recommends adoption of this subtitle without amendment. It comports with the original intent of the law that created the Housing Production Trust Fund as a dedicated funding source for, as its name suggests, the production of affordable housing. The need for production of new units of affordable housing far outstrips even full funding of the HPTF. The Mayor's goal of producing 10,000 new units of affordable housing could require an additional \$60 million each year for the next ten years over and above the dedicated revenue source of the HPTF. Further, that assumes a relatively steady real estate market in which the level of property transfers and deed recordation is unchanged. Though such revenues could in fact increase, it is far from a safe assumption given the District's recent experience in a recession from which we are slowly, but steadily recovering.

While the Local Rent Supplement Program is a vital program that provides rental assistance to low-income households so that they can get back on their feet, it serves a different purpose. As was done for FY2014, the Mayor should continue make funding of the LRSP a priority from other general fund sources rather than encroaching on sorely needed resources of the HPTF. Housing production and rental assistance should both be part of a much broader continuum of programs and resources that address the District's affordable housing needs in a thoughtful and deliberate manner.

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<sup>13</sup> Section 2072 of the "Fiscal Year 2013 Budget Support Act of 2012," effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code § 42-2802(b-5)(1)).

The Committee notes that the administration has shown that it disfavors a dedicated HPTF funding source so those who support affordable housing must remain vigilant that this law is not changed in future budget submissions.

**c. Section-by-Section Analysis**

Sec. 281 Provides the short title.

Sec. 282 Repeals Section 2072 of the “Fiscal Year 2013 Budget Support Act of 2012,” effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code § 42-2802(b-5)(1)).

**d. Legislative Recommendations for Committee of the Whole**

The Committee recommends adoption of this subtitle without amendment.

**4. *Title VI, Subtitle E, DDOT Parking Meter Revenue***

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would repeal the Performance Parking Fund and the Sustainable Transportation Fund. Both are funded by parking meter revenue collected in performance parking zones. In turn, all parking meter revenue collected in the District would now be dedicated to pay for the District’s portion of the subsidy paid to the Washington Metropolitan Area Transit Authority (WMATA) for provision of Metro transit services, as well as the fees charged by Parkmobile for the pay-by-phone parking system and.

**b. Committee Reasoning**

The Committee recommends adoption of this subtitle without amendment. The performance parking zones have been successful in achieving their intended purpose and therefore were expanded to other parts of the District. However, the projects created with the additional revenue created by performance parking have been limited in scope and value. Funding of WMATA, which continues to have increasing needs for subsidy to improve transit services, as well as the fees for the pay-by-phone system, which pays for itself, should justifiably receive the parking meter revenue. At an estimated \$7 million in FY2014, this will not cover the considerable needs WMATA has under its \$26.6 billion *Momentum* plan. But, it is certainly a good start.

Further, the Mayor and DDOT intend to create two new capital accounts that will serve essentially the same purpose to those being dissolved, with the key difference being

that they will be funded with \$750,000 in paygo capital dollars for each account. This is discussed in more detail in the FY 2014 budget report of the Committee on Transportation and the Environment.

**c. Section-by-Section Analysis**

- Sec. 641 Provide the short title.
- Sec. 642 Repeals the Performance Parking Fund, allows funds already collected for the Fund to be used outside the zone in which they were collected for the WMATA subsidy and to pay the fee charged by the vendor responsible for the parking meter pay-by-phone payment system.
- Sec. 643 Repeals the Sustainable Transportation Fund.
- Sec. 644 Repeals Section 6025 of the Fiscal Year 2013 Budget Support Act of 2012, effective September 20, 2012 (D.C. Law 19-168; 59 DCR 8025).

**d. Legislative Recommendations for Committee of the Whole**

The Committee recommends adoption of this subtitle with the following technical amendments proposed by the General Counsel.

Sec. 641. Short title.

This subtitle may be cited as the “District Department of Transportation Parking Meter Revenue Amendment Act of 2013”.

Sec. 642. The Performance Parking Pilot Zone Act of 2008, effective November 25, 2008 (D.C. Law 17-279; D.C. Official Code § 50-2531 *et seq.*) is amended as follows:

Section 2a (D.C. Official Code § 50-2531.01) is amended as follows:

(1) Subsection (a)(2) is repealed.

(2) Subsection (b) is amended by striking the phrase “for projects within the zone from which revenues were raised”.

(b) Section 5 (D.C. Official Code § 50-2534) is amended to read as follows:

“One hundred percent of the amount collected from the parking of vehicles where meters or devices are installed shall be used in accordance with section 3(h) of the District

of Columbia Motor Vehicle Parking Facility Act of 1942, approved February 16, 1942 (56 Stat. 91; D.C. Official Code § 50-2603(8)), to fund the general operations of the Washington Metropolitan Area Transit Authority, with the exception of the portion required to be transferred to the District Department of Transportation Parking Meter Pay-by-phone Transaction Fee Fund, in accordance with section 9f of the Department of Transportation Establishment Act of 2002, effective September 20, 2012 (D.C. Life 19-168; D.C. Official Code § 50-921.14), to pay the vendor responsible for maintaining the parking meter pay-by-phone payment system's annual total of transaction fees.”.

Sec. 643. Section 3(h) of the District of Columbia Motor Vehicle Parking Facility Act of 1942, approved February 16, 1942 (56 Stat. 90; D.C. Official Code § 50–2603(8)) is amended as follows:

Paragraph (1) is amended to read as follows:

“(1) One hundred percent of the amount collected from the parking of vehicles where meters or devices are installed shall be used in accordance with this section to fund the general operations of the Washington Metropolitan Area Transit Authority, with the exception of the portion required to be transferred to the District Department of Transportation Parking Meter Pay-by-phone Transaction Fee Fund, in accordance with section 9f of the Department of Transportation Establishment Act of 2002, effective September 20, 2012 (D.C. Life 19-168; D.C. Official Code § 50-921.14), to pay the vendor responsible for maintaining the parking meter pay-by-phone payment system's annual total of transaction fees.”.

