

# The Committee of 100

on the Federal City



## Testimony on the FY 2024 Budget DC Council Committee of the Whole April 14, 2023

Good morning. I am Meg Maguire, testifying on behalf of the Committee of 100 on the Federal City.

To borrow an oft-heard phrase from developers, the Mayor’s FY 2024 budget “*doesn’t pencil out.*” Generous tax breaks for office conversions in the downtown core are favored over programs for affordable housing and rental security that residents living on the margins depend on for stability and a way forward.

**PART I: 2024 Budget Support Act.** <https://files.constantcontact.com/a329870f601/92341417-8326-417c-9b02-121528d22d32.pdf>

Several subtitles substantially weaken existing requirements for affordable housing, labor agreements, and environmental building standards. We urge Council to retain these requirements and to remove any provisions that give developers financial preferences without public benefit requirements, not only downtown but in some cases throughout the city. Further, several proposed subtitles should be struck and reconsidered as separate legislation subject to public and Council scrutiny.

### **Title II. Subtitle A: Land Purchases for Affordable Housing**

While this subtitle would permit acquisition of commercial properties in areas such as Ward 3 that have virtually no public land for affordable housing, *The Land Purchase Program Partnership Act of 2023* as written is highly problematic.

This subtitle gives the mayor the authority to make deals to buy private land in exchange for half of the existing or to-be-constructed housing units set aside for households with incomes up to 80% MFI. These deals would be exempt from public and Council reviews through the Public Land Surplus and Disposition Act, and from that law’s housing requirements for households at 50% MFI, First Source Agreements, and Certified Business Enterprise requirements.

In addition, the proposed subtitle could lead to acquisition of rent controlled units and buildings for conversion to means-tested housing, creating no new housing and depriving those on fixed incomes who do not qualify for means-tested housing of lower-than-market-rate rental housing.

We urge the Council to strike this subtitle and request that the Housing Committee introduce stand-alone legislation to reconcile new land acquisition with other acquisition programs such as

TOPA, DOPA and SAFI; and to make explicit the same income and labor requirements as the Public Land Surplus and Disposition Act.

### **Title II. Subtitle D. Housing Production Trust Fund**

This subtitle proposes a new definition of affordable dwelling unit (ADU) for households with incomes up to 120% MFI even though there are no affordable housing programs that subsidize rents at that income level. This new definition would open the door for the Housing Production Trust Fund to finance buying and selling both ADUs and IZ units.

The Council should reject this amendment and ask the mayor to present her proposal for thorough review and public hearing by the Council Housing Committee.

### **Title II. Subtitle E. Amendments to Tax Abatements for Affordable Housing in High-Need Areas**

What productive outcome does the mayor envision by removing Rock Creek East and Upper Northeast “high cost” HANTA areas while allowing them to share in the budget for HANTA? Tax abatements are intended for those areas of the city that have the highest land costs.

If the mayor wants to create a competitive public funding program for those two planning areas that are no longer regarded as high cost, then such a program should go through the regular legislative process.

### **Title II. Subtitle G: Downtown Housing**

Generous tax abatements require generous public benefits. Such is not the case with the amendments to this subtitle, and we recommend that Council eliminate them. Any legislation pertaining to housing in the downtown should ensure that, at minimum:

- 15% of units are set aside for residents at up to 60% MFI.
- First Source Agreement contracts are required.
- TOPA requirements remain in effect.

Further, in line with recommendations from the DC Fiscal Policy Institute, we urge Council to create a loan or grant program to support conversions rather than a long-term tax abatement that will forgo revenue for many years.

### **Title VI. Subtitle E: Building Energy Performance Standards**

Despite both a worsening climate crisis and increasingly stringent District laws, this subtitle proposes pausing implementation of the Building Energy Performance Standards (BEPS) for 3 years. Further, the Mayor has proposed eliminating unspent federal funds that DC had committed to helping buildings serving low-income residents improve their efficiency and comply with BEPS. This amendment should be eliminated from the Budget Support Act.

### **PART II: Funding for housing programs**

As the Council makes tough decisions within tight budget constraints, we urge you to test every allocation against these two metrics:

- Which expenditures will best diminish crippling fear and displacement for those living on the margins?
- Which projects -- for example, some projects in the transportation budget -- can be deferred without causing injury and death?

The **Emergency Rental Assistance Program** (ERAP) and other homelessness prevention programs have been slashed. A nearly 9% increase in the rents, even for rent-stabilized apartments, and an unstable job market all but guarantee that the number of residents facing eviction, housing instability, and homelessness will grow. The need for greatly increased funding is self-evident.

Homeward DC 2.0, the administration's plan to end homelessness, calls for an additional 1,260 units of **Permanent Supportive Housing** which pairs rental assistance with wrap-around case management. Yet the mayor's budget omits funding to expand this program and cuts funding for homeless prevention for single adults. Nor is there any funding to address the operational struggles of the Department of Human Services and the DC Housing Authority to effectively implement the voucher program. We call on Council to continue funding for this program

The **Housing Production Trust Fund** (HPTF) by law should receive \$220 million in new money, as half of all tax revenues the city collects above projections are to be moved into the HPTF. Instead, the mayor's budget proposes \$100 million. Affordable housing developers say the reduce funding will halt production of many TOPA, rehabilitation and new construction projects that are lined up and ready to go, wasting both time and money through delay.

In conclusion, we ask the Council to assign your best lawyers and your most astute budget analysts to both identify and rectify potential negative consequences of all funding cuts and proposed legislation in the 2024 Budget Support Act.

Thank you.