



GOVERNMENT OF THE DISTRICT OF COLUMBIA
Executive Office of the Mayor
Office of the Deputy Mayor for Planning and Economic Development



Central Washington Activation Program Guidelines

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I. INTRODUCTION¹

The Central Washington Activation Program Amendment Act of 2024, effective September 18, 2024 (D.C. Law 25-217; D.C. Official Code § 47-870, *et seq.*), provides for a temporary abatement of the tax imposed by D.C. Official Code § 47-811 on certain real property within the Central Washington Planning Area plus an additional 1,750 linear feet in any direction beyond the boundary following the repurposing of a building with primarily Office Use into another use that is not Residential Use or an upgrade in the class of office space in a building to Class A or higher from a class below Class A, as further provided in these guidelines.

This new pilot program will further catalyze Downtown recovery in the District. The program will encourage the repositioning of office space into new, activated commercial, entertainment, or retail spaces via a 15-year temporary tax freeze. The program is designed to complement the District's [Housing in Downtown](#) program, and, therefore, properties converting to Residential Use are not eligible for this program.

II. TAX FREEZE EXPLAINED

- The amount of the temporary tax abatement certified for a real property in a tax year shall be equal to the amount by which the real property tax imposed on the property would have increased between the Base Year and the relevant tax year absent the temporary tax abatement.
- The period of the temporary tax abatement shall be no more than 15 tax years.
- The first year of the tax abatement shall be the tax year after the Repositioning of the real property is complete, or, if requested by the applicant, the tax year during which the Repositioning of the real property is complete.

III. RESOURCES AVAILABLE

The Council approved \$8 million in total funding to be released between Fiscal Years (FY) 2027 and 2029. This funding could allow for up to 2.5 million square feet in repositioned property. The program is competitive, with available funds limited to the following program caps:

- FY25 and FY26 – \$0 total
- FY27 – Total cap increases to \$5M
- FY28 – Total cap increases to \$6M
- FY29 – Total cap increases to \$8M; and
- Future Years – The prior year's cap, with 4% annual escalation in each successive year.

The caps are subject to the availability of funding and are aggregated with previous years, for example in Fiscal Year 2028 there will be one million dollars (\$1,000,000) in net-new funding available.

The District's fiscal year runs from October 1st to September 30th of the following year. For example, Fiscal Year 2025 is October 1, 2024, to September 30, 2025.

¹ Definitions for capitalized terms can be found on page 6 of these guidelines.