Paragraphs (2) and (3) are repealed.

Sec. 644. Section 9g(b) of the Department of Transportation Establishment Act of 2002, effective May 21, 2002 (D.C. Law 14–137; D.C. Official Code § 50–921.15(b)), is repealed.

Sec. 645. Section 6025 of the Fiscal Year 2013 Budget Support Act of 2012, effective September 20, 2012 (D.C. Law 19-168; 59 DCR 8025), is repealed.

**5. Title VIII, Subtitle D, Great Streets Neighborhood Retail Priority Area**

**a. Purpose, Effect, and Impact on Existing Law**

**Purpose, Effect, and Impact on Existing Law**

The proposed subtitle makes the following changes. First, it defines and delineates the boundaries of three new Retail Priority Areas: the Rhode Island Avenue, N.E. Retail Priority Area, and the Bladensburg Road, N.E. Retail Priority Area. Second, it cancels all remaining bond issuance authority provided by the Great Streets Neighborhood Retail Priority Areas Approval Resolution of 2007. After accounting for the \$5,934,731 of tax increment financing (TIF) bonds issued under the program as well as all legislated amendments to the program, \$69,065,269 of bond issuance authority remains. Third, it cancels all remaining bond issuance authority for the Downtown Retail Priority Area program authorized under the Retail Incentive Act of 2004. After accounting for TIF bonds issued under the program and subsequent amendments to the Retail Incentive Act, \$6,526,790 of bond issuance authority remains.

Although not effectuated by this subtitle per se, the debt service funding allocated to the cancelled TIF authority is transferred by the mayor to another capital project, KA0-EDS05, which resides within DDOT's budget.

**b. Committee Reasoning**

In late January 2008, the District made available \$95 million in targeted Tax Increment Financing for neighborhood economic development projects in seven areas underserved by retail establishments. The goal was to use bond proceeds to encourage retail development projects to locate in a Retail Priority Area. Unfortunately, TIF funding for this purpose proved to be a cumbersome economic tool and only \$6 million of bonds were issued. This subtitle addresses this problem but does so clumsily.

Subtitle VIII, D would cancel this remaining TIF Authority, and reprogram the associated debt service, approximately \$5 million per year, to a DDOT capital project that is used for streetscape activities, not for economic development initiatives, and especially not for retail recruitment.

***Remaining TIF Authority***

<b>Retail Priority Area</b>	<b>Original Bond Authority</b>	<b>Bond Authority Balance</b>
MLK/South Capitol	\$10M	\$10M
7 <sup>th</sup> Street/ GA Ave	\$25M	\$21M

Petworth	\$10M	\$8M
Minnesota Ave/Benning	\$15M	\$15M
Pennsylvania Ave SE	\$10M	\$15M

The Committee generally supports the repeal of the TIF authority since it has proven not to be the dynamic tool for economic development first envisioned. But the Committee cannot support the proposal as is because the debt service savings will not be used for economic development activities in the same areas that would have benefitted from the TIF. To take a substantial tool away from these neighborhoods in exchange for streetscape improvements that are insufficient to offer much benefit is shortsighted and neglectful.

The better alternative is to use the debt service savings to revive the Neighborhood Investment Fund, which targeted—much like TIF—neighborhoods and corridors that were identified as in need of the City’s support to grow their economic base. The Committee makes this change in a subtitle below.

Lastly, the Committee adds a new Retail Priority Areas and extends the existing Petworth Retail Priority Area.

The Committee notes that it has incorporated the changes sought by the Mayor in his errata letter.

**c. Section-by-Section Analysis**

- Sec. 831. Short title.
- Sec. 832. Amends The Retail Incentive Act of 2004 to cancel bond authority for the Downtown Retail Priority Area not already issued.  
  
Adds four new Retail Priority Areas, Rhode Island Avenue, Bladensburg Avenue, N.E., and North Capitol Street.
- Sec. 833. Extends the Petworth Retail Priority Area.

**d. Legislative Recommendations for Committee of the Whole**

Sec. 831. Short title.

This subtitle may be cited as the “Great Streets Neighborhood Retail Priority Area Amendment Act of 2013”.

Sec. 832. The Retail Incentive Act of 2004, effective September 8, 2004 (D.C. Law 15-185; D.C. Official Code § 2-1217.71 *et seq.*), is amended as follows:

(a) Section 3 (D.C. Official Code § 2-1217.72) is amended by adding a new subsection (c) to read as follows:

“(c) The maximum principal amount of bonds that may be issued with respect to the Downtown Retail Priority Area is limited to the amount of bonds issued before March 1, 2013.”

