



FY24 DMPED BUDGET OVERVIEW

JULY 2023

MAYOR BOWSER'S FY24 FAIR SHOT BUDGET



Driving **DC's comeback**, the **downtown recovery**, and long-term economic growth by maximizing investments to help us grow our population, our jobs, and our tax base.



Investing in our **residents, families, and neighborhoods** to help residents **grow** their incomes and increase **equity**.



Strengthening services focusing on **crime reduction** and prosperity for residents through life changing **education and workforce** opportunities.



Getting back to basics by improving **core government services** and the **customer experience**.



Building **sustainability** and **resiliency** into the budget by right-sizing our investments and eliminating low-return programs.

VISION FOR DC'S COMEBACK

DC strives to be...

- A city where every neighborhood offers its residents, of all races and genders, the chance to achieve their full potential
- An urban center that is a destination of choice for innovators, job creators, and visitors
- A place where people choose to live, work, visit, and thrive



COMEBACK PLAN GOALS TO ACHIEVE BY 2028

Successful Businesses

- A Create 35,000 new jobs in high-growth target sectors¹**
- B Increase the share of minority-owned employer businesses to 33% of all employer businesses²**

Opportunity Rich Neighborhoods

- C Eliminate key amenity gaps across all neighborhoods and increase access to opportunity for residents**
 - 1) Grocery:** Ensure all Ward 7 and 8 residents live within a mile of a grocery store
 - 2) Internet:** Ensure all DC residents have equitable access to affordable, high-speed and reliable internet, and are empowered with the devices, tech support, and digital literacy and skills to effectively use it
 - 3) Housing:** Put DC on path to equitably distributing affordable housing citywide by meeting production goals for each planning area by 2025 (as part of overall goal to create 12,000 new homes affordable to households earning below 80% of MFI)
- D Add 15,000 residents to the Downtown population and add 7 million sq ft of residential units**

Thriving people

- E Retain current residents and reach a population of 725,000**
- F Increase economic prosperity in DC by lifting the median household income of Black residents by \$25,000³**

1. Target sectors include 1) education and research, 2) consulting services, 3) communications and design, 4) hospitality, tourism and entertainment, 5) life sciences and health tech, and 6) technology

2. Currently minority-owned businesses account for 27% of employer firms in DC; Note, the current public survey that tracks small business (the American Business Survey) has limited data availability for minority owned small businesses due to sample size. Setting a goal to increase the number and size of Black and Hispanic owned firms will require the District to begin tracking this data through a corresponding survey initiative

3. Increase from \$52k in 2021. This would bring the median Black household income above the ALICE threshold of a living wage for a 2-person (1 adult, 1 child) household in DC (\$78K), enabling families to afford basic necessities including housing, childcare, food, transportation, health care, and a smartphone plan (see United Way: <https://www.unitedforalice.org/national-reports>).

DC'S COMEBACK AND DMPED FY24 PRIORITIES

COMEBACK PLAN PILLARS



Thriving People

- Housing Stability
- Family Supports
- Wealth-building
- Workforce



Neighborhoods

- Housing
- Grocery
- Internet
- Downtown (Fill the Space/Change the Space/Bring the People)



Successful Businesses

- Business Environment
- Small Business and Entrepreneurship
- Target Sectors

DC'S FY24 COMEBACK PLAN BUDGET INITIATIVES

Opportunity Rich Neighborhoods

- \$100M Housing Production Trust Fund **(HPTF)**
- \$67M to unlock Fletcher Johnson and bring full-service grocery to East Capitol Gateway **(DMPED)**
- \$34M over six years to improve information technology systems within schools for improved bandwidth and connectivity **(DCPS)**
- Increase the available Housing in Downtown abatement from \$6.8M to \$41M in FY28 **(DMPED)**
- \$36M to build protected bike lanes and \$15M to continue expansion of Capital Bikeshare **(DDOT)**
- \$9.8M to fund improvements at Farragut Square **(DPR)**
- \$15M for Community Center @ Crummel School to execute outdoor recreation **(DPR)**
- \$9M for 24-hour bus service on 13 most used routes **(WMATA)**

Thriving People

- \$4.5M for new web portal for resident services **(OCTO)**
- \$44M for the Emergency Rental Assistance Program **(DHS)**
- \$8M in Permanent Supportive Housing Vouchers for 150 individuals and 80 families **(DHS)**
- \$2M for Single Family Residential Rehab **(DHCD)**
- \$17.6M to support 600 families in Career Map **(DHS)**
- \$1M for Strong Families, Strong Futures cash transfer program **(DMPED)**
- \$900K to buy down \$90M of medical debt for 90,000 residents **(DHCF)**
- \$26M for Home Purchase Assistance Program **(DHCD)**
- Raising the eligibility for the childcare subsidy from 250% to 300% of the federal poverty line **(OSSE)**
- \$5.8M to establish dedicated childcare slots and out-of-school programming for children with disabilities **(OSSE)**
- \$67K to auto register new residents to vote **(DMV)**
- \$11.7M for DC Futures and \$7.9M for High Impact Tutoring **(OSSE)**
- \$39M for Building Blocks DC to reduce gun violence **(OCA - OGVP)**

