



WASHINGTON DC'S HOUSING IN DOWNTOWN PROGRAM

Program Explainer Deck FY24

Published March 2024

★ **DMPED** ★
OFFICE OF THE DEPUTY MAYOR FOR
PLANNING & ECONOMIC DEVELOPMENT

★ ★ ★ GOVERNMENT OF THE
WASHINGTON DISTRICT OF COLUMBIA
DC MURIEL BOWSER, MAYOR

Downtown DC is the economic engine generating a disproportionate share of property tax revenue fueling the District economy.



Downtown accounts for only 2.3% of all taxable properties in DC but contributes 37% of all property tax revenue collected

Source: DMPED, OCFO, Data from FY19

Today our downtown faces significant challenges due to an oversupply of office and sustained telework, it is time to take transformative action.

Revenue losses forecasted

In February 2023, the OCFO forecasted \$464M in revenue losses over the next three years due to declines in property tax revenue from large office buildings, driven by enduring remote and hybrid. However, in the September 2023 forecast, the revenue estimates were revised upward by a total of \$195.4M over the financial plan period. This was due to slower deterioration of the commercial real estate market in the out-years relative to the February forecast.

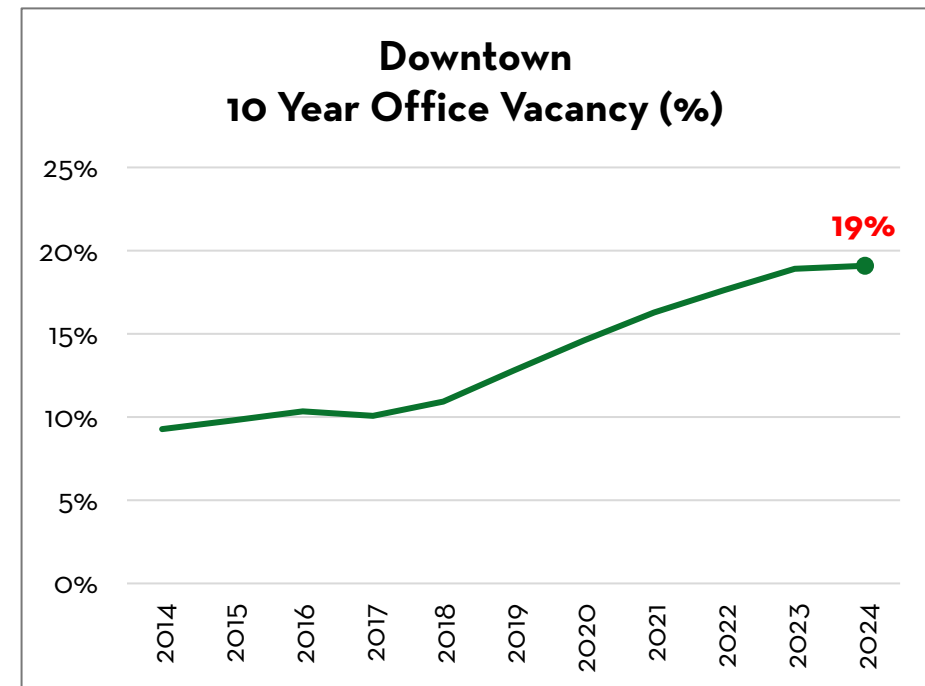
Outsized share of Federal buildings downtown

The threat is sharpened by our economic dependence on the federal government, which leases or owns nearly 25% of all office space downtown. According to GSA data, 58% of these leases will expire by 2028.

Source: GSA Open Data, September 2023 Revenue Estimate ([link](#))