(b) Section 4 (D.C. Official Code § 2-1217.73), is amended by adding new subsections (f), (g), and (h) to read as follows:

“(f) Rhode Island Avenue, N.E. Retail Priority Area shall consist of the parcels, squares, and lots within the following area: Beginning at the intersection of Fourth Street, N.E. and Franklin Street, N.E.; thence east on said Franklin Street NE to 15th Street, N.E.; thence north on said 15th Street, N.E. to Girard Street, N.E.; thence east on said Girard Street, N.E. to 17th Street, N.E.; thence north on said 17th Street, N.E. to Brentwood Road, N.E.; thence northeast on said Brentwood Road NE to 18th Street, N.E.; thence north on said 18th Street, N.E. to Irving Street, N.E.; thence east on said Irving Street, N.E. to Rhode Island Avenue, N.E.; thence north along the western boundary of the property at the northeast corner of 20th Street, N.E. and Rhode Island Avenue, N.E. to its northwest corner; thence northeast along the rear boundaries of all properties with frontage along the north side of Rhode Island Avenue, N.E. to the northeast corner of the property at the northwest corner of Rhode Island Avenue, N.E. and Eastern Avenue, N.E.; thence southeast along the eastern boundary of said property at the corner of Rhode Island Avenue, N.E. and Eastern Avenue, N.E. to its southeast

corner; thence continuing southeast to the southeast corner of the property at the southwest corner of Rhode Island Avenue, N.E. and Eastern Avenue, N.E.; thence southwest along the rear boundaries of all properties with frontage along the south side of Rhode Island Avenue, N.E. to Montana Avenue, N.E.; thence southeast along said Montana Avenue, N.E. to Downing Street, N.E.; thence southwest along said Downing Street, N.E. to Bryant Street, N.E.; thence west along said Bryant Street, N.E. to 13th Street, N.E.; thence southeast along said 13th Street, N.E. to its end at W Street, N.E.; thence west along a line extending W Street, N.E. west to the continuation of W Street, N.E., and continuing west along W Street, N.E. to Brentwood Road, N.E.; thence southwest along said Brentwood Road, N.E. to its end at T Street, N.E.; thence southwest to the intersection of a line extending Fourth Street, N.E. south and a line extending R Street, N.E. east; thence north along said line extending Fourth Street, N.E. to Fourth Street, N.E., and continuing north along said Fourth Street, N.E. to the point of beginning.

“(g) The Bladensburg Road, N.E. Retail Priority Area shall include parcels, squares, and lots within the following area: Beginning at the intersection of Holbrook Street N.E. and Mount Olivet Road N.E.; thence east on said Mount Olivet Road N.E. to Bladensburg Road N.E.; thence south on said Bladensburg Road N.E. to 17th Street N.E.; thence south on said 17th Street N.E. to H Street N.E.; thence east on said H Street N.E. to 19th Street N.E.; thence south on said 19th Street N.E. to Benning Road N.E.; thence west on said Benning Road N.E. to H Street N.E.; thence west on said H Street N.E. to Florida Avenue N.E.; thence west on said Florida Avenue N.E. to Holbrook Street N.E.; thence north on Holbrook Street N.E. to the point of beginning.”.

“(h) North Capitol Street Retail Priority Area shall consist of the parcels, squares, and lots within the following area: Beginning at the intersection of New York Avenue, N.W. and First Street, N.W.; thence north along said First Street, N.W. to Florida Avenue, N.W.; thence northwest along said Florida Avenue, N.W. to Second Street, N.W.; thence north along said Second Street, N.W. to Rhode Island Avenue, N.W.; thence northeast along said Rhode Island Avenue, N.W. to First Street, N.W.; thence north along said First Street, N.W. to Michigan Avenue, N.W.; thence in a westerly direction along said Michigan Avenue, N.W. to Park Place, N.W.; thence north along said Park Place, N.W. Irving Street, N.W.; thence northeast along said Irving Street, N.W. to Kenyon Street, N.W.; thence west along said Kenyon Street, N.W. to Park Place, N.W.; thence north along said Park Place, N.W. to Rock Creek Church Road, N.W.; thence northeast along said Rock Creek Church Road, N.W. to Harewood Road, N.W.; thence southeast along said Harewood Road, N.W. to North Capitol Street; thence south along North Capitol Street to Irving Street, N.E.; thence east along said Irving Street, N.E. to Michigan Avenue, N.E.; thence southwest along said Michigan Avenue N.E. to North Capitol Street; thence south along said North Capitol Street to Rhode Island Avenue; thence northeast along Rhode Island Avenue, N.E. to Lincoln Road, N.E.; thence south along Lincoln Road, N.E. to R Street, N.E.; thence east along R Street, N.E. and continuing east along a line extending R Street, N.E. to the east to its intersection with the WMATA railroad tracks; thence southwest along said WMATA railroad tracks to New York Avenue, N.E.; thence southwest along New York Avenue, N.E. to New York Avenue, N.W., and continuing southwest along New York Avenue, N.W. to the point of beginning.”

Sec. 833. The Great Streets Neighborhood Retail Priority Areas Approval

Resolution of 2007, effective July 10, 2007 (Res. 17-257; 54 DCR 7194), is amended as follows:

(a) Section 2(4) 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 the center line of Kenyon Street, N.W., and Sherman Avenue, N.W.; continuing north along the center line of Sherman Avenue, N.W., to the center line of New Hampshire Avenue, N.W.; continuing northeast along the center line of New Hampshire Avenue, N.W., to the center line of Rock Creek Church Road, N.W.; continuing north along the center line of Rock Creek Church Road, N.W., to the center line of Spring Road, N.W.; continuing northwest along the center line of Spring Road, N.W., to the center line of Kansas Avenue, N.W.; continuing northeast along the center line of Kansas Avenue, N.W., to the western line of Georgia Avenue; continuing north along the western line of Georgia Avenue, N.W., to the center line of Eastern Avenue, N.W.; continuing south along the eastern line of Georgia Avenue, N.W., to the northern line of Kennedy Street, N.W.; continuing east along the northern line of Kennedy Street, N.W. to the center line of Kansas Avenue, N.W.; continuing southwest along the center line of Kansas Avenue, N.W., to the center line of Varnum Street, N.W.; continuing east along the center line of Varnum Street, N.W., to the center line of 7th Street, N.W.; continuing south along the center line of 7th Street, N.W., until the point where 7th Street, N.W., becomes Warder Street, N.W.; continuing further south along the center line of Warder Street, N.W., to the center line of

Kenyon Avenue, N.W.; and continuing west along the center line of Kenyon Avenue, N.W., to the beginning point;”.