Successful Businesses

- \$6M for the Commercial Property Acquisition Fund **(DMPED)**
- Recurring \$7M for Great Streets and Small Business Initiatives **(DMPED)**
- \$3.2M for downtown retail grant program **(DMPED)**
- \$1.2M for downtown safe commercial corridor grants **(DMPSJ)**
- \$991K for participating businesses in Creative and Open Space Modernization **(DMPED)**
- \$355K for DC Anchor Partnerships **(DMPED)**
- \$600K for Dream Grants & \$250K for Aspire to Entrepreneurship training **(DSLBD)**
- \$1.3M to enhance Main Streets program **(DSLBD)**
- \$528,904 investment in Ward 8 Community Investment Fund **(DSLBD)**
- \$1.5M to bolster tourism, hospitality, and entertainment through the Festival Fund **(DMPED)**

DC'S COMEBACK



Thriving People

THRIVING PEOPLE: STRONG FAMILIES, STRONG FUTURES

Direct Cash Transfer Pilot, 2022-2023

- In 2022, DMPED launched a **\$1.5M** unconditional cash assistance pilot for new mothers in Wards 5, 7, and 8
- ***Strong Families, Strong Futures*** provided \$10,800, “no strings attached,” to 132 low-income mothers, giving them full autonomy to spend the cash in the best way for them and their babies
- 6 months after receiving cash assistance, mothers report ***lower stress levels, increased housing and food security, and more energy and time to spend with their children.***

Additional \$1M in FY24

- Strong Families, Strong Futures Round II will expand on the pilot
- Providing unconditional cash assistance will help mothers meet their family’s basic needs, improve maternal and infant health outcomes, and create pathways to family economic prosperity



THRIVING PEOPLE: INVESTMENTS BEYOND DMPED

Make housing and homeownership affordable for Washingtonians

- **Home Purchase Assistance: \$26M** to help low-income, first-time homebuyers with down payment and closing cost assistance. (DHCD)
- **Single Family Residential Rehabilitation Program: \$2M** to increase available funds to support homeowners in need of home repairs. Estimated to support 30 more homeowners. (DHCD)
- **Emergency Rental Assistance Program: \$44M** to help residents facing housing emergencies by providing funding for overdue rent and court costs, if the household is facing eviction. (DHS)

Make high-quality childcare affordable for families

- **Expansion of childcare subsidy** from 250% to 300% of the federal poverty line. The investment will allow an additional ~2,200 children to become newly eligible (OSSE)

Improve resident access to government services

- **New, one-stop web portal for resident services: \$4.5M** (OCTO)

Support wealth-building through business and entrepreneurship

- **\$600K** through **Dream Pitch** to support Ward 7 and 8 microbusinesses; **\$250K** to provide entrepreneurship training to justice-involved residents through **WeAspire**. (DSLBD)

DC'S COMEBACK



Opportunity Rich Neighborhoods

NEIGHBORHOOD AMENITIES: CAPITAL INVESTMENTS FY24-FY29

Capital Projects: DMPED’s real estate development portfolio will deliver new affordable housing and amenities to neighborhood residents to increase equitable access to resources and opportunities.

\$~342 million invested from FY24-FY29

Estimated **5,200** housing units (**3,000** affordable)

Project	FY24-29	Project	FY24-29
McMillan	\$10.2M	Hill East	\$68.7M
Saint Elizabeths	\$55M	East Capitol Gateway	\$25M
33 K Street NW Northwest One	\$24M	Fletcher Johnson	\$42M
Barry Farm	\$66M	Bruce Monroe	\$25M
Park Morton Redevelopment	\$24M	Wharf Fish Market	\$5M (in FY23)
Poplar Point	\$2M		

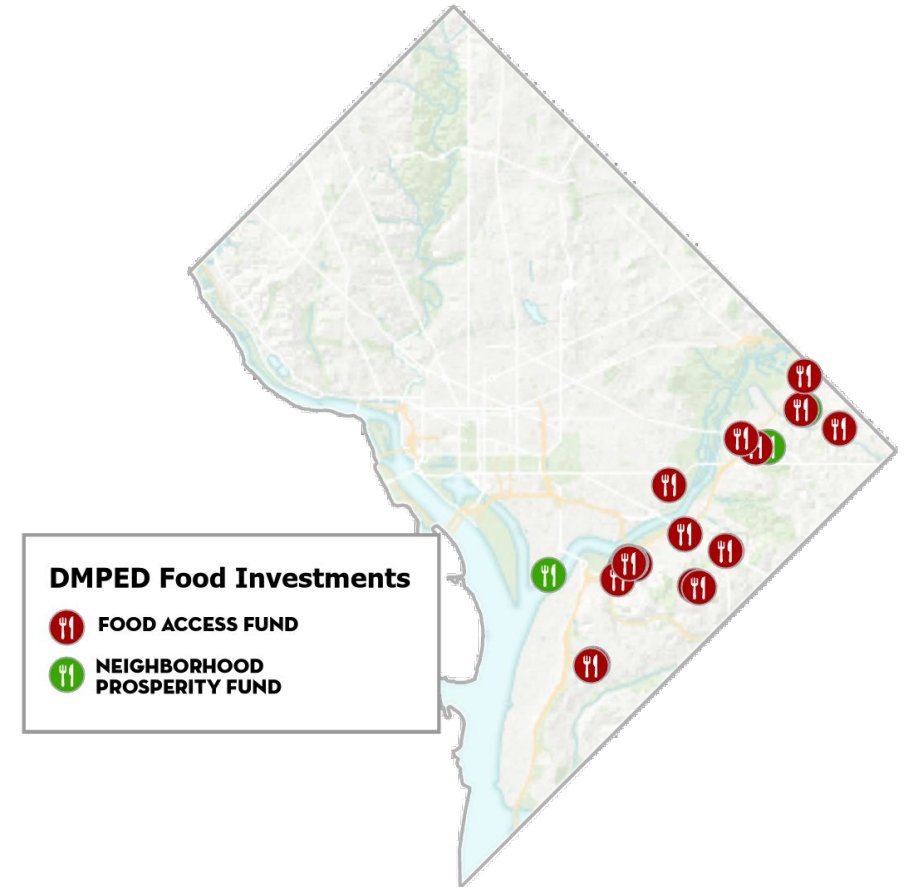
NEIGHBORHOOD AMENITIES: FOOD ACCESS

CURRENT FOOD EQUITY CHALLENGES

Since 2020, DMPED has made significant investments to secure grocery stores, restaurants, and other food access points in areas with low food access, with a focus on Wards 7 and 8.

