



FY25 PROPOSED BUDGET OVERVIEW

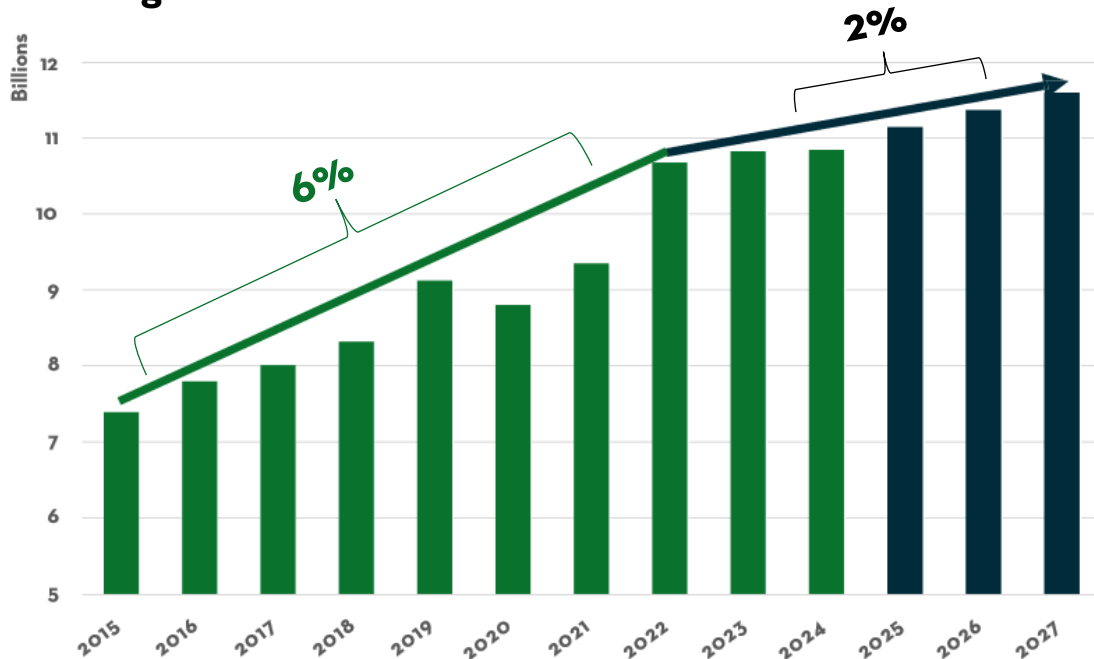
DMPED

April 2024

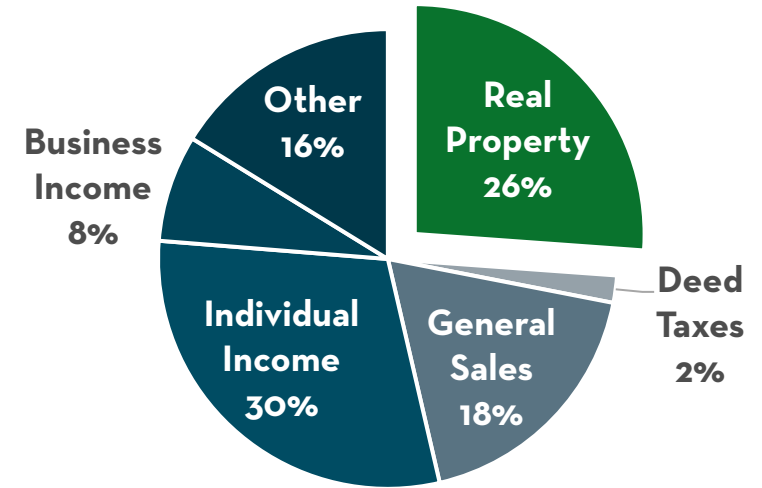
This year's budget reality reflects cost and revenue challenges for the District

Revenues have grown 6% per year since 2010, but annual growth is expected to slow to 2% from FY24 to FY26. At the same time, the city's costs are growing by 7.5% annually and over \$3.3 billion in one-time federal funds will expire at the end of FY24. These factors combined have already resulted in a \$4B budget gap through FY29.

Slowing DC Revenue Growth



DC Revenue Sources



Real property taxes make up 26% of DC's revenue, but declining commercial property values caused by record-levels of Downtown office vacancy are driving that percentage down.

OCFO has projected that this sharp office value decline will lead to an overall reduction of \$464M in real estate property tax revenue over the next three fiscal years.

DMPED FY25 investments will change the trajectory to generate revenue and build a more sustainable future

The District's economy is driven by **our people, our neighborhoods, and our businesses**. By investing in these three pillars, DMPED's budget will spur economic activity across the city and **create new and sustainable revenue streams for the District**.

Thriving People	Opportunity-Rich Neighborhoods	Successful Businesses
<ul style="list-style-type: none">• \$64.7M in affordable housing production• \$33.25M to support to low-income homeowners• \$2M in federal funds to increase food access in Wards 7 and 8• \$1M to complete a third and final year of the Strong Families, Strong Futures guaranteed income pilot	<ul style="list-style-type: none">• \$399M in catalytic real estate developments across all 8 wards• \$20.8M in Downtown's recovery and activation• \$515M to revitalize the Chinatown/Gallery Place neighborhood	<ul style="list-style-type: none">• \$7M in the Great Streets program to transform emerging corridors into thriving and inviting neighborhood centers• \$8.7M additional support to small and minority-owned businesses• \$25M in federal funds to launch a DC Venture Capital Fund

Thriving People

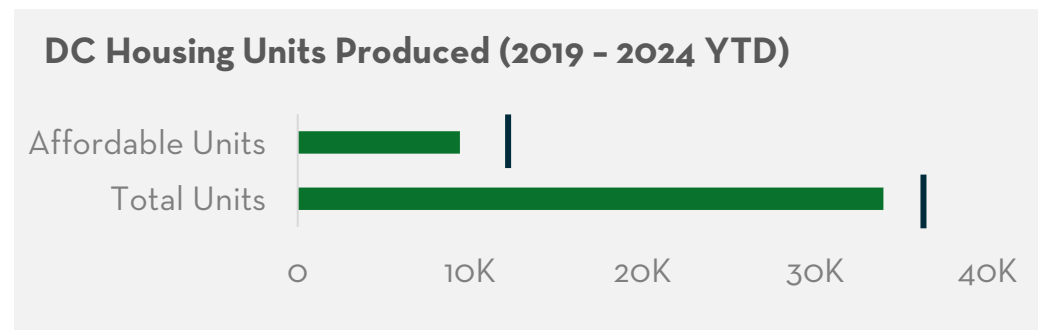
To help all District residents thrive, DMPED is making investments in affordable housing and homeownership, in healthy food access East of the River, and in direct cash assistance to young families in need.