(b) Section 3 is amended by adding a new subsection (d) to read as follows:

“(d) The maximum principal amount of bonds that may be issued is limited to the amount of bonds issued before March 1, 2013.”.

## **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 2014 Budget Support Act of 2013”:

1. Senior Modernization Grant Fund Transfer
2. LRSP Voucher Sustainment Act
3. WRAMC Community Advisory Committee
4. Foster Youth Transit Subsidy Amendment Act
5. Neighborhood Investment Fund Revival
6. New Communities Initiative Reporting Act

### ***1. Senior Housing Modernization Grant Fund Amendment Act of 2013***

#### **a. Purpose, Effect, and Impact on Existing Law**

The proposed subtitle would transfer the authority for administering the Senior Housing Modernization Grant Fund from the Office of the Deputy Mayor for Planning and Economic Development to the Department of Housing and Community Development, and charge that department with promulgation of rules within 60 days. It would also increase the maximum amount of these grants from \$5,000 to \$20,000 per qualified senior citizen.

#### **b. Committee Reasoning**

In 2009 Chairperson Bowser introduced, and the Council unanimously passed, the Senior Modernization Fund Grant Fund Act, which established the Senior Citizens Housing Modernization Grant fund and authorized the Deputy Mayor for Planning and Economic Development to make grants available to qualified senior citizens who reside in an area affected by a planned unit development for repairs and improvements to their single family dwelling.

A large portion, 40%, of the District lives in their own homes and according to the Census Bureau, 11 percent of the population of the District of Columbia is senior citizens. In the District of Columbia, 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 percent. The intent at that time the bill was passed was to provide small grants, of up to \$5,000, to help seniors age in their place with the assistance of small home renovations.

Unfortunately, the Office of the Deputy Mayor for Planning and Economic Development failed to administer the fund, or even draft implementing regulations. This subtitle changes that. It transfers the authority to implement from the Deputy Mayor for

Planning and Economic Development to the Director of Housing and Community Development and it requires the rules to be drafted in 60 days. DHCD Director Michael Kelly has indicated his ability to meet this deadline.

The Committee supports the inclusion of this subtitle because it will effectuate the intent of legislation passed in 2009, but will expand the number of seniors who might benefit by removing the geographic limitations. This subtitle also increases the maximum grant amount to \$20,000.

**c. Section-by-Section Analysis**

Sec. XX01. Short title.

Sec. XX02. Strikes the definition “Deputy Mayor” and replaces it with Director of the Department of Housing and Community Development.

Amends the definition of “Qualified senior citizen” to remove the qualifier that a qualified senior citizen must live in an Advisory neighborhood Commission in which a developer, seeking relief from zoning laws by way of the PUD process, has made a payment to the fund.

Increases the amount per grant from \$5,000 to \$20,000

Mandates the issuance of implementing rules within 60 days

**d. Legislative Recommendations for Committee of the Whole**

Sec. XX01. This subtitle may be cited as the “Senior Housing Modernization Grant Fund Amendment Act of 2013”.

Sec. XX02. The Senior Housing Modernization Grant Fund Act of 2010, effective August 12, 2010 (D.C. Law 18-218; D.C. Official Code § 1-325.161 *et seq.*), is amended as follows:

(a) Section 2(1) (D.C. Official Code § 1-325.161(1)) is amended to read as follows:

“(1) “Director” means the Director of the Department of Housing and Community Development.”.

(b) Section 3 (D.C. Official Code § 1-325.162) is amended as follows:

(1) Subsection (b) is amended to read as follows:

“(b) The Fund shall be continually available to the Director for the purpose of providing one-time grants of up to \$20,000 to qualified senior citizens to enable them to make repairs and improvements to their single-family dwellings to ensure their health and safety in their principal places of residence.”.

(c) Section 4 (D.C. Official Code 1-325.163) is amended as follows:

(1) Subsection (a) is amended to read as follows:

“(a) An applicant is eligible for a grant if he or she is a qualified senior citizen, provided, that the Deputy Mayor gives priority consideration to lower-income applicants.”.

(2) Strike the term “Deputy Mayor” wherever it appears and insert the term “Director” in its place.

(d) Section 5 (D.C. Official Code § 1-325.164) is amended by striking the phrase “provisions of this act” and inserting the phrase “provisions of this act within 60 days of the effective date of the Senior Housing Modernization Grant Fund Amendment Act of 2013” in its place.

Sec. XX03. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home

Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. XX04. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

## ***2. Local Rent Supplement Voucher Sustainment Amendment Act of 2013***

### **a. Purpose, Effect, and Impact on Existing Law**

This new subtitle would mandate that as local rent supplement vouchers authorized under the tenant based assistance provision of the Local Rent Supplement Program (LRSP) become vacant, they shall be reissued. Current law does not require the vouchers to be reissued so that as individuals or families earn more income, or otherwise become ineligible for LRSP, the program is slowly destabilized.

### **b. Committee Reasoning**

Over the past two years, the current administration has attempted to ban the re-issuance of LRSP vouchers as they became available. Why it would pursue such a policy is unknown but the result was that the LRSP program was dying a slow death. As a voucher became available it was, essentially, voided along with the funding source.

