

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
Deputy Mayor for Planning and Economic Development**



**Fiscal Year 2020-2021 to date
Performance Oversight Public Hearing**

Testimony of

Deputy Mayor John Falcicchio

Before the

Committee on Business and Economic Development
Chairperson Kenyan McDuffie

February 17, 2021
9:00 am

Virtual Platform

Good morning, Chairperson McDuffie, members, and staff of the Committee on Business and Economic Development. I am John Falcicchio, Deputy Mayor for Planning and Economic Development (“DMPED”). I would like to thank the public witnesses who provided testimony today, and it is my pleasure to provide testimony on behalf of Mayor Muriel Bowser on the activities and accomplishments of DMPED in Fiscal Year 2020 and Fiscal Year 2021 to date.

Despite the unprecedented challenges brought on by the COVID-19 pandemic, DMPED has continued to make progress across all of our program areas and delivered results in all eight wards.

Increase housing affordability and make progress towards #36000by2025

In 2019, Mayor Bowser set the bold goal of creating 36,000 new housing units by 2025, 12,000 of them affordable. DMPED continues to lead the Housing Agency Partners, an interagency effort toward achieving this goal by putting a major focus on affordable housing production and preservation and working with agency partners to deploy programs and policies that support housing affordability and stability for DC tenants and homeowners. As we began 2021, we celebrated significant progress toward this goal. With 14,404 new housing units delivered since January 2019, the District has reached 40 percent of that goal. During that same period, 2,028 affordable units have also been delivered, which represents 17 percent progress toward the affordable housing goal.

Key initiatives include leveraging all available funding sources, including the Housing Production Trust Fund (“HPTF”), a program the Mayor has committed \$100 million to annually

since the start of her first term. This is more per capita than any other city in the nation. Federal funding and DMPED land dispositions are also important tools to build affordable housing across the District – in fact, we require at least 30 percent of all units in our projects to be affordable.

Deploying new tools and policies is also important to supporting affordable housing production and preservation across the District. For this reason, I urge that Council to promptly take action on the Mayor’s proposed amendments to the Comprehensive Plan, which will allow for even more housing production across the city.

A January 2020 study by Howard University found that DC’s focus on new housing had a positive impact for our residents. Without the addition of 40,000 units from 2000-2018, rents would be 5.8% higher, and without 36,000 by 2025, rents will grow by 5.5%. Since 2015, the Bowser Administration has produced or preserved 11,651 affordable housing units. As we look ahead, there are currently 141 projects (totaling 5,514 units) under construction and 5,706 units in the pipeline across the city that will bring additional affordable housing and amenities to our residents. DMPED’s projects are captured in our Affordable Housing Tracker, available at open.dc.gov/36000by2025/. This tracker provides affordable housing production and preservation data from the District’s four primary housing agencies.

Develop and execute the District’s equitable economic recovery strategy

In April 2020, Mayor Bowser charged DMPED with leading the District’s economic recovery, an interagency effort to coordinate new programs and strategies to implement over the short-, intermediate-, and long-term to support Washington, DC’s economic recovery from the ongoing COVID-19 pandemic. Since April, the District Economic Recovery Team (“DERT”) has stood up various programs to stabilize the economy and provide relief to workers, residents, and businesses, including resiliency grants, rental assistance and housing provider support, and grants for childcare providers. Additionally, we have created pilot programs like alcohol delivery, streateries, and the Educational and Retail Shops (EARS) program. All of these pilots leveraged regulatory innovation to help offset the challenges imposed by necessary operating restrictions. On that note, I urge the Council to take immediate action on the recently introduced Reopen Washington DC Alcoholic Beverage Regulation Amendment Act of 2021, which will further help to mitigate these challenges.

Additionally, the DERT is laying the groundwork for our long-term recovery. We have partnered with Federal City Council and the Washington, DC Economic Partnership to do a sector analysis informed by the local business community, organized a panel of national experts informed by local community and business leaders to assess and make recommendations to support the vibrancy of our primary employment centers, and were selected from hundreds of counties nationwide to be one of eight members of the Urban Institute’s economic mobility cohort. This cohort will enable us to develop an evidence-based plan to support pathways to the middle class.