Highest vacancy recorded over the last 30 years

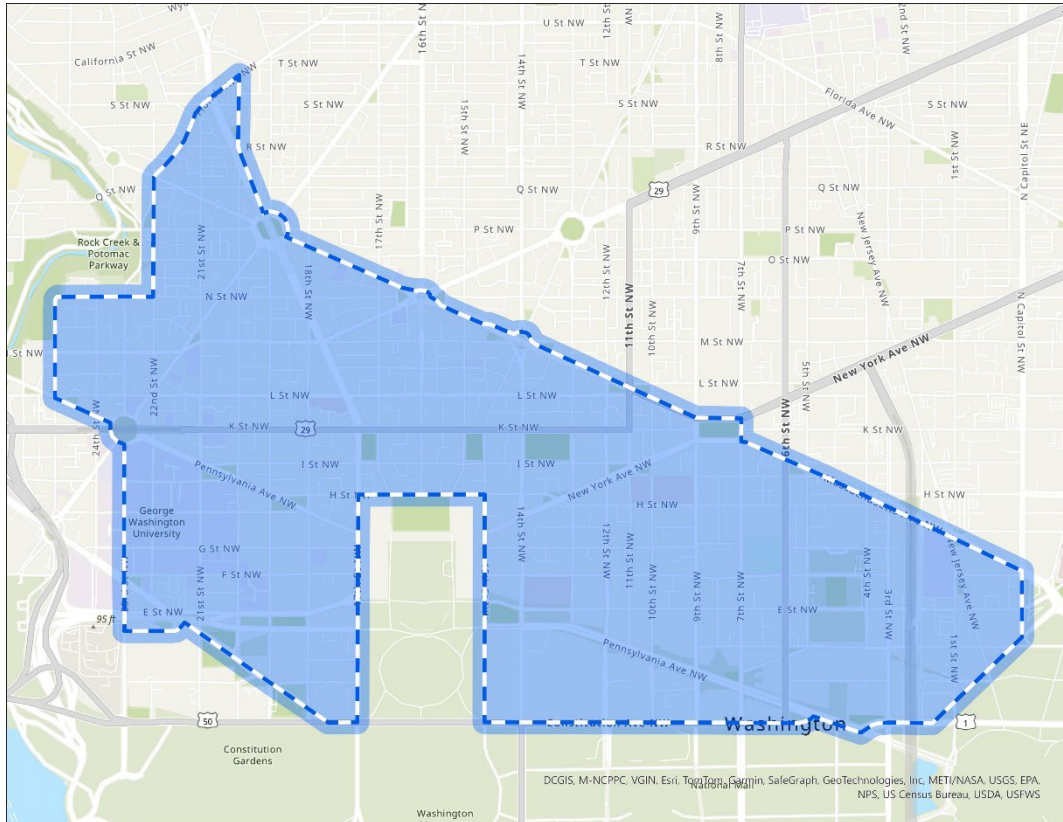
20M of 109M SF of office space is vacant (19%), nearly double the vacancy rate recorded in 2018 (11%). Office vacancy today even surpasses the office vacancy rates of the early 1990s.



Source: Costar

Change the Space: In January 2023, Mayor Bowser set a bold goal to diversify the mix of uses Downtown and bring 15,000 new residents by 2028.

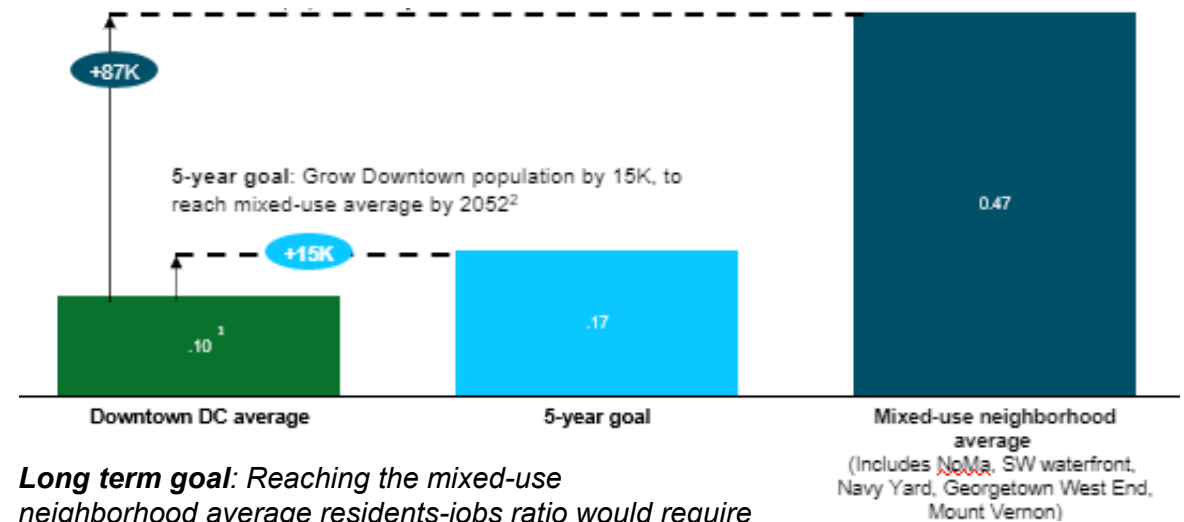
Housing in Downtown Area of Eligibility



This map serves as the baseline for the area of eligibility for the Housing in Downtown Program and will be used to establish eligibility for applications. As per draft regulations, lots along both sides of the boundary line are eligible.

Additional Residential Needed Downtown

- Assuming an average household size of 1.6, **Downtown would need to add 7M SF of net new residential space** to achieve a goal of adding 15,000 residents.
- The **proposed FY24** HID Program, would yield 90% of the Mayor's goal by 2028.
- The following graph shows the **total job-to-resident ratios**, that inform the 15,000-resident goal.