In November of last year, the Council passed emergency legislation prohibiting this practice. That measure mandated that all available vouchers would be reissued to homeless families living in a place not intended as a residence, such as outdoors, in a vehicle, or at a shelter. This legislation, though, sunsetted at the end of the 2012-2013-hypothermia season.

The Committee believes that a permanent mandate to fill vouchers is needed no matter the season. This legislation also differs from the temporary legislation passed in November in that vacant vouchers may be issued to any eligible individual or family. Homeless families will continue to receive the statutory priority, but this bill ensures that other needy individuals might also benefit from a vacant voucher.

**c. Section-by-Section Analysis**

Sec. XX01. Short title.

Sec. XX02. Requires that any tenant-based voucher, which is not used to actively supplement an individual's rent, shall be re-issued by DCHA.

**d. Legislative Recommendations for Committee of the Whole**

Sec. XX01. This subtitle shall be cited as the "Local Rent Supplement Sustainment Act of 2013".

Sec. XX02. Section 26c of the District of Columbia Housing Authority Act of 1999, effective March 2, 2007 (D.C. Law 16-192; D.C. Official Code § 6-228), is amended by adding a new subsection "(c)" to read as follows:

"(c) As vouchers authorized under this section become vacant, they shall be reissued in accordance with the provisions of this section."

Sec. XX03. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. XX04. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

### 3. *WRAMC Community Advisory Committee*

#### a. **Purpose, Effect, and Impact on Existing Law**

This subtitle would establish a community-led committee to advise the Walter Reed Local Redevelopment Authority and the Deputy Mayor's Office as the District undertakes the short and long-term redevelopment of the Walter Reed Army Medical Center site.

#### b. **Committee Reasoning**

In 2005, the Base Realignment and Closure Commission recommended the closure of Walter Reed and beginning in 2010, a local Community group was officially recognized to help plan the reuse of 67 acres on the base. After two dozen public meetings, three public workshops, three campus tours, two town halls, and the participation of hundreds of Ward 4 residents, the District of Columbia Local Redevelopment Authority unanimously approved a plan late in 2011 to re-develop a mixed-use project.

The reuse plan called for 850 units of housing, 200,000 square feet of retail, 90,000 square feet of office space, and 40 acres of open space. That plan is now pending approval at the federal Department of Housing and Urban Development.

The Office of the Deputy Mayor is now in the process of selecting a third-party master developer who will control the redevelopment of the site for the foreseeable future.

But, unlike with the planning phase, this implementation phase has no official community stakeholder group to provide advice and reflect the concerns of the abutting neighborhood. Like with the community group established in the midst of the construction of the Washington Convention Center, this bill seeks to ensure that Walter Reed is developed with the input of community stakeholders.

This bill achieves this objective by appointing 11 members to the advisory committee. The Committee will be comprised of a myriad of individuals, which will have backgrounds in economic development, construction retail, and construction development. The Committee shall additionally be comprised of appointed community representatives. This bill also outlines the subject matter that the Committee shall advise the Authority about, including:

- The needs of the community;
- Parking and transportation issues that may arise on the WRAMC site or in surrounding neighborhoods;

- How the site may be used to promote economic development opportunities in surrounding neighborhoods; and
- The development of environmental guidelines.

This is a once in a lifetime chance to change Ward 4, create thousands of jobs, enlarge the tax base, and forever improve the landscape of this City. This subtitle will help to ensure that all of this happens with the Community’s active participation.

**c. Section-by-Section Analysis**

Sec. XX01. Short title

Sec. XX02. Defines “Master Developer”

Sec. XX03. Establishes the advisory committee, its membership, its duties, and its meeting requirements, and its dissolution date

**d. Legislative Recommendations for Committee of the Whole**

Sec. XX01. This subtitle may be cited as the “Walter Reed Army Medical Center Community Advisory Committee Amendment Act of 2013”.

Sec. XX02. The Walter Reed Army Medical Center Base Realignment and Closure Homeless Assistance Submission Approval Act of 2012, effective October 16, 2012 (D.C. Law 19-175, D.C. Official Code 10-1901 *et seq.*), is amended as follows:

(a) Section 2 (D.C. Official Code § 10-1901) is amended to add a new paragraph (4A) to read as follows:

“(4A) Master Developer” means the real estate development team selected by the LRA to implement the Walter Reed Reuse Plan.”.

(b) A new section 7 is added to read as follows:

“Sec. 7. Establishment of advisory committee.

(a) There is established a Walter Reed Army Medical Center Site Reuse Advisory Committee (“Committee”).

(b) The Committee shall consist of the following 11 members:

- (1) The Master Developer or the Master Developer's designee;
- (2) The Deputy Mayor for Planning and Economic Development or The Deputy Mayor's designee;
- (3) The Chairman of the Council or the Chairman's designee;
- (4) The Chairperson of the Council's Committee on Economic Development or the Chairperson's designee;
- (5) The Councilmember from Ward 4 or the Councilmember's Designee;
- (6) One member each from the Brightwood, Shepherd Park, and Takoma communities, appointed by the Mayor;
- (7) One member from Ward 4 chosen by the Councilmember from Ward 4;
- (8) One member of ANC4A chosen by ANC4A;
- (9) One member of ANC4B chosen by ANC4B.

(c) Members of the Committee who are not ex officio members shall have expertise in economic development, public safety, law, transportation, affirmative action, or local community issues.

(d) All members of the Committee shall be District residents.

(e) The Chairperson of the Commission shall be designated by the Mayor in consultation with the chairperson of the Committee on Economic Development.

(f) Members shall serve without compensation.

(g) Members shall serve until replaced by their appointing authority.