DMPED continues to coordinate agency partners to quickly deploy federal funds to those who need them most – this includes an additional \$200 million in emergency rental assistance, which will be critical to warding off a widespread eviction crisis and stabilizing our housing providers. We are still awaiting the rules for how this resource can be invested. Throughout the remainder of this year, DMPED will continue to work with agency partners and external stakeholders to stand up new programs and develop new plans, while continuing to deploy federal funds through stabilization programs.

Advance catalytic real estate development projects to increase access to opportunity, geographic equity, and tax revenue

Despite the challenges 2020 presented, DMPED continued to move its real estate development portfolio forward in ways that strengthen communities in underserved areas. Where we live matters – it affects our economic outcomes, our health outcomes, and more. In the coming year, DMPED will continue to leverage all available economic development tools to bring food, community services and retail, affordable housing, jobs and recreational spaces to all neighborhoods across the District. I would like to highlight just a few of the real estate projects that reached major milestones in the past year.

In July, we announced a new strategy for enhancing equity and making DC’s prosperity more inclusive: an equity inclusion prioritization in forthcoming Requests for Proposals (“RFPs”) that will increase access to development opportunities for entities or organizations that are owned or majority controlled by individuals determined to be part of a socially disadvantaged population. To facilitate equitable access to District development projects, DMPED has begun

incorporating a prioritization in our RFPs for teams that maximize entities designated as Disadvantaged Business Enterprise and Resident Owned Business, or any entities led by, or majority controlled by, individuals designated as socially disadvantaged under the Small Business Administration’s definition. In 2020 we announced four such RFPs – Langston Slater, Malcolm X, Hill East Phase II, and the Frank D. Reeves Center. The Langston Slater project will ultimately redevelop the site of two former elementary schools in Ward 5. The Reeves Center redevelopment at the heart of the 14th Street and U Street Corridors, will transform the large site into a transit-oriented, mixed-use development with office space, affordable housing, and neighborhood serving amenities. The District has already partnered with the NAACP to relocate its national headquarters to the site to serve as a foundational anchor tenant at the property.

The Malcom X site is part of the former Malcolm X Elementary School campus and the project, which sits adjacent to the Congress Heights Metro Station, will ultimately be redeveloped. Hill East Phase II, which will create affordable housing, retail and job opportunities for District residents, includes a “Robert F. Kennedy Ideals Implementation” section given the parcels’ locations adjacent to the Robert F. Kennedy Memorial Stadium. The District, through this redevelopment, endeavors to provide a living memorial for Robert F. Kennedy that reflects and implements his ideals and the continuation of his vision for a more just, equal, and fair America.

In October, DMPED broke ground on Riggs Park Place which will bring exciting homeownership opportunities to Ward 4. The first phase of the development will feature 90 new

townhomes for sale, five of which will be designated as affordable homeownership opportunities. Phase two will be an 80-unit mixed-use senior apartment community with at least 30 affordable units.

In November, we celebrated the ribbon cutting of Park Kennedy and groundbreaking of the second building of the Hill East Phase I development project in Ward 7. The project will deliver a long-awaited community of apartments and retail located at the intersection of C Street and 19th Street, SE. The completion of Park Kennedy provides 262 residential units, of which 31 are affordable, in addition to over 12,000 square feet of retail space and 111 parking spaces. Upon completion, the second building will create 100 permanent supportive housing units, an additional 12,000+ square feet of retail space, and 45 parking spaces.