DC leads the region in affordable housing

Since 2015, DC's Housing Production Trust Fund has invested approximately \$1.5B in affordable housing in the District, making us a national leader in housing trust fund investments.

These funds, along with other subsidy sources, support Mayor Muriel Bowser's ambitious affordable housing goals. In 2019, Mayor Bowser set a goal of creating 36,000 new housing units in DC by 2025, of which 12,000 will be affordable. **We are 94% of the way to our overall unit goal and 78% of the way to our affordable unit goal.**



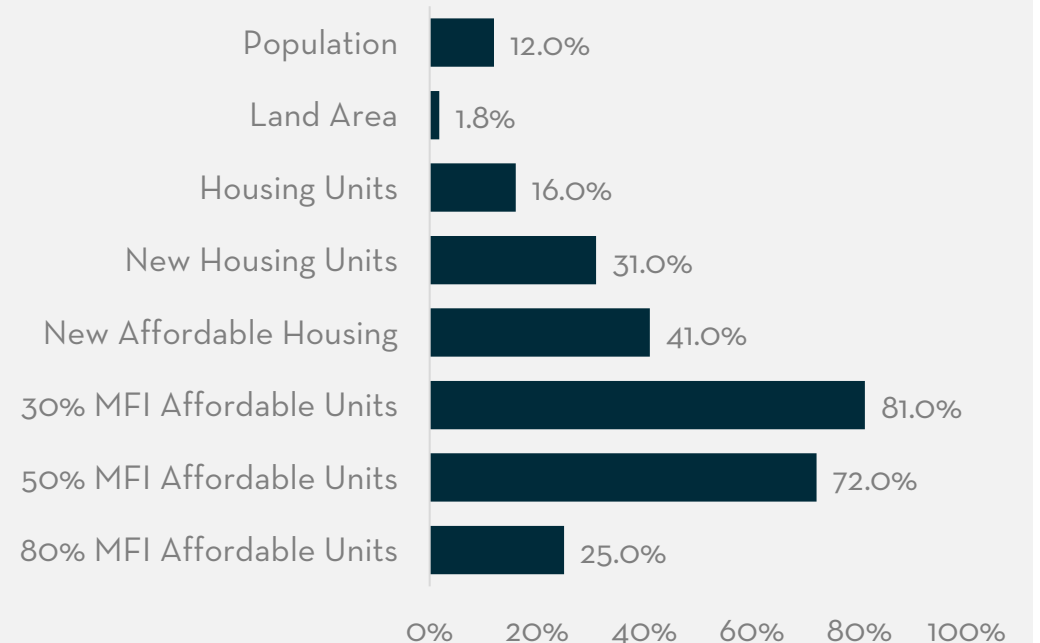
In October 2022, Mayor Bowser released recommendations from the Black Homeownership Strike Force, **which called for 20,000 net new Black homeowner households by 2030** and made policy recommendations to increase access to homeownership and increase the housing supply.

Source: DC DMPED; Center for Community Change; HAND Housing Indicator Tool; US Census Bureau

DC punches above its weight as a producer and preserver of affordable housing in the Greater Washington region.

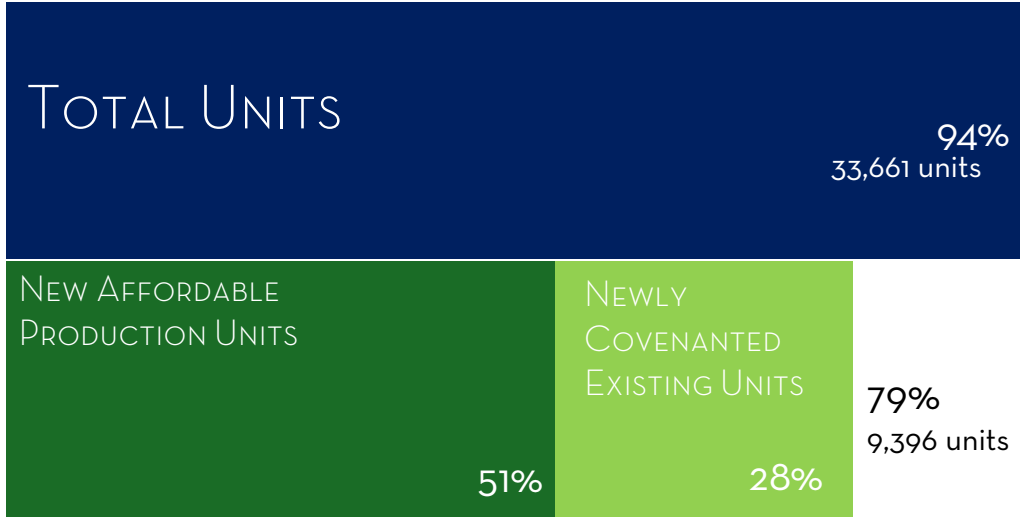
Despite making up only 1.8% of the Greater Washington's land area, DC has created 31% of the region's total new housing units and 81% of the region's new units affordable to residents making 30% MFI or below since 2019.