(h) A quorum of the Committee shall meet at least 6 times per year.

(i) Before adoption of a request for proposal or contract modifications for economic development projects, streetscape or pedestrian movement projects, and transportation or parking projects, the LRA or Master Developer shall consult and receive comments from the Committee.

(j) The Committee shall advise the LRA and Master Developer with respect to the following:

(1) The needs of the community, including providing retail uses that are accessible to the community that serve the needs of both the community and visitors to the Walter Reed Army Medical Center Site, and adequate security in and around the Walter Reed Army Medical Center Site;

(2) Parking issues, including parking for persons using or employed at the Walter Reed Army Medical Center Site and the prevention of parking in the surrounding neighborhoods by non-residents of those neighborhoods;

(3) Transportation issues, including proposals for directing traffic to and from the Walter Reed Army Medical Center Site away from the surrounding residential streets, providing a method of truck staging to minimize any adverse impact on the surrounding neighborhoods, restricting the parking of trucks, trailers, and buses at the Walter Reed Medical Center Site or other areas outside of the area surrounding the Walter Reed Medical Center Site, and providing adequate pull-off areas for taxicabs, buses, and shuttles;

(4) Economic development opportunities that may be created for

surrounding neighborhoods as a result of the reuse of the Walter Reed Army Medical Center Site;

(5) The development of environmental guidelines, including the mitigation of adverse noise and air quality impacts; and

(6) Other issues directly related to the operation or redevelopment or reuse of the Walter Reed Army Medical Center Site that are likely to have an impact on the community.

(k) The Committee shall dissolve on December 31, 2017; provided, that before this time, the Chairperson of the Committee may submit a request to the Council that the Committee be renewed.”

Sec. XX03. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official code § 1-206.02(c)(3)).

Sec. XX04. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

#### **4. *Foster Youth Transit Subsidy***

##### **a. Purpose, Effect, and Impact on Existing Law**

The District's foster youth transit subsidy program was originally created and funded by the FY 2013 Budget Support Act of 2012, effective September 20, 2012 (D.C. Law 19-168; 59 DCR 8025). The program, which was established to provide subsidized transit passes to foster youth ages 19 and 20 for travel to work and school, has not yet been implemented because several technical and clarifying amendments to the enabling legislation are required. Current law allows transit subsidies only for foster youth under the age of 19 traveling for educational purposes.

The original intent of the legislation was to allow foster youth ages 19 and 20 to travel for both educational and employment purposes. The Council unanimously adopted emergency legislation on April 30, 2013 to make these technical amendments to comport with that original intent. This subtitle would make those changes permanent.

##### **b. Committee Reasoning**

Seeking and maintaining employment is a common challenge that foster youth face in achieving independence. The availability of subsidized transit passes will greatly aid in solving that challenge. Further, since most foster youth already qualify for the District's student transit subsidy until the age of 18, a foster youth transit subsidy program fills a gap in assistance when foster youth ages 19 and 20 are close to becoming legally independent adults.

The Committee therefore recommends inclusion of this subtitle as drafted below.

##### **c. Section-by-Section Analysis**

Sec. XX01. Short title.

Sec. XX02 Amends section 2 of the School Transit Subsidy Act of 1978 to allow foster youth to be eligible for the foster youth transit subsidy program until they reach 21 years of age for travel for work and educational purposes on Metrobus and Metrorail within the District of Columbia, Virginia, and Maryland and other public transportation services offered by the District at subsidized or reduced fares.

Sec. XX03 Provides the fiscal impact of the subtitle.

Sec. XX04 Provide the effective date of the subtitle.

**d. Legislative Recommendations for Committee of the Whole**

Sec. XX01. This subtitle may be cited as the “Foster Youth Transit Subsidy Amendment Act of 2013”.

Sec. XX02. Section 2 of the School Transit Subsidy Act of 1978, effective March 3, 1979 (D.C. Law 2-152; D.C. Official Code § 35-233), is amended as follows:

(a) Subsection (c) is amended as follows:

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

(2) Paragraph (3) is amended by striking the phrase “; and” and inserting a period in its place.

(3) Paragraph (4) is repealed.

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

“(f)(1) Youth in the District's foster care system shall be eligible for a foster youth transit subsidy program (“Program”) as established by the Mayor until they reach 21 years of age.

“(2) The Program shall allow qualified foster youth to travel on Metrobus, Metrorail, and other public transportation services offered by the District at subsidized or reduced fares.

“(3) The subsidized or reduced foster youth fare set forth in this subsection shall be valid only for the transportation of foster youth for educational and employment purposes.”.

Sec. XX03. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home

Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. XX04. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

## ***5. Neighborhood Investment Fund Revival***

### **a. Purpose, Effect, and Impact on Existing Law**

This subtitle would fund the Neighborhood Investment Fund with a one-time allotment of \$4,800,000 in FY 2014 as well as an annual allotment of approximately \$5 million. The subtitle simply makes this allocation, includes new target areas, and repeals others that are no longer needed; no other amendments to the existing NIF law are made. The Committee notes that the boundaries for the new target areas are still being drafted but will include areas Ward 3 and Ward 5. The Committee will provide specific boundaries at the Committee meeting on the 9<sup>th</sup> of May.