- The **Food Access Fund** and **Neighborhood Prosperity Fund** have invested in 5 full-service grocery stores East of the River: Fresh Food Factory, Muki's Market, Good Foods Market, Giant, and Dreaming Out Loud/Good Food.
- The **Food Access Fund** has also invested roughly \$20 million in 22 food businesses in Wards 7 and 8, bringing hundreds of jobs to residents and entrepreneurs
- **Nourish DC** has supported the development of a robust ecosystem of locally owned food businesses, neighborhood vibrancy, and health equity in DC communities
- **In FY23, the Food Access Fund will invest an additional \$5M to increase food access points in Wards 7 and 8 and ensure all DC residents live within a mile of a grocery store.**

DMPED FOOD INVESTMENT MAP: FY21-22



DC'S COMEBACK



Opportunity Rich Neighborhoods: Affordable Housing



DMPED FY24 PRIORITIES: AFFORDABLE HOUSING



Produce more affordable units and more affordable homes

Mayor Bowser has made historic investments in housing to support her goal of adding 36,000 net new homes, 12,000 affordable, by 2025. Increasing supply of affordable housing helps ease the pressure on the rental market.



Create more affordable housing in high-opportunity areas

Where you live matters. People who grow up in safe, healthy communities with access to good education and amenities typically experience better economic and health outcomes. That is why Mayor Bowser charged District agencies with equitably distributing the 12,000 new affordable homes across all planning areas of the District, so that residents with below-average income have housing options in high-opportunity neighborhoods. FY23 investments in the HPTF, HANTA incentive and planning analyses support this goal.



Support housing stability and wealth building.

Homeownership is both a means of stability and an opportunity to build wealth. In our increasingly expensive housing market, longtime Black DC residents face challenges to achieving homeownership. The FY24 Budget makes bold new investments to help longtime residents become homeowners and remain in their homes.

For renters, emergency rental assistance is a critical resource for housing stability. FY23 & 24 investments in ERAP will help tenants remain in stable housing, and the Single-Family Residential Rehab program will help homeowners retain their homes.

AFFORDABLE HOUSING PRIORITIES AND INVESTMENTS



Produce more affordable homes

HPTF
Project- and sponsor-based
LRSP
Land use/zoning tools
Public housing
rehab/renovation



Create more affordable housing in high-opportunity areas

HPTF
HANTA
Planning analyses
Faith Based Institutions
Technical Assistance



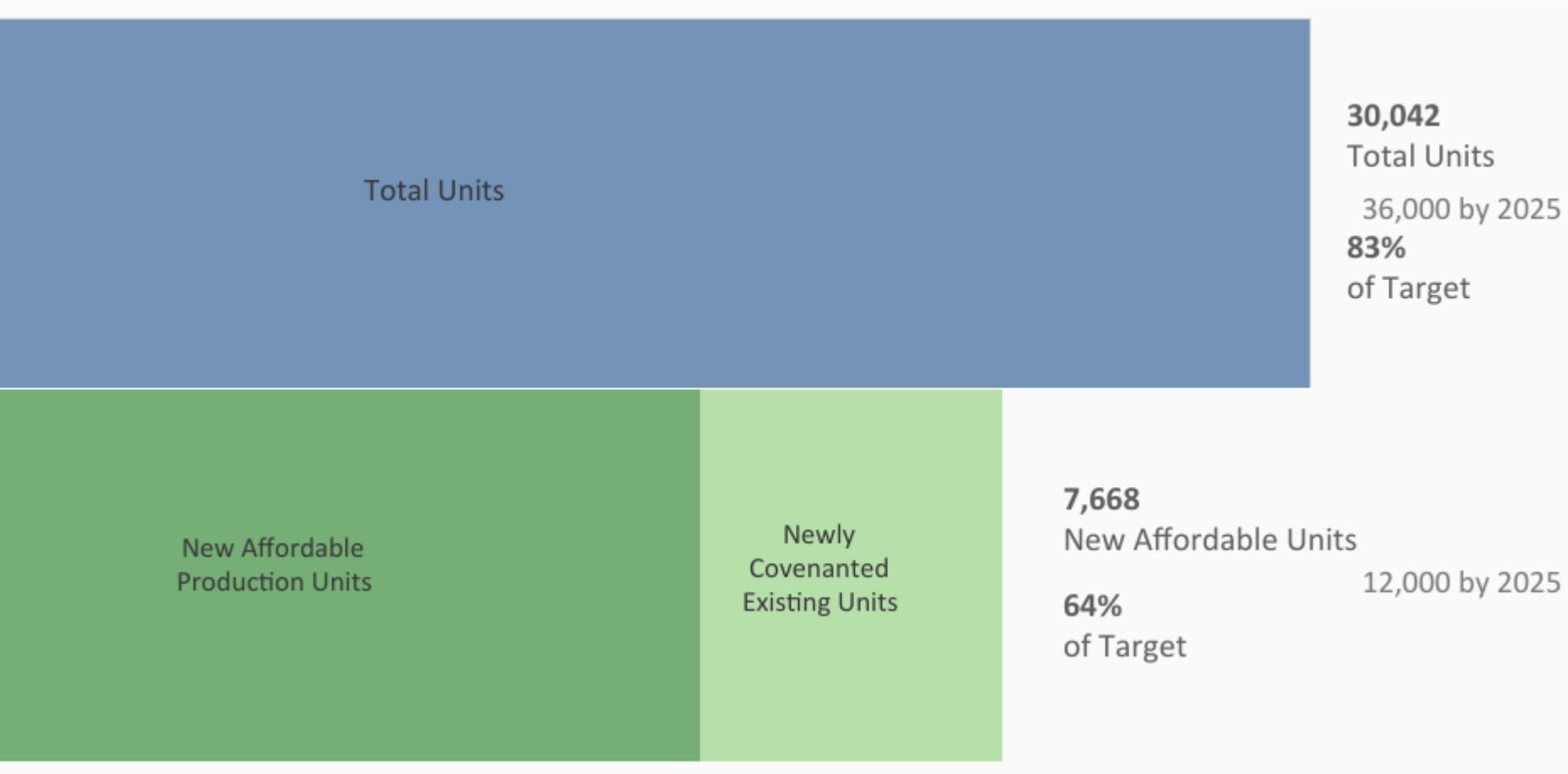
Support housing stability and wealth building