DC as a Percentage of Greater Washington Total (2019 - 2023)



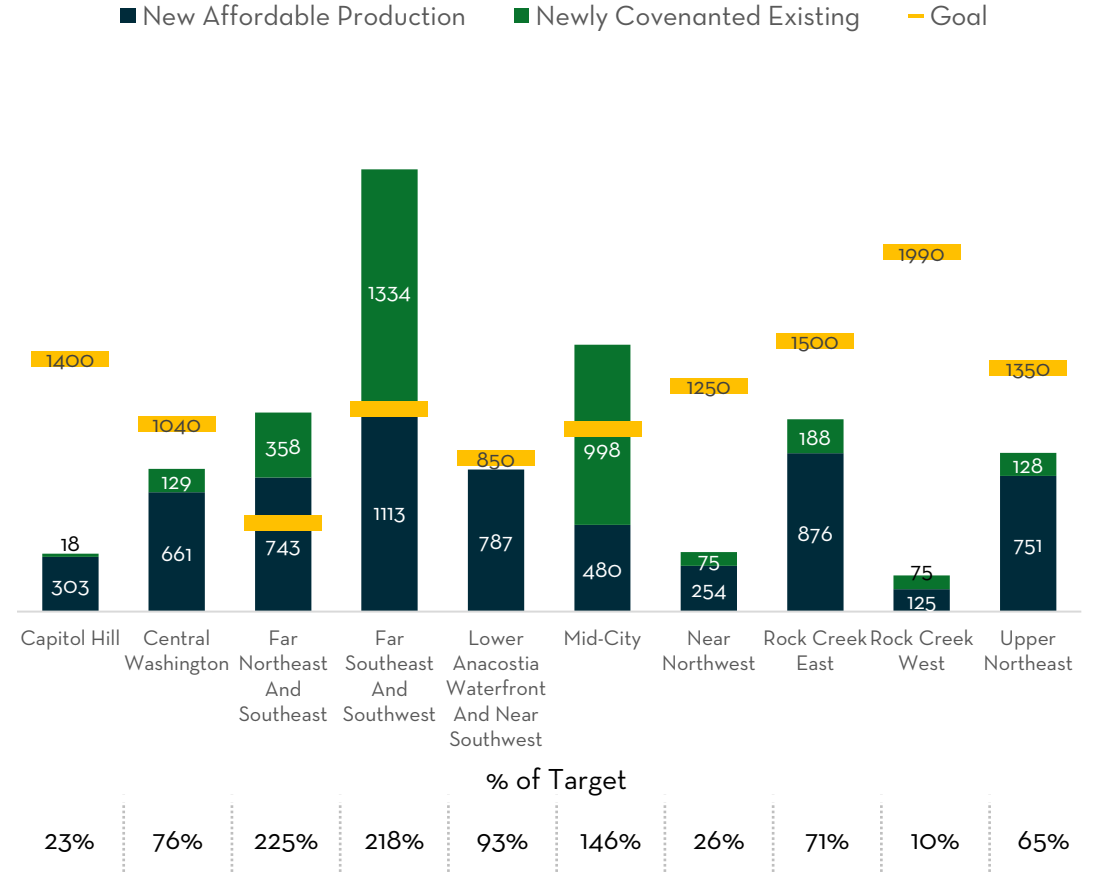
The District is on target to meet our 36K/12K housing production goals

Goal: Create 36,000 new housing units by 2025, 12,000 of which are to be affordable to households below 80 percent Median Family Income (MFI)



Goal:
36,000
by
2025

Goal:
12,000
by
2025



Unit Counts are net new housing units from January 2019 through end of March 2024.

Source: DCRA Certificate of Occupancy data & DMPED Affordable Housing Database (includes DHCD-DFD Database, DHCD Inclusionary Zoning Database, DMPED Project Pipeline Database, Planned Unit Developments, DCHFA projects, and any non-DC Government financed projects that create new, dedicated affordable units).

In FY25, we will continue our commitment to make housing affordable for all

Program	Impact	Funding
Housing Production Trust Fund (DHCD) A total \$58.9M HPTF investment in FY25 will deliver an estimated 235-265 units of affordable housing in our pipeline over the next few years.	235-265 affordable homes	\$58.9M
Local Rent Supplement Program (DHCD) Increase funding for LRSP project-based vouchers to match the projected need for new projects coming online in FY25	329 subsidized affordable homes	\$4.8M
Public Housing (DCHA) \$101M to rehabilitate and modernize public housing units in FY 24 & 25	~1,500 affordable homes	\$101M
New Communities Initiative (DMPED) \$203M investments in the New Communities Initiative (capital budget) at Barry Farm, Park Morton, and Northwest One	~1,445 new homes	\$203M
HANTA (DHCD) FY25 BSA will provide tax abatements for qualifying housing developments in areas designated as having a high need for affordable housing and that meet certain conditions	110 affordable homes	\$1M



Station U&O is a majority affordable housing complex in the heart of the Shaw neighborhood, delivered by DMPED.



Residents and city leaders cut the ribbon at the new Station U&O housing complex.

\$33.25M will support families to purchase and maintain their homes

Program	Funding
<p>Home Purchase Assistance Program (DHCD) \$28M to help low-income, first-time homebuyers with down payment and closing cost assistance. In FY23, 429 homebuyers were assisted with HPAP loans. In FY25, will support up to 138 new homebuyers.</p>	\$28M
<p>Employer Assisted Housing Program (DCHD) \$4M to help full-time District government employees with down payment and closing cost assistance.</p>	\$4M
<p>Heirs Legal Services (DHCD) Legal services to assist multi-generational families in maintaining their family property after the death of the original homeowner. Two nonprofits, DC Affordable Law Firm and the Legal Counsel for the Elderly, administer the program.</p>	\$1M
<p>Historic Homeowners Grant (OP) Financial assistance to low- and moderate-income homeowners to help with the cost of repairing their historic homes. Funds have supported roughly 5-10 grants a year across the District.</p>	\$250K



[Frontdoor.dc.gov](https://frontdoor.dc.gov) helps DC residents navigate over 50 District resources to help you thrive as a DC homeowner—whether you are one now or want to be in the future.