IV. PILOT PROGRAM LIMITATIONS

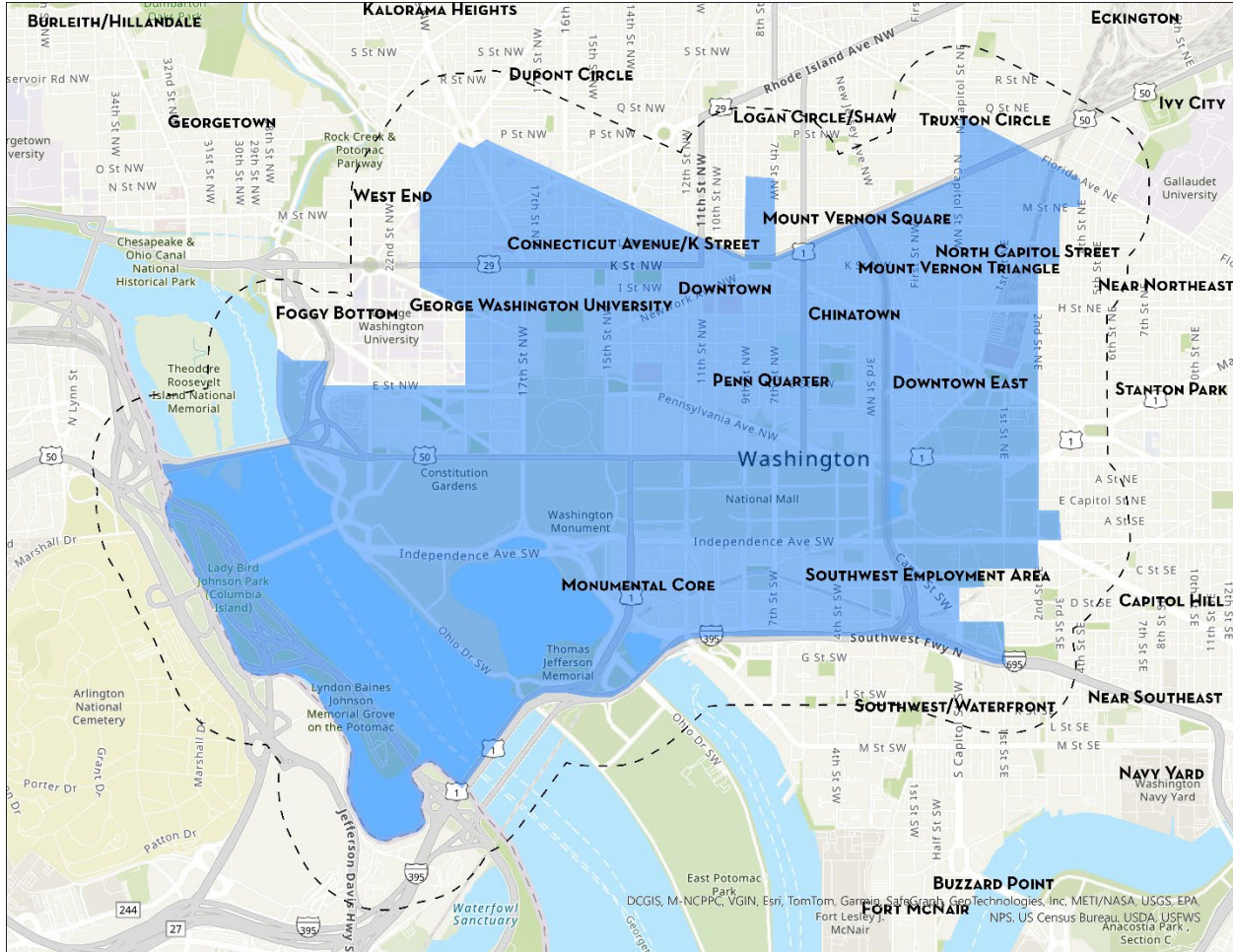
- No tax abatements under this program shall begin before October 1, 2026 (Fiscal year 2027).
- No new real properties may be selected to receive a tax abatement under this program after September 30, 2030.
- The period of the temporary tax abatement certified by the Deputy Mayor for Planning and Economic Development (“Deputy Mayor”) will be up to fifteen (15) tax years.
- The Deputy Mayor may cancel an eligibility and reservation letter for a real property if the real property has not begun a Repositioning within 3 years after the date of the eligibility and reservation letter, or within such a period of time as the Deputy Mayor may otherwise set forth in the eligibility and reservation letter.

V. ELIGIBILITY CRITERIA

- The real property is located within the Eligible Area.
- The building that is the subject of the Repositioning is a building with a minimum of 50,000 square feet.
- The real property is undergoing or planning to undergo a Repositioning at the time of application.
- The building use is currently primarily Office Use, as evidenced by the current Certificate of Occupancy; or, if the building is currently vacant, proof that the most recent use was primarily Office Use.



Area of Eligibility. This map depicts the [Eligibility Area](#) for the Central Washington Activation Program and will be used to establish eligibility for applications. In order to be considered for the program, the real property must be located within the Central Washington Planning Area or within 1,750 linear feet beyond the planning area’s boundary.



VI. FIRST SOURCE & CBE

The award of a temporary tax abatement under the program will trigger the applicability of First Source for hiring and Certified Business Enterprises (“CBE”) contracting requirements for the real property. Applicants are expected to engage the Department of Employment Services and the Department of Small and Local Business Development for more information on the specific requirements.

Applicants will submit an acknowledgement of these requirements in their applications; however, executed CBE and First Source agreements will not be required at the time of submitting an application. Instead, executed agreements must be submitted to DMPED before DMPED’s certification of the temporary tax abatement.



VII. SELECTION PROCESS

Applicants may submit applications on a rolling basis. DMPED will review each application in the order in which it is received.

DMPED will first review the application for completeness.

After DMPED confirms that an application is complete, the application will be reviewed by DMPED. Members of the staff will review the application accounting for the selection criteria described in this section. Members of the staff will make recommendations for approval of applications to the Deputy Mayor. The approval of applications will be made by the Deputy Mayor in their sole discretion.