HPAP & EAHP
Heirs legal assistance
Senior property tax cap
Single Family Residential Rehab
Black Homeownership Fund
Emergency Rental Assistance

HOUSING GOALS AND PROGRESS

HOUSING EQUITY: 36K/12K PROGRESS TO DATE

Housing Goals and Progress Since 2019



Progress updated
monthly at
36k.dc.gov

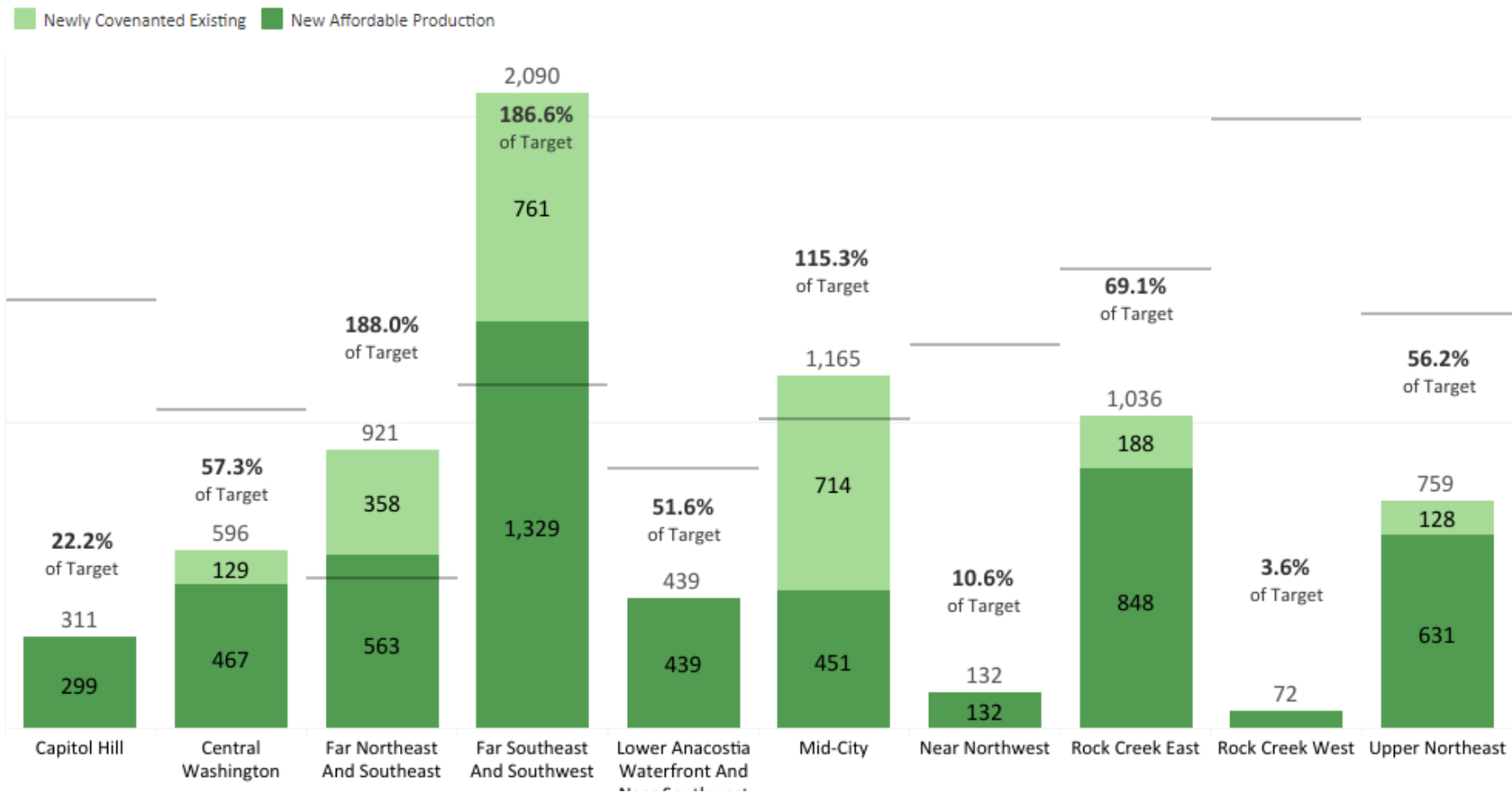
Note: As of end of June 2023

HOUSING EQUITY: 36K/12K PROGRESS TO DATE ON AFFORDABLE PLANNING AREA TARGETS

New Affordable Housing Units Since 2019 by Planning Area

Since the start of FY23, the largest gains in affordable housing by Planning Area have been:

- Mid-City increased by 444 affordable units and is now at nearly 96% of its target
- Far Southeast & Southwest increased by 187 affordable units
- Capitol Hill increased by 103 affordable units



Note: As of end of June 2023

RECENT AND IN- PROGRESS HOUSING INITIATIVES

Housing Needs Assessment

- Project demand for units based on family size, location, and affordability, while determining corresponding supply needed
- Identify indicators of displacement risk in particular areas
- Inform future goals, policies and action.

Black Homeownership Strike Force Recommendations

- Coordinating with agency partners on potential legislation to advance recommendations
- Announced RFP for Black Homeownership Marketing Campaign
- Conducting a feasibility analysis to finalize the structure and steps to launch the Black Homeownership Fund.

FY24 HOUSING AFFORDABILITY INVESTMENTS

	Impact	Funding	Agency
Housing Production Trust Fund and Local Rent Supplement Program <ul style="list-style-type: none"> A total \$100M HPTF investment in FY24 will deliver an estimated 400-450 units of affordable housing in our pipeline over the next few years. LRSP project-based vouchers will supplement housing costs for 194 extremely low-income households (<30% MFI) in FY24 	400-450 Affordable homes	\$100M	DHCD
Public Housing and New Communities Initiative (CIP FY24-29) <ul style="list-style-type: none"> \$115M to rehabilitate and modernize public housing units in FY 24 & 25 \$129M investments in the New Communities Initiative (capital budget) at Barry Farm, Park Morton, and Northwest One, including 735 new public housing replacement units. 	~1,500 Affordable homes 735 Affordable homes	\$115M \$129M	DCHA DMPED
Home Purchase Assistance Program: \$26M to help low-income, first-time homebuyers with down payment and closing cost assistance.		\$26M	DHCD
HANTA: FY24 BSA will increase tax abatement for affordable housing in high needs areas to \$5M and add Near Northwest Planning Area as eligible. Upper NE and Rock Creek East will be removed since they are projected to hit affordable housing goals in those areas.		\$5M	DHCD



DC'S COMEBACK



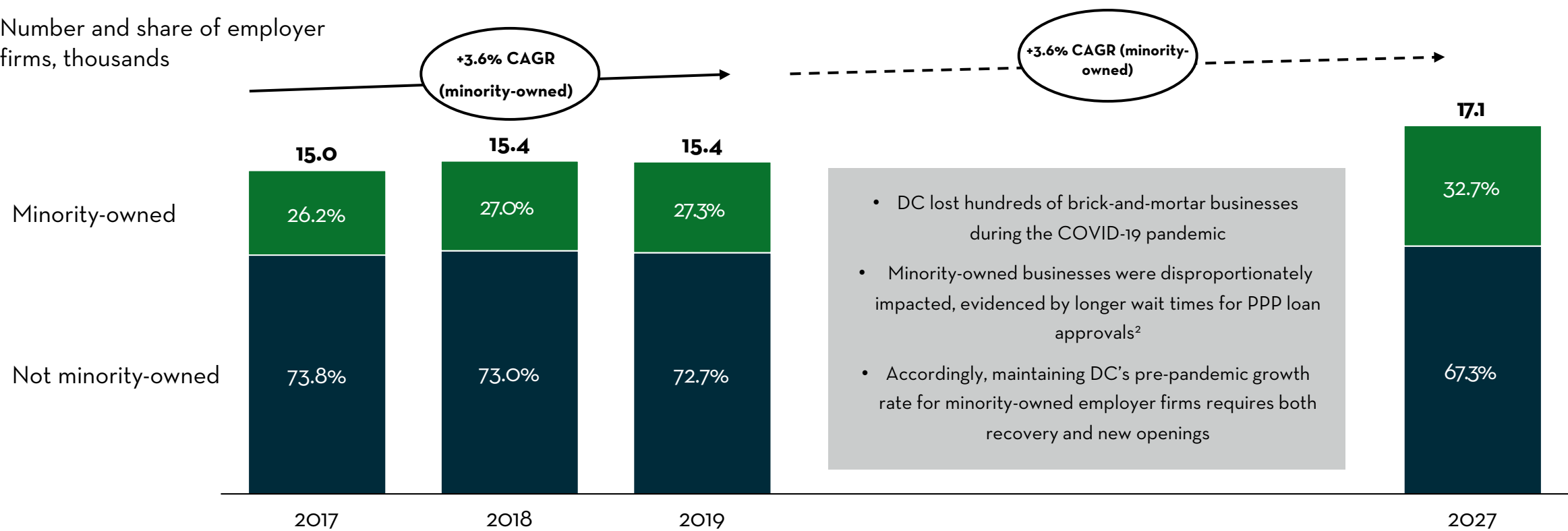
Successful Businesses

Comeback Plan Goal: Increase share of minority-owned employer businesses to 33%

DC can increase share of minority-owned businesses to 33% of all employer businesses by 2028 by maintaining its current rate of new business openings and starting to track¹ the share of minority businesses

Total employer firms, 2017-2019

Number and share of employer firms, thousands



1. The most recent data on minority owned businesses comes from the Census American Business Survey from 2018, though many subcategories are suppressed due to small sample sizes, making it unreliable. Internally tracking minority business ownership data is a more reliable approach.