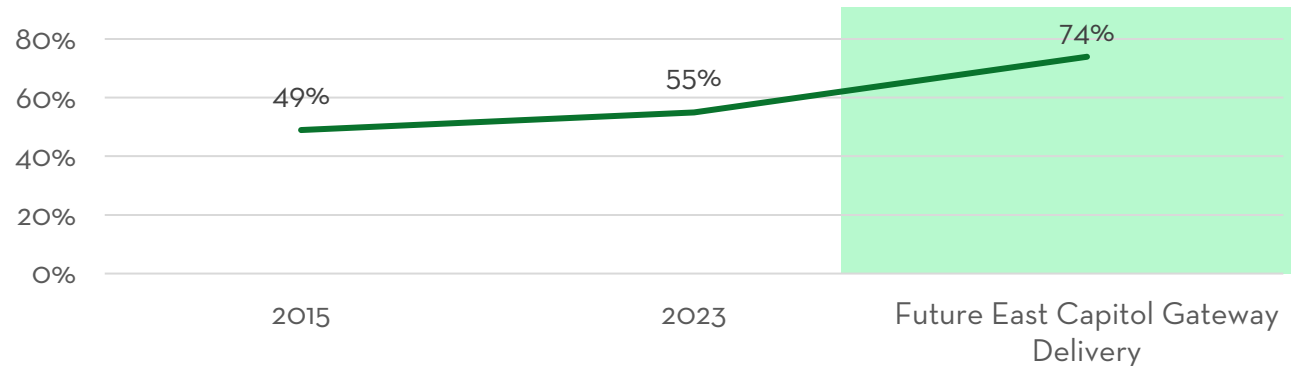
\$2M in federal funds will expand food access and equity in DC

Since 2021, the **Food Access Fund** has invested roughly \$23 million in 26 food businesses in Wards 7 and 8, increasing food access and bringing hundreds of jobs to residents and entrepreneurs.

(NEW) DMPED has secured \$2M in USDA federal funds to support a new initiative of the Nourish DC Fund, which will administer grants for middle-of-the-food-supply-chain operations and strengthen processing, production, and distribution within the District.

(CONTINUING) \$20M in capital funds will go towards bringing a new grocer to East Capitol Gateway

Residents East of the River Within 1 Mile of a Full-Service DC Grocery Store



Mayor Bowser with the owner and staff from Highlands Café & Grill, a Food Access Fund recipient that recently opened a location in Southeast DC.



Diners enjoy the new location.

\$1M will fund another year of support for family financial security

Strong Families, Strong Futures

3 Year Guaranteed Income Pilot

- In 2022, DMPED launched a \$1.5M unconditional cash assistance pilot for new mothers in Wards 5, 7, and 8
- The pilot provided \$10,800, “no strings attached,” to 132 low-income mothers, empowering them to spend the cash in the best way for them and their children
- 6 months after receiving cash assistance, mothers reported lower stress levels, increased housing and food security, and more energy and time to spend with their children
- To continue building on the foundation they built in year one, we are providing another year of monthly payments to the current cohort of moms

FY25 Proposed Budget

- To set up families for lasting success, we are proposing an additional \$1M to fund the third and final year of the program and its evaluation

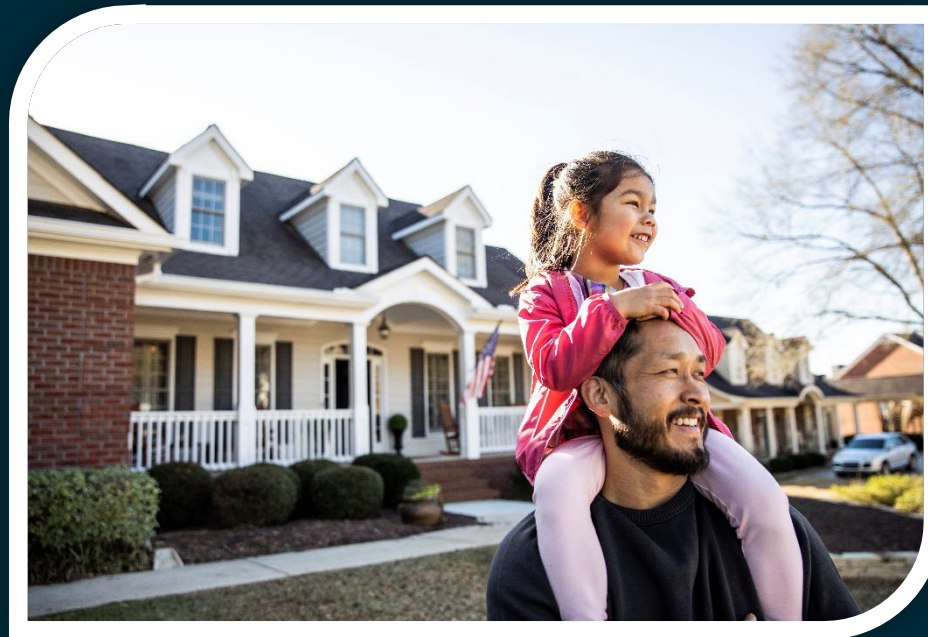


Moms and their children attend a holiday celebration for Strong Families, Strong Futures participants at Martha’s Table (2023)