Long term goal: Reaching the mixed-use neighborhood average residents-jobs ratio would require growing the Downtown population by 87K, from 25K to 112K.

The Housing in Downtown program, will help deliver 90% of the units needed to deliver on the Mayor’s 15,000 resident goal.

Element	Program Summary
HID Overview	Housing in Downtown (HID) is a competitive program aimed at catalyzing new residential development downtown via a 20-year tax abatement. The program will be available for change-of-use projects that result in at least ten residential units and includes provisions for affordable housing. Adaptive reuse projects, and teardown projects are eligible.
Program Caps	The program is competitive, with available funds limited to the set by program caps: FY24-26 - \$2.5M total FY27 - Total cap increases to \$6.8M FY28 - Total cap increases to \$41M FY29 and Future Years - The prior year's cap, with 4% annual escalation in each successive year.
Affordability	10% affordable at 60% MFI OR 18% affordable at 80% MFI
Geography	Downtown area informed by DC’s Comeback Plan, lots along either side of the bounding street will be eligible.
Duration	20-year residential property tax abatement ; an approved tax abatement shall begin in the tax year during which the certificate of occupancy was issued for the affordable housing provided on the property.
CBE Contracting	Required for construction and operations
First Source	Exempt from construction (required for operations)
TOPA	HID approved projects would be exempted from TOPA requirements on the first sale within 10 years after issuance of the final Certificate of Occupancy. Property owner will be required to notify tenants prior to lease execution.

The proposed program removes barriers that project sponsors identified as the most significant challenges to building and producing housing Downtown.

Housing in Downtown and TOPA

- The HID program would relax TOPA through a targeted, time-limited exemption for HID approved projects only. The exemption is for the first sale within 10 years.
- DMPED engaged dozens of stakeholders and TOPA was consistently identified as one of the most significant challenges to securing project investment due to the impact it has on recapitalization timelines.
- This is particularly challenging now because inflation has increased the cost of borrowing and introduces other uncertainty that discourages investment.

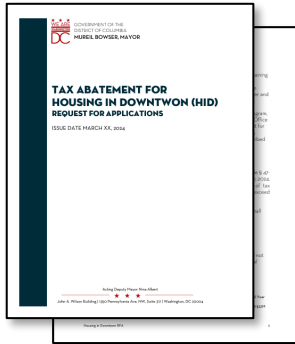
Housing in Downtown and First Source

- The HID program would relax First Source requirements by exempting HID approved projects only. The exemption would be from First Source hiring requirements during project construction.
- Stakeholders identified First Source as a significant cost driver during construction. When paired with high interest rates, and rising cost of construction materials, it challenges project viability.

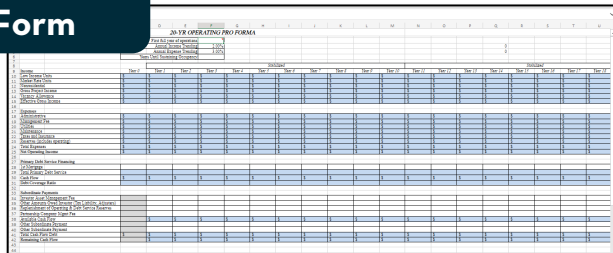
Request for Application

The application was published on March 22, 2024. The submission portal will be open on a rolling basis, unless otherwise posted on the DMPED website.

Step 1. RFA Instructions



Step 2. HID RFA Form



Step 3. Submission Portal



What can I expect on the application?

The HID program is competitive and will be evaluated through a Request for Application (RFA), which will be administered by DMPED. Applicants will be scored on completeness, need, and alignment with the Mayor's goals for downtown.

How to apply?

The RFA consists of two downloadable attachments, a detailed PDF with instructions and the HID RFA Form (excel). Once completed, upload all files to the electronic submission portal on the DMPED website.

Attention Residents

This program is for owners and developers of commercial real estate and is not an apartment placement program for households. If you are looking for affordable housing, please reach out to DHCD for information and resources ([link](#)).

Resources

Contact

For general questions concerning the Housing in Downtown program, please email Olivia Jovine, DMPED Program Manager, at olivia.jovine@dc.gov. All questions regarding the application must be submitted via the [RFA Q&A Portal](#).

Final Notice of Rulemaking (Regulations)

[DC Register Housing in Downtown Final Rules](#)

Additional Resources

[Housing in Downtown Tax Abatement Technical Amendment Act of 2024](#)

[Housing in Downtown Abatement Amendment Act of 2023 \(pg. 50\)](#)

[Housing in Downtown Tax Abatement Act of 2022 \(pg. 98\)](#)