At the end of 2020, we celebrated the completion of Phase 2 development at 555 E Street SW, which includes 194 new housing units, with 58 affordable units dedicated to seniors aged 62 and older. The development also includes the city's first citizenM hotel, a European boutique hotel brand known for offering luxury experiences at affordable prices. In addition, just before the holidays we awarded the long-awaited Fletcher-Johnson campus redevelopment. The project, which will be known as Fletcher-Johnson at the Park, will deliver approximately 816 units of rental and for-sale housing consisting of condos, townhomes, multifamily rental apartments, and affordable senior assisted living units, targeting families at various levels of affordability. The proposal also includes green space for outdoor recreation and community activities, space for neighborhood serving retail, and a wide range of community programming space along the campus, bringing exciting new amenities to the Marshall Heights neighborhood.

DMPED has also made significant progress on our New Communities Initiative (“NCI”) projects in the past year. In October, we closed on the first on site housing to start since the beginning of NCI: phase one of Northwest One. Construction has since commenced on the seven story, 220-unit building and the development is expected to be substantially complete in October 2022. Finally, we expect for construction to be complete in late summer 2021 on the Strand and Providence Place – two “build first” sites for Lincoln Heights and Richardson Dwellings.

I would also like to touch on our Industrial Revenue Bond (“IRB”) program. This program provides below-market interest rate financing for capital projects in various sectors. Program funds are generated through the issuance and sale of DC Revenue Bonds, notes, or other obligations. In 2020 our team closed on 11 IRB deals totaling \$423,890,000 and we anticipate closing on an additional five deals over the next 90 days. The IRB team has also scheduled a series of virtual bond counsel seminars to engage Certified Business Enterprises and minority firms about qualifications, process, budget, and opportunities centered around the IRB program. The first of these virtual seminars has been scheduled for March, with more to follow throughout the year.

Sustain businesses, jobs, and entrepreneurs by improving access to capital and new business opportunities, with focus on supporting historically marginalized entrepreneurs

As DC's businesses and employers work to survive the ongoing COVID-19 pandemic, DMPED will continue to provide support in the form of financial relief and technical assistance. These efforts will prioritize helping business leaders to not only sustain their companies, but also retain jobs for DC residents. I would like to highlight just a few of the relief programs that DMPED implemented in the past year.

In 2020, DMPED launched several COVID-19 response grant programs, totaling approximately \$155 million, aimed at helping our businesses survive the pandemic. In March we launched, in just five days, the Microgrant program which ultimately awarded more than \$28 million to more than 7,000 local businesses, independent contractors, and self-employed individuals.

In late summer the Council gave DMPED an additional \$5 million to provide grants to childcare providers across the District. Through this initiative we ultimately provided grants to 475 providers registered with the Office of the State Superintendent of Education across all eight wards.

In November, we announced the Bridge Fund, a \$100 million investment in businesses and workers grappling with the public health emergency in the hospitality, entertainment, and retail sectors. Disbursed through four programs – hotel, restaurant, retail, and entertainment – this catalytic investment in our recovery is helping to preserve jobs that our residents rely on. Awards were made in December to approximately 150 hotels across the district and disbursements for the remaining Bridge Fund programs remain ongoing.

Our Great Streets team has continued their important work of supporting entrepreneurs across the District. In Fiscal Year 2020 we awarded over \$2.3 million in Great Streets grants to 48 local small businesses across all eight wards.

In the coming year, DMPED also plans to continue and advance new high impact initiatives to address underlying inequities that existed before COVID-19 emerged, including uneven access to capital and business opportunities for historically marginalized entrepreneurs. Through new programs like a new equity impact funding program, we will provide opportunities for access to capital for minority and women owned businesses and entrepreneurs that have historically lacked access to such resources. The Council provided funding for both of these programs through DMPED's FY21 budget and we look forward to releasing RFPs for both initiatives in the near term. In addition, DMPED recently closed the RFP on the disparity study, which will track agency spending across various demographic data points. We anticipate awarding this contract in March, with the awarded team initiating the study in late March or early April.

I would like to conclude my testimony by thanking the Committee for your collaboration over the past year and I look forward to continuing this partnership in 2021. I appreciate the opportunity to share our accomplishments. This concludes my testimony; my staff and I are happy to address any questions.