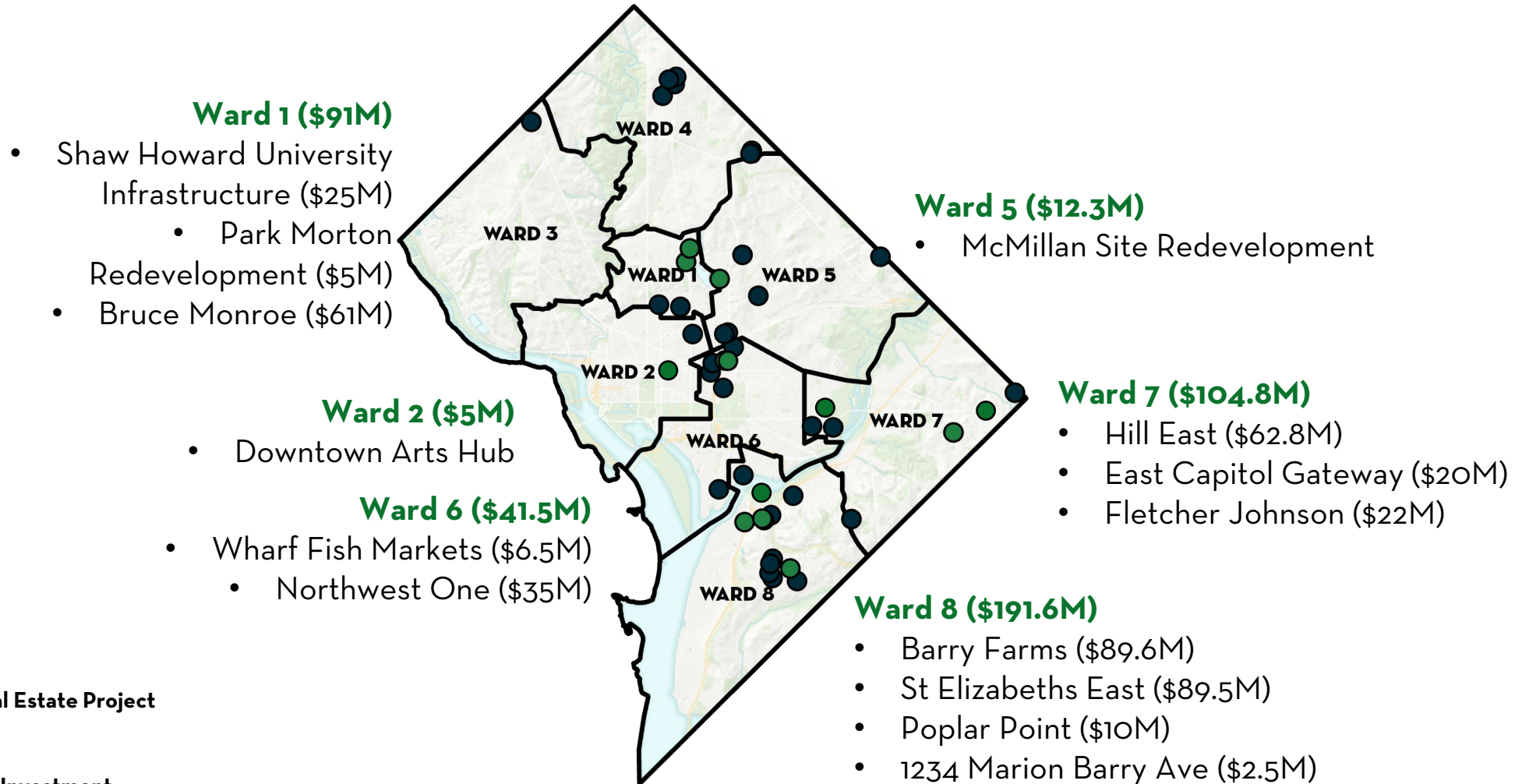
Opportunity-Rich Neighborhoods

DMPED makes place-based, catalytic investments to spur economic activity and build vibrant neighborhoods in all 8 DC Wards. Through a mix of real estate development and public space investments, we ensure that all DC neighborhoods have the ingredients that residents and visitors need to thrive.



Investing in real estate projects across all 8 DC Wards

DMPED’s real estate development portfolio (FY25-30) will deliver new affordable housing and amenities to neighborhood residents to increase equitable access to resources and opportunities in all 8 DC Wards. **DMPED capital investments will deliver 5,200 housing units, 3,000 of which will be affordable.**



Ongoing Real Estate Project

FY25-FY30 Investment

Investing in the future of Downtown

Our vision is to make Downtown a mixed-used neighborhood, where all people can live, work, visit, and thrive.

Along with Education and Public Safety, the Mayor’s FY25 Fair Shot Budget focuses on Downtown as a priority.

The DC Comeback Plan outlines a three-pronged approach to Downtown transformation:

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

<p>Fill the Space</p>	<ul style="list-style-type: none"> • \$515 million of capital for a Chinatown Revitalization Fund to support sports arena renovations, streetscape improvements, public space activations, and/or expanded green space • \$5 million for the Vitality Fund to attract and retain businesses in high-growth sectors • \$2.5 million to support pop-up and short-term retail in vacant commercial spaces Downtown • \$300,000 for the continued operation of the Chinatown Community Safe Commercial Corridor Hub • \$7 million to fully implement the Business and Entrepreneurship Support to Thrive (BEST) Act that will streamline business licensing
<p>Change the Space</p>	<ul style="list-style-type: none"> • \$2.6 million to activate public space in the Gallery Place Festival plaza, Connecticut Avenue promenade, and I Street Greenway • \$50 million in incentives to convert office spaces into residential units and \$13 million to convert to other uses • \$68 million for three major streetscape projects: the I Street Greenway, Dupont Crown Park, and Pennsylvania Avenue West • \$64 million for additional permanent supportive housing and shelter space on the site with the existing Federal City Shelter
<p>Bring the People</p>	<ul style="list-style-type: none"> • \$32 million in tourism grants and marketing • \$1 million to establish a comprehensive transportation vision • \$3 million to continue supporting the Festival Fund and art fairs

Downtown is DC's Economic Engine



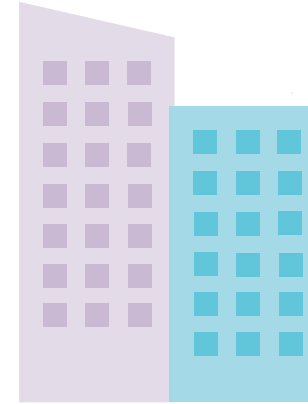
38%
of total District-wide businesses
located in Downtown

The Downtown area contains a disproportionate amount of DC businesses, **despite making up only about 2.7% of DC's total land area.**

84%
Downtown property
tax revenue
generated by large
commercial offices



The average large downtown commercial office¹ building brings in about \$1.5M each year in taxes for the city, which funds services such as trash collection, fire departments, and schools throughout the city.