2. See: <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19s-effect-on-minority-owned-small-businesses-in-the-united-states>

Source: US Census Bureau Annual Business Survey; DCist analysis (article entitled "D.C. Lost At Least 375 Businesses Since Last March. Here's How Those Closures Have Reshaped the City");

BUSINESS SUPPORT (1/3)

FY23 Status

FY24 Funding

Great Streets and Small Business: \$7M total

\$7M recurring

Great Streets

Grows the District’s local small business economy and bolsters neighborhoods with inadequate access to retail opportunities.

Application closed 3/10.
\$3M funded to 7
businesses in Ward 7

Neighborhood Prosperity Fund

Incentivizes community development, economic growth, and job creation by leveraging local funds to provide gap financing for projects that attract private investment to distressed communities.

Application closed on 3/3
and under review

Small and Medium Business Growth Fund

Provides new growth focused investments for DC small businesses. The community benefit includes asset building, creating job opportunities, enabling residents with greater opportunities to spend locally, and helping generate positive economic multiplier effects.

FY23 program opened on
6/26

The Locally Made Manufacturing Grant

Supports local businesses located in a Great Streets corridor that engage in light manufacturing

Application closed on
3/2 and under review



BUSINESS SUPPORT (2/3)

[Search FY23 opportunities at
OBVIOUSLYDC.COM](https://obviouslydc.com)

	FY23 Status	FY24 Funding
Commercial Property Acquisition Fund Down payment assistance for Equity Impact Enterprise-eligible businesses of up to \$750,000 or 25% of the sale price, whichever is less, for the acquisition of commercial property in the District.	\$4M in FY23. In FY22, DMPED made 12 awards. In FY23, applications opened 1/6, being reviewed on rolling basis	\$6M
DC Anchor Partnership A collaborative of DC-based anchor institutions committed to growing DC minority-owned businesses (MBEs) by increasing equitable access to contract opportunities. Housed in CNHED and co-convened with DMPED.	\$454K in FY23	\$355K
Greater Washington Hispanic Chamber of Commerce Recurring grant to support organization that facilitates the success of Latino and other minority-owned businesses through networking, advocacy, education, and access to capital.	\$200K in FY23	\$195K
Greater Washington Black Chamber of Commerce Recurring grant to support organization that promotes black business growth through facilitation of business opportunities and education.	\$400K in FY23	\$400K



BUSINESS SUPPORT (3/3)

[Search FY23 opportunities at
OBVIOUSLYDC.COM](https://obviouslydc.com)

	FY23 Status	FY24 Funding
Medical Cannabis Business Enterprises (DSLBD) The purpose of the initiative is to provide financial and technical assistance for establishing cannabis business enterprises by assisting District residents, including veterans and returning citizens, with startup entrepreneurial resources	\$300K in FY23	\$300K
Ward 7 and 8 Dream Grants (DSLBD) Awards microgrants to eligible businesses located in Wards 7 and 8. Since 2018, DSLBD has awarded more than 50 businesses a total of \$500K in grants.	\$300K in FY23	\$600K
WeAspire (DSLBD) Provides critical training for returning citizen entrepreneurs wanting to establish or maintain a business	\$175K in FY23	\$250K
Main Streets (DSLBD) Through 28 independent, nonprofit neighborhood Main Street programs, Main Streets revitalizes communities by retaining and recruiting businesses, improving commercial properties and streetscapes, and attracting consumers.	\$1.25M in FY23	\$1.3M



ECONOMIC RECOVERY: DOWNTOWN & JOBS



**Fill the Space
Change the Space
Bring the People**

DC's Comeback Plan outlines a 3-pronged approach to Downtown transformation:

1) Fill the Space, 2) Change the Space, and 3) Bring the People

Related goals include creating 35,000 new jobs in high-growth target sectors and adding 15,000 residents to the Downtown population in the next 5 years.

Initiatives in Progress

Fill the Space



- Vitality Fund (\$10M) to attract and retain businesses in targeted sectors that make commitments to locate in DC
- Expand business attraction, retention and expansion efforts
- Grow Penn West Equity and Innovation District
- Grow university and innovation activity and footprint Downtown

Change the Space



- Housing in Downtown program implementation
- Pennsylvania Avenue Initiative with the National Capital Planning Commission
- Downtown public realm study and action plan (OP and DMPED)
- Downtown housing capacity analysis
- Federal government real estate portfolio engagement