### **b. Committee Reasoning**

The Neighborhood Investment Fund is an annual, non-lapsing fund to finance economic development and neighborhood revitalization in 12 targeted areas of the District. The fund has historically been capitalized by an annual contribution of 15 percent of the personal property tax, not to exceed \$10 million. For years, the NIF supported neighborhood revitalization through two important programs: Target Area Grant Program (TAPG) and Predevelopment and Project Grants (PDG). NIF PDG provides grants to support predevelopment and project financing activity for the construction and rehabilitation of affordable housing, mixed use and community-based facility projects. The Target Area Project Grants program funds initiatives, like job training, job placement for youths and adults, senior and youth programming, small business technical assistance, and affordable housing preservation, that will strengthen economic opportunities and improve the quality of life in 12 targeted areas of the District.

The Committee believes that NIF, if administered properly, is an effective and efficient economic development tool. Therefore, this subtitle provides one time funding

in fiscal years 2014 and 2015 as well as a dedicated funding source for NIF purposes. The one-time funding is a transfer of local funds, in the amount of \$4.8 million, from HPAP to NIF, a program within DMPED. A transfer of the same amount from the LEAD Safe (which is funded through the housing Production Trust) restores the full funding level for HPAP. This swap of local dollars with HPTF dollars allows the Committee to fund NIF without diverting HPTF dollars for a purpose other than affordable housing. The dedicated source is derived from funds dedicated to debt service that had been allocated for the Great Streets TIF program. The Mayor proposed, in Subtitle VIII, D of the FY 2014 Budget Support Act of 2013 to cancel this TIF Authority and reprogram the associated debt service, approximately \$5 million per year, to a DDOT capital project that is used for streetscape activities, not for economic development initiatives. The Committee believes that a better use for these funds, and in keeping with the original intent for which they were intended, should be used once again for economic development purposes.

Below is a table detailing the savings achieved by cancelling the TIF authority, all except \$637,000 of which is transferred from the DDOT capital project is used to revive NIF.

**Estimated Fiscal Impact of Subtitle VIII (D) – Great Streets Neighborhood Priority Area Amendment Act of 2013, FY 2014 – FY 2017 (\$ thousands)**

	FY 2014	FY 2015	FY 2016	FY 2017	Four-Year Total
Impact on sales taxes <sup>1</sup>	2,012	2,012	2,158	2,158	8,340
Impact on property taxes <sup>1</sup>	3,125	3,125	3,817	3,817	13,884
<b>Total</b>	<b>5,137</b>	<b>5,137</b>	<b>5,975</b>	<b>5,975</b>	<b>22,224</b>

**c. Section-by-Section Analysis**

Sec. XX01. Short Title

Sec. XX02. Amends the Neighborhood Investment Act of 2003 to provide a one-time source of funding for the NIF in fiscal years 2014 and 2015; and provides a dedicated funding source every year thereafter.

Provides boundaries for new target areas in Ward 3 and Ward 5.

Repeals target areas no longer in need of economic development assistance.

**d. Legislative Recommendations for Committee of the Whole**

Sec. XX01. This subtitle may be cited as the “Neighborhood Investment Amendment Act of 2013”.

Sec. XX02. The Neighborhood Investment Act of 2003, effective March 30, 2004 (D.C. Law 15-131; D.C. Official Code § 6-1071 *et seq.*), is amended as follows:

(a) Section 2(a) is amended by adding new paragraphs (1) and (2) to read as follows:

“(1) Notwithstanding subsection (a) of this section, there shall be a yearly allocation to the Neighborhood Investment Fund under the budget authority for the Office of the Deputy Mayor for Planning and Economic Development in the following amounts:

“(A) \$4,500,000 in fiscal years 2014 and 2015;

“(B) \$5,338,000 in the remaining years of the financial plan.

“(2) There shall be an allocation of \$4.8 million to the Neighborhood Investment Fund under the budget authority for the Office of the Deputy Mayor for Planning and Economic Development in fiscal year 2014 on a one-time basis.”.

(b) Section (4) (a) is amended as follows:

(1) Paragraph (6)(B) is amended as follows:

“(6)(B) Among the goals of this target area are a comprehensive revitalization plan for Georgia Avenue, the development of full service restaurants to serve the neighborhood, affordable housing for senior citizens and assisted living housing, the development of neighborhood oriented retail establishments such as coffee shops, ice cream parlors, books stores, and neighborhood recreation and entertainment centers such as a bowling alley and movie theater, enhance neighborhood parking,

enhance the public realm, improve walkability and streetscapes, provide façade enhancement support for businesses and nonprofit organizations, support small business with technical assistance, create cohesive neighborhood branding, and support temporary urbanism initiatives.”.

(2) Paragraph (7) is amended as follows:

“(7) (A) Target Area #7 -- MidCity East NIF. The MidCity East target area is defined as starting at the intersection of Florida Avenue N.W. and Rhode Island Avenue N.W., thence east on Rhode Island Avenue N.W. to North Capitol Street, thence north along North Capitol Street to Michigan Avenue, thence northeast along Michigan Avenue to its intersection with the railroad tracks, thence south along the railroad tracks to the intersection of Florida Avenue N.E., thence northwest along Florida Avenue to the point of beginning.

(B) Among the goals of this target area are to enhance the public realm, improve walkability and streetscapes, provide façade enhancement support for businesses and nonprofit organizations, support small business with technical assistance, create cohesive neighborhood branding, support temporary urbanism initiatives, address blighted and vacant properties.”.