37%
of DC's total
property taxes that
come from
Downtown

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



43%
of DC workers
working
Downtown

\$967M

Estimated net revenue generated by Downtown DC BID and Golden Triangle BID, FY2022

Source: DowntownDC BID, Golden Triangle BID, DC Office of the Chief Financial Officer

¹ A large commercial office building is defined as (Class 4): Structure with elevator; used predominantly for offices, secondarily for retail sales, services, parking. A full list of Property Use Codes can be found at <https://opendata.dc.gov/datasets/DCGIS::property-use-code-list-lookup>
² A large hotel is defined as (Class 3): Structure providing a temporary or semi-permanent residences; full personal services; eating/drinking facilities, entertainment, retail, banquet/conference capabilities; more than 150 rooms. A full list of Property Use Codes can be found at <https://opendata.dc.gov/datasets/DCGIS::property-use-code-list-lookup>

Revitalizing Gallery Place/Chinatown

- The **\$515 million agreement over three years** with Monumental Sports and Entertainment will modernize the Capital One Arena, an anchor for the Chinatown/Gallery Place neighborhood and its businesses.
- In 2023 alone, the arena generated **\$54M in DC tax revenue**, making this an estimated **10-year payback period**. The project is estimated to yield around **4,930 jobs**. DC's CBE and First Source requirements apply.
- The Chinatown/Gallery Place Task Force will have in-person and virtual public input sessions in spring, summer and fall of 2024 regarding plans for improving the entire neighborhood.

Additionally, the District is investing in the safety and vibrancy of this neighborhood:

- \$300K will fund the installation of murals that celebrate the history and culture of the Chinatown/Gallery Place neighborhood (DPR).
- \$300K will fund the ongoing operation of the new Chinatown Safe Commercial Corridor Hub providing added public safety and human services to the neighborhood (DMPSJ).



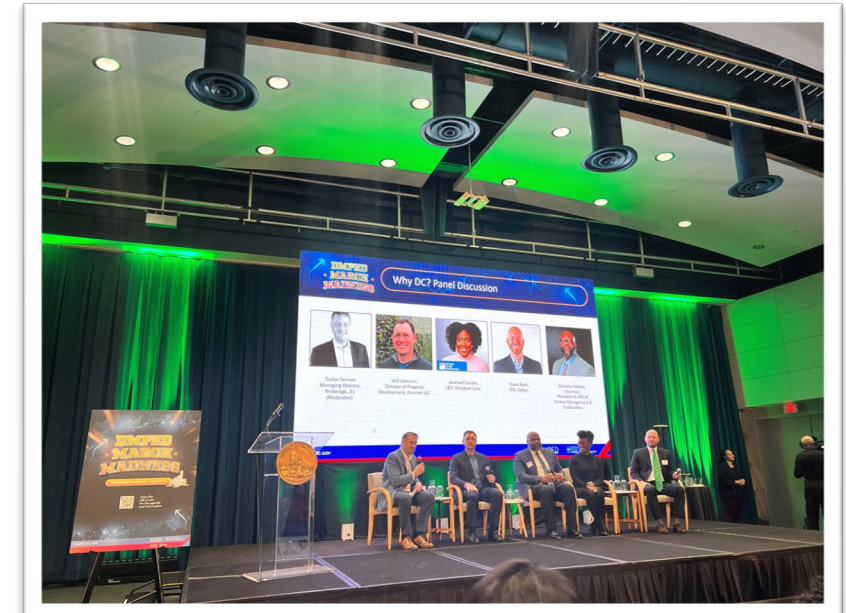
Attracting and expanding businesses in the District

DMPED's FY25 proposed budget includes a \$5M continuation of the Vitality Fund

The Vitality Fund is a multi-year, performance-based incentive program designed to support companies in target industries **to choose DC** when they are planning to relocate, expand, or retain their physical location and create new jobs in the District. **The preference is for businesses that plan to locate Downtown.**



To date, the Vitality Fund has supported 7 attraction and expansion projects, resulting in an estimated 616 new jobs and 160,000 leased square feet, and that are estimated to generate \$5.25M in fiscal impact (ROI of 2.28).



At DMPED's 2024 March Madness, Vitality Fund awardees spoke about why they chose to locate their businesses in DC.

The Mayor's FY25 proposed budget expands Vitality Fund eligibility and ties potential awards to a project's ability to demonstrate a significant fiscal and economic impact on the District based on factors such as jobs, square feet, term of occupancy, average annual wages, capital investment, industry growth, and other criteria as may be determined by the Deputy Mayor.

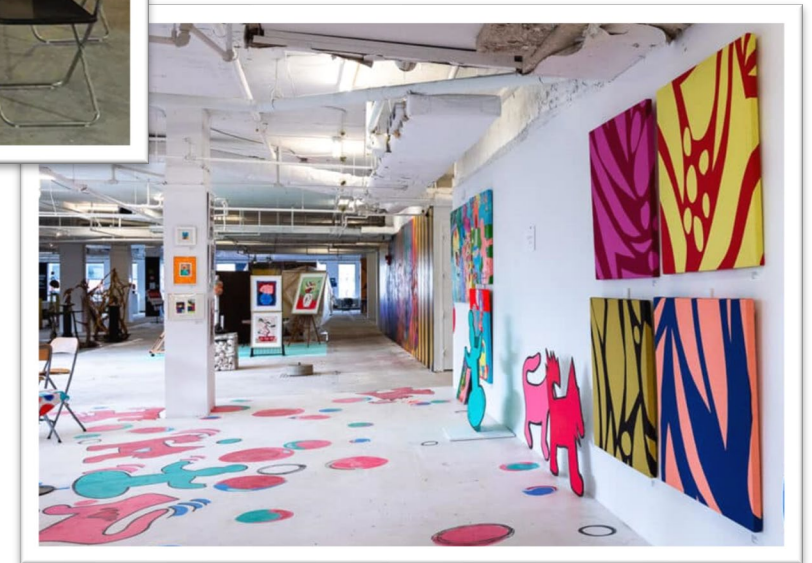
Supporting pop-ups and short-term retail to fill vacant offices and attract visitors

A new grant program (**\$2.5M**) will support pop-ups and short-term retail, including for the arts and other creative uses, to utilize the vacant commercial space Downtown.