Selection Criteria. Applications must meet at least one of the following criteria to be selected. If funds are limited or there is competition for funds in a particular Fiscal Year, DMPED may prioritize projects that meet or exceed certain selection criteria over other selection criteria.

Selection Criteria	Description
Eligibility Requirements	Project meets the eligibility requirements as described in these program guidelines.
Specific Portion of the Eligible Area	Project is within the Downtown Comeback Plan Boundary .
Specific Portion of the Eligible Area	Project is in a Costar sub-market with an office vacancy rate of 19% or higher.
Certain Types of Repositioning	Project will introduce a grocery store or supermarket on site.
Certain Types of Repositioning	Project will introduce childcare facilities on site.
Certain Types of Repositioning	Project will introduce destination retail on site.



Application. Within sixty (60) days after receiving a complete application, DMPED will determine whether the project meets any criteria set forth in the selection process and, if selected to receive a tax abatement, will issue an eligibility and reservation letter to the applicant.

Eligibility & Reservation Letter. If the project is selected for a tax abatement, DMPED will transmit an eligibility and reservation letter to the applicant that:

- Confirms the real property is eligible for a temporary tax abatement under this program, and that DMPED has reserved a tax abatement for the real property.
- Sets forth the expected Base Year for the real property.
- Establishes the real property tax years during which the tax abatement is expected to apply.
- Establishes the annual tax abatement amount, which may be less than the amount requested in the application.
- Identifies the conditions that must be met, including dates certain of entitlement and construction milestones for the project, to avoid a forfeiture of the tax abatement reservation and to be eligible to receive a tax abatement certification.
- Details the information required to be submitted by the applicant and the process to request a certification of tax abatement.

If an applicant chooses not to accept the terms of the eligibility and reservation letter, then the applicant will provide written notice of its rejection to DMPED within ten (10) business days after the receipt of the eligibility and reservation letter.

Incomplete Applications. If an application is submitted that is not complete, DMPED will transmit to the applicant either a denial letter or a request for additional information required for consideration of the application.

Denied Applications. If DMPED denies an application, DMPED will transmit to the applicant a denial letter that shall state the reason for denial.

VIII. PROGRAM POINT OF CONTACT

This program is managed by DMPED and coordinated with the Office of the Chief Financial Officer, as may be required. Questions about this program should be directed to DMPED.RealEstate@dc.gov.



IX. DEFINITIONS

The capitalized terms used in these program guidelines have the following meanings.

Base Year means the real property tax year 2025; or if the real property taxes imposed on the property increase between real property tax year 2025 and the real property tax year in which the property is certified, the real property tax year after 2025, and before the real property tax year in which the Repositioning of the property is complete, in which the real property taxes imposed on the property are greatest.

Class A means a building that is an investment-grade property with the highest quality construction and workmanship, materials, and systems, significant architectural features, the highest quality/expensive finish and trim, abundant amenities, first rate maintenance and management and is usually occupied by prestigious tenants with net effective rental rates 10-15% higher than neighboring Class B product.

Construction Commencement shall be deemed to have occurred at such time as (1) the owner of the real property has executed a construction contract with its general contractor to construct the project and provided its general contractor a notice to proceed under the construction contract and (2) the general contractor has mobilized equipment on the real property and started work under the construction contract.

DMPED means the Office of the Deputy Mayor for Planning and Economic Development.

Eligible Area means the Central Washington Planning Area, as established in Volume 2 of the District of Columbia Office of Planning's 2021 Comprehensive Plan as amended by the Comprehensive Plan Amendment Act of 2021, effective August 21, 2021 (D.C. Law 24-20; 68 DCR 6918), plus 1,750 feet linear feet in any direction beyond the planning area boundaries.

Office Use means the use category defined in 11-B DCMR §200.2(w).

Residential Use means the use category as defined in 11-B DCMR §200.2(aa).

Repositioning means a construction, reconstruction, or alteration of, or renovation to, a property with a minimum of 50,000 square feet that results in the conversion of the property from a primarily office use to a use that is not residential or in an upgrade in the class of the office space to Class A or higher from a class below Class A.