Bring the People



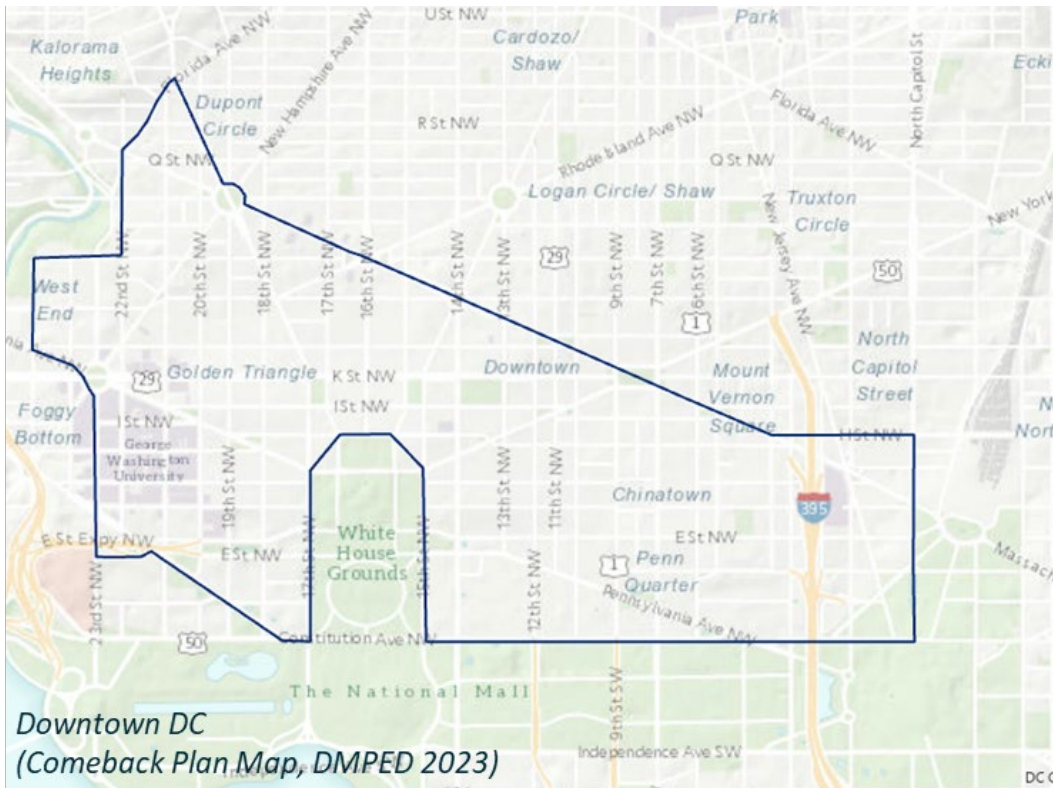
- Tourism Recovery District to increase marketing for tourism by \$20M+ FY24-27 (DDC)
- ~\$7.5M DC Family Fun Destinations
- \$1.5M Special Event Relief Fund (SERF) for local outdoor events
- \$12M DMPED State Tourism Grant to support travel, tourism, and recreation sectors
- \$1.4M Streets for People program to support public space activations

FY24 Initiatives

- \$991K Creative and Open Space Modernization rebate program (DMPED) to retain tech/innovation companies
- \$3.2M Retail Support Grant Program for downtown businesses (DMPED)
- Housing in Downtown (HID) program modifications - \$2.5M total cap, FY24-26, increases to \$6.8M in FY27 and \$41M in FY28. (DMPED). Will create ~ 7,900 new homes downtown
- \$9.8M to update Farragut Square Park (DPR)
- \$550K for Dupont Underground
- \$3M grant to Ford Theatre for community and education center on 10th Street NW
- \$1.5M Festival Fund (DMPED) to offset costs for community organizations hosting events
- \$1.2M Downtown Safe Commercial Corridors Grant (DMPSJ)
- \$1.3M Main Streets Program (DSLBD)

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

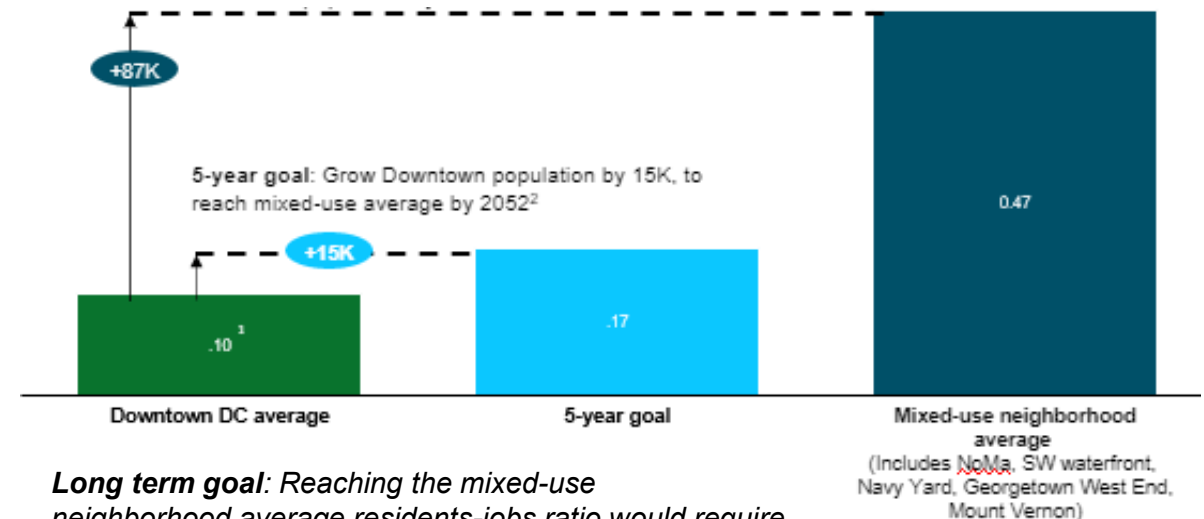
HOUSING IN DOWNTOWN PROGRAM



This map serves as the baseline for the District's 15,000 new resident and will be used to establish eligibility for HID Program applications.