This investment builds on the recent **Department of Buildings announcement of the new [Pop-Up Permits](#)** that will work in coordination with this new program.

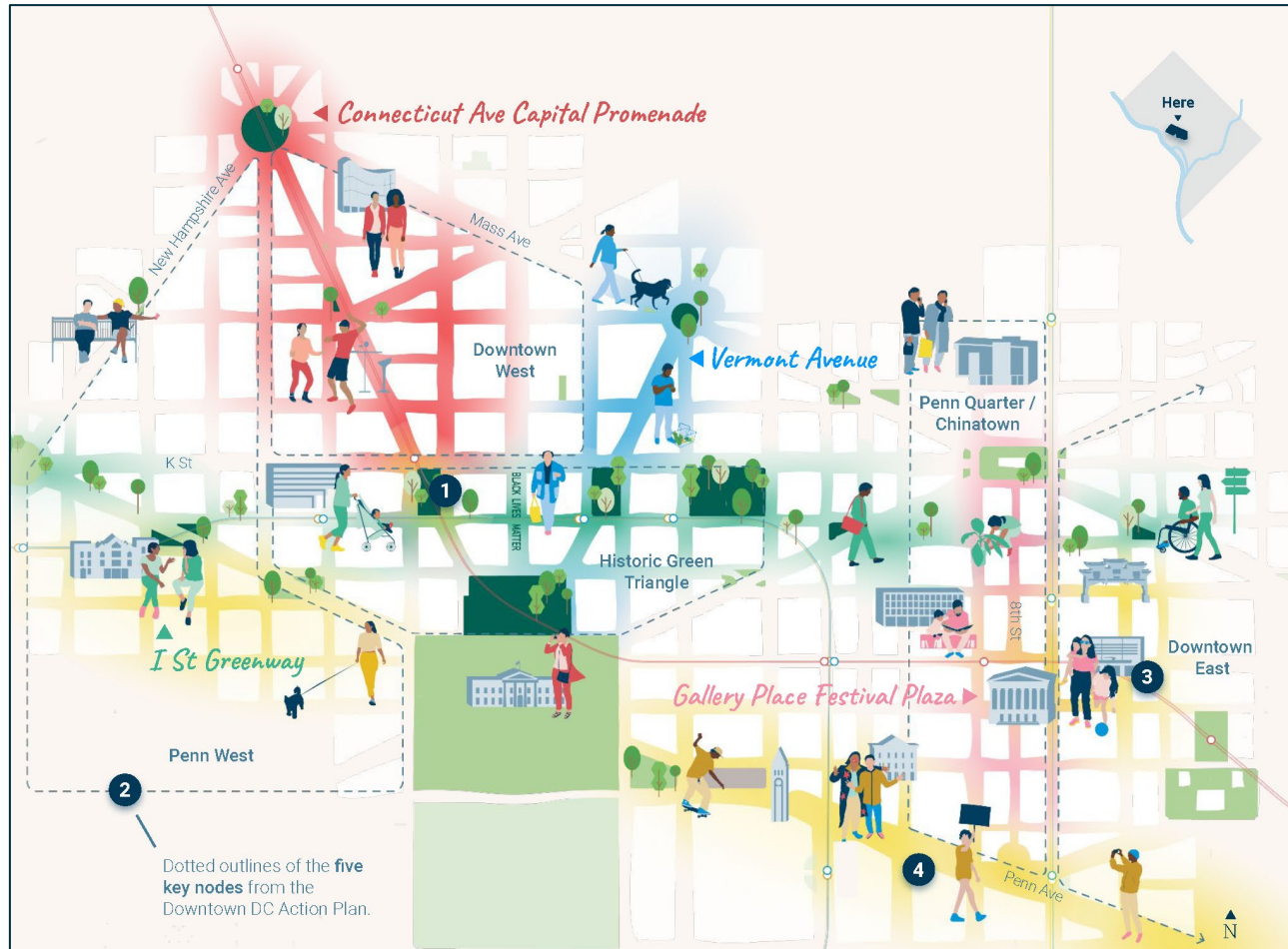


An example of what this can look like is **Artomatic 2024**, a popular, seven-week interactive art festival that is taking place in a former office building (2100 M St) Downtown.



(Photo credit: Artomatic)

