

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



**Fiscal Year 2017  
Performance Oversight Public Hearing**

Testimony of

**Deputy Mayor Brian T. Kenner**

Before the

Committee on Business and Economic Development  
Chairperson Kenyan McDuffie

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John A. Wilson Building  
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Testimony of Brian T. Kenner, Deputy Mayor  
Office of the Deputy Mayor for Planning and Economic Development  
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Good morning, Chairperson McDuffie, members, and staff of the Committee on Business and Economic Development. I am Brian T. Kenner, Deputy Mayor for Planning and Economic Development (DMPED). I would like to thank the public witnesses who shared their testimony, and it is my pleasure to be here today to provide testimony on behalf of Mayor Muriel Bowser on the activities and accomplishments of DMPED in Fiscal Year 2017.

Mayor Bowser's Fiscal Year 2017 Budget reflected our deep commitment to DC values by making investments that will provide all residents of the District of Columbia with the opportunity to succeed. We remain focused each day on creating pathways to the middle class by investing in education, affordable housing, infrastructure, public safety, and people.

The Office of the Deputy Mayor for Planning and Economic Development (DMPED) implements the Mayor's vision around a host of economic development initiatives and programs. DMPED aims to increase and protect affordable housing, create jobs for DC residents, and generate tax revenue. Our program areas include business development, real estate development, housing, and oversight of the Economic Development cluster agencies. We are in the second year of sharing our Accomplishments Tracker, available on DMPED's website, which provides transparency



to the public related to DMPED's many real estate, business development, and affordable housing milestones.

### **2017 Accomplishments**

2017 was an incredibly productive year for DMPED. We have delivered results across all eight wards, across all of our program areas, and driven progress across the District as a whole. In snapshot, we see:

- Nearly \$140 million invested from the Housing Production Trust Fund in 2017 and continued progress toward producing and preserving affordable housing through the Housing Preservation Strikeforce, Inclusionary Zoning, and Vacant to Vibrant Program;
- The expansion and creation of new business development and attraction efforts to make the District a leader in inclusive innovation and to implement our Economic Strategy; and
- A fall 2017 real estate legislative package that will result in tax revenues of \$2.3 billion over 30 years and 14 real estate projects under construction, 13 projects in predevelopment, and eight in negotiation, which will produce a total of 30,078 construction and permanent jobs across the 35 projects.

### **Affordable Housing**

DMPED is continuing our multi-pronged approach for creating and preserving affordable housing across all eight Wards. Since January 2015, the Mayor has spent over one-third of a billion dollars from the Housing Production Trust Fund. DMPED and DHCD have implemented the Mayor's Preservation Strike Force Plan, including the



creation of a preservation office and fund. We have continued to support the District Opportunity to Purchase Act (DOPA), Inclusionary Zoning reform implementation, and continued investment in affordable housing leveraging all available sources including HPTF, federal funding, and District land dispositions. At least 30 percent of all housing units produced through dispositions of public land are affordable to households earning between 30 percent and 50 percent of Area Median Income (AMI), a best-in-the nation policy. Through our FY2017 Fall Legislation alone, DMPED will produce 990 affordable units.

In December 2017, we were excited to announce the Vacant to Vibrant initiative, a new five-point plan to transform vacant spaces into approximately 70 units of workforce housing, community green spaces, and economic development opportunities for small businesses throughout the city. The plan will reduce the District's vacant property inventory by reactivating up to 50 sites from the Department of Housing and Community Development's Property Acquisition and Disposition Division.

Affordable units produced by DMPED as well as other housing agencies can be tracked with our online tracker. Since January 2015, we have delivered 5,018 affordable housing units across 140 projects, with 6,783 additional units in the pipeline.

DMPED's real estate projects also produce a significant number of new jobs across all eight wards. As of January 2018, DMPED has 35 active projects, with 14 projects under construction, 13 in pre-development, 8 in negotiation. These 35 projects will produce a total of over 17,500 construction jobs and 12,500 permanent jobs.



## **Business Attraction and Development**

DMPED's business development team has had an active year, focusing on business attraction, specifically for innovation and technology industries; continuing to grow the Great Streets Program; implementing our Economic Development Strategy; and launching DC's first inclusive innovation incubator.

We are focusing on attracting global technology firms, and are pleased that Yelp will be expanding to the District and creating 500 new jobs over a five-year period. Additionally, DMPED is incredibly excited to be on the short list for the Amazon HQ2 search.

Over the past year, DMPED completed and released our Economic Strategy Report and is now in the process of implementing the framework and recommended actions. The Strategy outlines not only how we will grow DC's economy but how we will ensure that growth benefits all Washingtonians. Through our execution of the Strategy, we will diversify our economic base, reduce employment disparities, and provide a tool kit for engaging partners in these efforts.

In 2017, DMPED began an employer engagement campaign in which the Business Development Team is meeting face-to-face with DC's top 100 largest employers and fastest growing companies, covering topics such as hiring needs and projections, opportunities for and challenges to growth, strengths and weaknesses of doing business in the District, and opportunities for collaboration. To date, our team has met with 32 of the 93 responsive employers.