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.



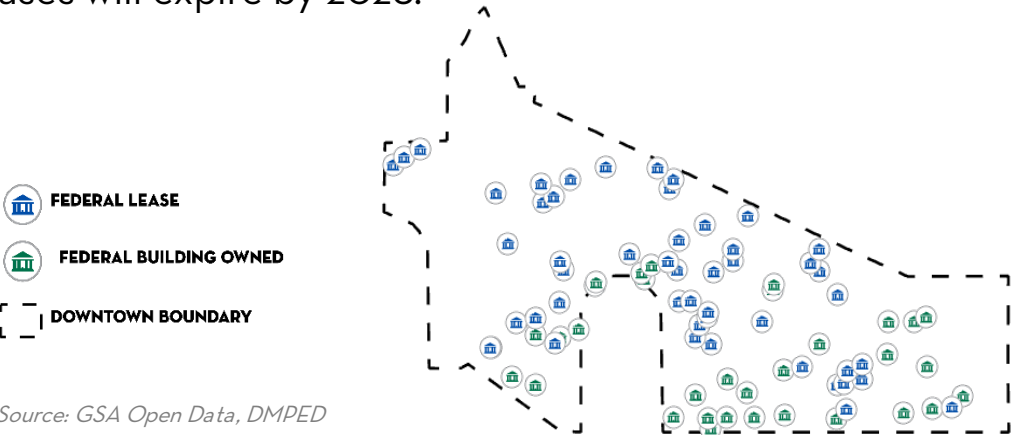
Today our downtown faces significant challenges due to an oversupply of office space and sustained telework– it is time to take transformative action

A half a billion in 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 work. The loss of nearly 95,000 daily commuters erodes additional tax revenue.

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.

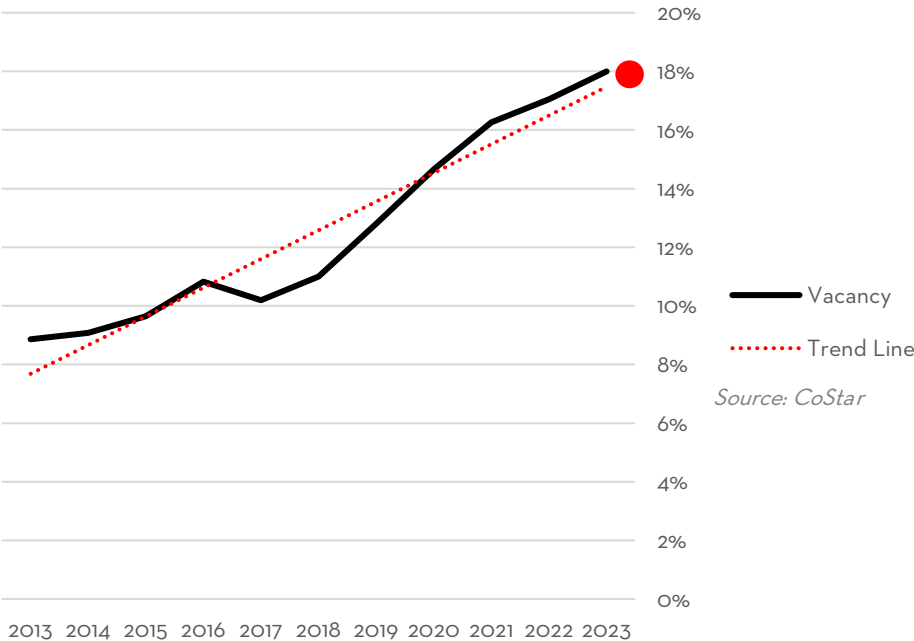


Source: GSA Open Data, DMPED

Highest vacancy recorded over the last 30 years

20M of 109M SF of office space is vacant (18%), nearly double the vacancy rate recorded in 2018 (11%). Office vacancy today even surpasses the office vacancy rates of the early 1990s.

Downtown Office Vacancy (%)
2013 - 2023



The revised Housing in Downtown program, will help deliver 90% of the homes needed Downtown. The following summarizes the approved program as of June 2023.

Element	FY24 Budget
HID Overview	HID is a competitive program aimed at catalyzing new residential development downtown (via conversion or tear-down) through financial and regulatory relief. After budget finalization DMPED will issue regulations for the program, and at the start of the 2024 Fiscal Year, DMPED will release a Request for Applications (RFA). Projects will be evaluated case-by-case to determine financial need.
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 as defined by the DC's Comeback Plan
Duration	20-year property tax abatement; an approved tax abatement shall begin in the tax year immediately following 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 or within 10 years after issuance of the final Certificate of Occupancy. Property owner will be required to notify tenants prior to lease execution.

ADDITIONAL PROGRAM AND BUDGET RESOURCES

LINK	DESCRIPTION
OBVIOUSLYDC.COM	Current funding opportunities for businesses
BUDGET.DC.GOV	Mayor Bowser's FY24 Fair Shot Budget Presentations
OCFO Budget Page	Fy24 Budget Chapters by Agency Cluster
FY24 Budget Support Act of 2023	FY24 BSA Approved
FY24 DMPED Operating Budget	FY24 DMPED Approved Budget Chapter
FY24 DMPED Capital Budget	FY24 DMPED Approved Capital Budget
DC Comeback Plan	DC's 2023-2027 Economic Development Strategy
Housing in Downtown (HID) Program	Overview of the FY24 DMPED HID Program