(2) Paragraph (8) is amended as follows:

“(8) (A) Target Area #8 -- Greater Rhode Island Avenue N.E. NIF. The Greater Rhode Island Avenue N.E. target area is defined as starting at the intersection of Rhode Island Avenue N.E. and the railroad tracks, thence north along the railroad tracks to the intersection with Michigan Avenue N.E., thence northeast along Michigan Avenue N.E. to 12th Street N.E., thence south along 12th Street N.E. to

Franklin Street N.E., thence east on Franklin Street NE to 15th Street NE; thence north on 15th Street NE to Girard Street NE; thence east on Girard Street NE to 17th Street NE; thence north on 17th Street NE to Brentwood Road NE; thence northeast on Brentwood Road NE to 18th Street NE; thence north on 18th Street NE to Irving Street NE; thence east on Irving Street NE to Rhode Island Avenue NE; thence north along the western boundary of the property at the northeast corner of 20th Street NE and Rhode Island Avenue NE to its northwest corner; thence northeast along the rear boundaries of all properties with frontage along the north side of Rhode Island Avenue NE to the northeast corner of the property at the northwest corner of Rhode Island Avenue NE and Eastern Avenue NE; thence southeast along the eastern boundary of property at the corner of Rhode Island Avenue NE and Eastern Avenue NE to its southeast corner; thence continuing southeast to the southeast corner of the property at the southwest corner of Rhode Island Avenue NE and Eastern Avenue NE; thence southwest along the rear boundaries of all properties with frontage along the south side of Rhode Island Avenue NE to the railroad tracks at the point of beginning.

(B) Among the goals of this target area are to enhance the public realm, improve walkability and streetscapes, provide façade enhancement support for businesses and nonprofit organizations, support small business with technical assistance, create cohesive neighborhood branding, support temporary urbanism initiatives, address blighted and vacant properties.”.

(3) A new paragraph (13) is added to read as follows:

“(13) Target Area # 13--Connecticut Avenue NIF

(A) Target Area – Connecticut Avenue. The Connecticut Avenue target area is defined as starting at the intersection of Connecticut Avenue N.W. and Macomb Street N.W., thence north on Connecticut Avenue N.W. to its intersection with Albemarle Street N.W., including both the east and west sides of Connecticut Avenue N.W.

(B) Among the goals of this target area are to enhance the public realm, improve walkability and streetscapes, provide façade enhancement support for businesses and nonprofit organizations, support small business with technical assistance, create cohesive neighborhood branding, support temporary urbanism initiatives, enhancing neighborhood retail.”

Sec. XX03. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. XX04. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

## ***6. New Communities Initiative Reporting Requirement Act of 2013***

### **a. Purpose, Effect, and Impact on Existing Law**

The proposed subtitle would require the District of Columbia Office of the Deputy Mayor for Planning and Economic Development and the District of Columbia Housing Authority to each submit an annual report on the progress of the New Communities Initiative.

### **b. Committee Reasoning**

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 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.

On February 12, 2013, the Committee on Economic Development held an oversight hearing on NCI to assess its progress and challenges with members of the public, real estate developers as well as DCHA and DMPED. A common complaint was the lack of transparency in DMPED's and DCHA's interaction with residents about the path forward. While some NCI sites have progressed adequately, others, especially Barry Farm, have lagged behind schedule. To advocates and residents alike, the details of the redevelopment 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, the Committee recommends adopting a reporting requirement for DMPED and DCHA. This legislative change will increase transparency amongst agencies and the public as well as increase accountability for deadlines and budgets.

**c. Section-by-Section Analysis**

Sec. XX01. Short title.

Sec. XX02. Add a new subsection to require the District of Columbia Office of the Deputy Mayor for Planning and Economic Development and the District of Columbia Housing Authority to each submit an annual report on the progress of the New Communities Initiative.

**d. Legislative Recommendations for Committee of the Whole**

Sec. XX01. This subtitle may be cited as the “New Communities Initiative Reporting Act of 2013”.

Sec. XX02. Section 42-2812.03 of the District of Columbia Official Code is amended by adding a new subsection (e) to read as follows:

“(e) On an annual basis, the Office of the Deputy Mayor Office for Planning and Economic Development and the District of Columbia Housing Authority shall submit a written report to the Chairperson of the Committee on Economic Development for the District of Columbia, which shall address the following:

(1) An overall summary of the progress of the New Communities Initiative, including:

(A) Overall spending to date;

(B) Projected future costs;

(C) Completion status;

(D) Total number of units built and income mix by Area Median

Income; and

(E) Estimated completion date.

(2) A report on each New Communities Initiative site building, including:

- (A) Spending on the site to date;
- (B) Projected future costs;
- (C) Financing sources;
- (D) Updates on plans for new buildings, if any;
- (E) Income mix by Area Median Income;
- (F) Number of units in each building;
- (G) Completion status of each building; and
- (H) Estimated completion date of construction.

(3) A report on each existing New Communities Initiative site, including:

- (A) Plans;
- (B) Completion status;
- (C) Spending on building to date;
- (D) Projected future costs;
- (E) Financing sources;
- (F) Estimated date of construction completion;
- (G) Number of residents that have been relocated;
- (H) Number of residents that have returned to site;
- (I) Number of units on original site; and
- (J) Income mix by Area Median Income.

(4) A report on amenities, including:

- (A) Plans for amenities;
- (B) Spending on amenities to date;
- (C) Projected future costs; and

(D) Financing sources.

(5) A report on human capital, including:

(A) Number of residents served;

(B) Services offered;

(C) Spending on human capital to date; and

(D) Projected future costs.”.

Sec. XX03. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. XX04. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

## V. COMMITTEE ACTION AND VOTE

On Thursday, May 9, 2013, in Room 500 of the John A. Wilson Building, the Committee met to consider and vote on the Mayor's FY 2014 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 2014 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. Monday, April 22, 2013 Fiscal Year 2014 Budget Oversight Hearing Witness List and Testimony.
- B. Wednesday, April 24, 2013 Fiscal Year 2014 Budget Oversight Hearing Witness List and Testimony.