In March 2017, DMPED, in partnership with Howard University and Luma Lab, opened the new DC-based inclusive innovation incubator “IN3” that supports entrepreneurs and businesses from underrepresented communities that provide products and services benefitting underserved communities.

Additionally, DMPED continues to promote our branded months including InnoMAYtion, which showcases DC’s innovation ecosystem, and 202Creates, in September. Each month is supported with multiple events, websites, and social media coverage.

At the neighborhood level, we support local businesses through our Great Streets Grant program. This competitive grant program provides grants up to \$50,000 to qualified small business owners who wish to improve their place of business. Great Streets supports existing small business, attracts new business, and transforms emerging commercial corridors into thriving and inviting neighborhood centers. From FY15 through FY17, Great Streets has provided grants to 247 grantees, amounting to a total investment of \$14.3 million.

The District of Columbia Revenue Bond Program provides below-market interest rate financing for capital projects in various sectors. Program funds are generated through the issue and sale of DC Revenue Bonds, notes, or other obligations. In FY17, we financed 14 projects totaling approximately \$877million.

Finally, we were excited to launch the Neighborhood Prosperity Fund (NPF), which supports mixed-use, real estate, or retail development projects in targeted census tracts where unemployment is at 10 percent or higher. NPF grants provide necessary



gap funding for the commercial components of development projects and help create job opportunities and new food options across the District, including in Wards 7 and 8. The first recipients of grants from the initiative were the Penn Hill project located in Ward 7 and the South Capitol Affordable Housing Project located in Ward 8, both of which will provide grocery options in areas identified as food deserts.

### **Real Estate Development**

In FY17, DMPED once again had a very robust Fall Legislative agenda. The 10 projects approved via legislation supported 19,000 construction and permanent jobs; produced 990 affordable housing units; and will result in \$2.3 billion in tax revenues over 30 years.

The New Communities Initiative has continued to make major progress on all projects including Barry Farm, Lincoln Heights/Richardson Dwellings, Northwest One, and Park Morton. To date, our NCI team has a total of 2,695 planned affordable units. We expect to continue unprecedented progress in FY 2018 across the New Communities Sites.

Our major developments also saw noteworthy progress in FY 2017. The District acquired Walter Reed, the 67-acre former Army medical center, from the Army and disposed of it to the Master developer. The development team has begun implementing the first phase of horizontal development and we celebrated the opening of the two schools on the site.



At St. Elizabeths East, we celebrated the “Topping Off” of the Entertainment and Sports Arena, signifying that the 4,200-seat arena and training facility has reached its final construction height. This development delivers on the Mayor’s commitment to create pathways to the middle class for District residents through job creation. Construction is expected to begin this summer on the first residential component of the St. Elizabeth’s East project.

For McMillan, the Zoning Commission wrapped up a month of hearings, testimony, and debate on the project following the Court of Appeals remand of the Commissions’ original positive decision. In addition, the Mayor’s Agent completed its hearings and testimony. We look forward to the court decisions so we can move this important project forward in 2018.

At Audi Field on January 26th, less than a year after breaking ground, we gathered with D.C. United, fans, partners, and construction crew members at the site of the Black-and-Red's new home to commemorate the Topping Off Ceremony. This signals the completion of another major construction milestone, as the DC United moves closer to opening their new state-of-the-art home on July 14, 2018.

Also in FY 2017, the Property Group Partners signed their first office tenant at the “beyond LEED Platinum” Capitol Crossing project. At buildout, the project will total 2.2 million square feet of new commercial space atop a new deck over Interstate 395. This marks a major milestone in the project, which will reconnect two vibrant parts of our city that were previously split by the Center Leg Freeway.





Along with Mayor Bowser and Councilmember Charles Allen, we officially opened The Wharf in October. With 3.2 million square feet of mixed use space, the waterfront neighborhood features new residences, offices, hotels, shops, restaurants, a marina, and public use spaces including 10 acres of parks, promenades, piers, and docks. The largest waterfront development in the nation, the Wharf is the first significant redevelopment in southwest D.C. in more than 50 years.

We also celebrated the closing of the historic Franklin School redevelopment deal, which will bring the new “Museum of the Word” language arts museum to the historic building. Anticipated for delivery as soon as the third quarter of 2019, the public-private effort led by Franklin School Development LLC and DMPED will reintroduce the 182-year-old building to the public following years of vacancy.

We also successfully obtained approval for the Union Market TIF, which will support the infrastructure and transportation needs of the catalytic redevelopment of this popular District destination. DMPED is working with the Union Market Infrastructure Corporation to finalize the Development Finance Agreement.

## **Conclusion**

In closing, I’d like to thank you for your leadership and support. We appreciate the opportunity to share our accomplishments and plans for continuous improvement and look forward to continuing to work with the Committee. This concludes my testimony. My staff and I are happy to address your questions at this time.