Designing streets, plazas, and parks that attract people and activity Downtown

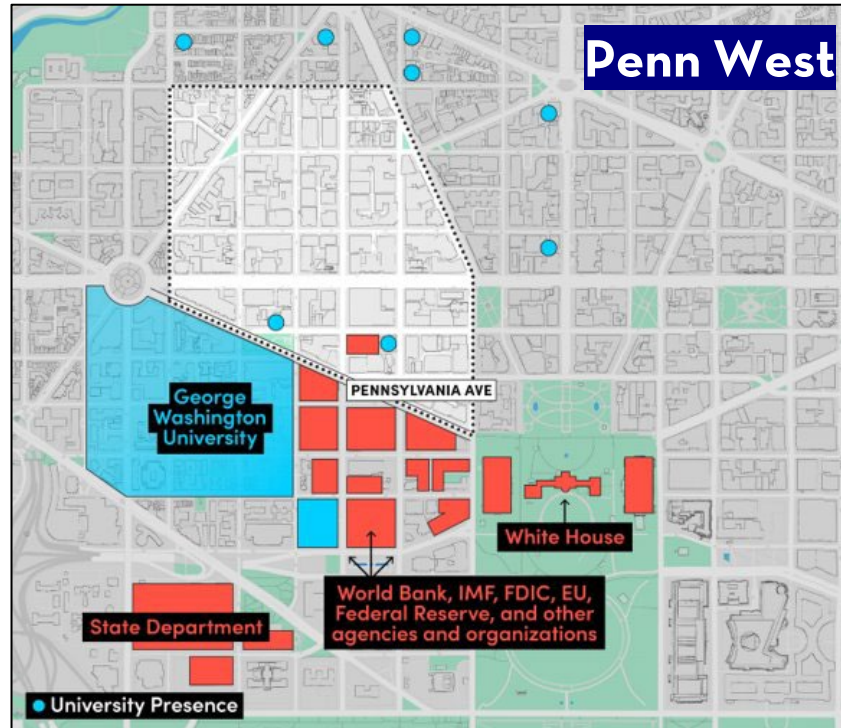


<p>\$9.8M</p>	<p>Historic Green Triangle (DPR Capital Funds)</p> <p>Design and implement initial improvements outlined in the OP Public Realm Plan to the parks and roadways that are located within the Historic Green Triangle, including connecting Farragut Square and McPherson Square via a green boulevard.</p>
<p>\$2.6M</p>	<p>Downtown Public Realm Improvements (Office of Planning)</p> <p>Gallery Place Festival Plaza Connecticut Ave Capital Promenade I Street Greenway</p>

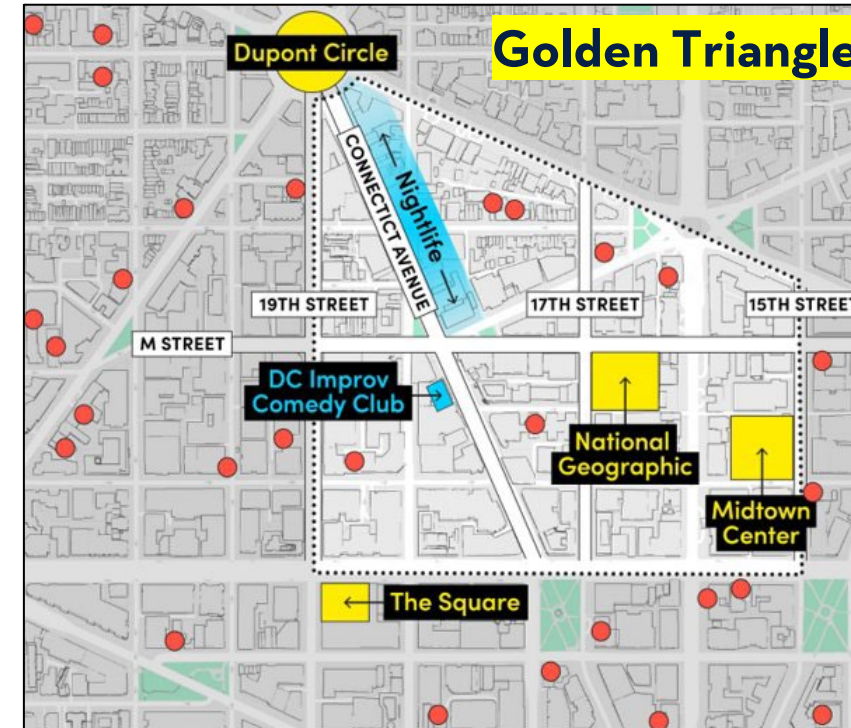
Learn more about OP's [Downtown Public Realm Plan](#) and the Golden Triangle/Downtown BIDs [Downtown Action Plan](#)

Advancing critical planning efforts for key centers of activity in our Downtown

DMPED's FY25 budget includes \$500K for sub-area plans in the Penn West and Golden Triangle neighborhoods within Downtown.



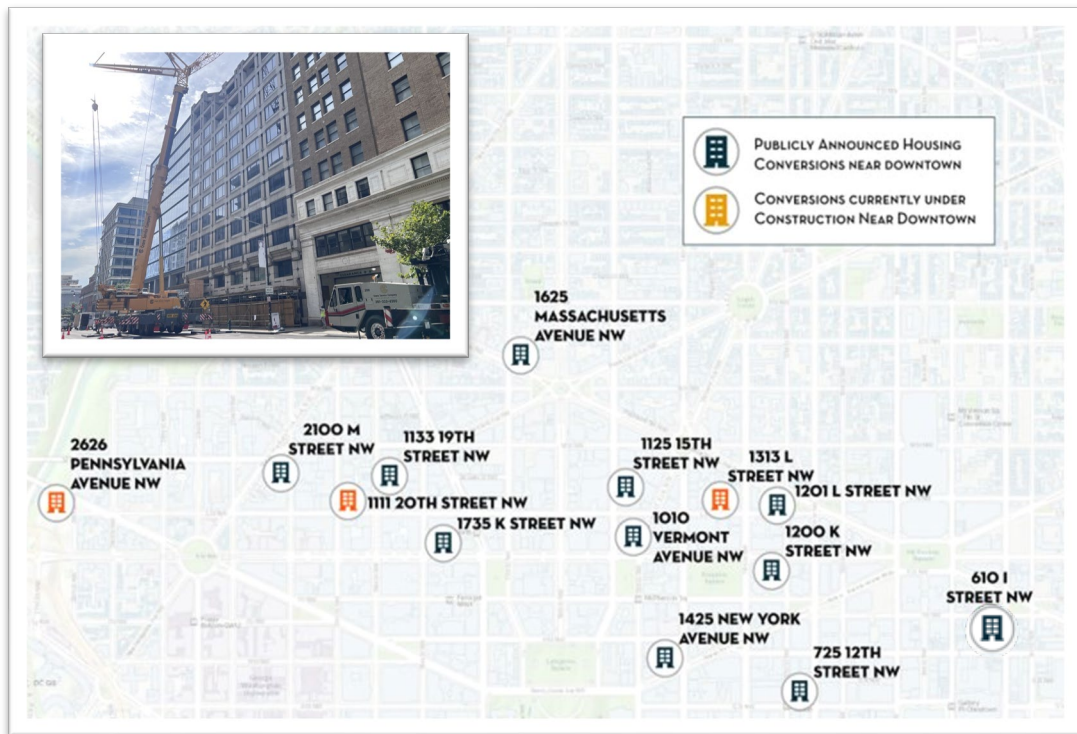
Grow Penn West as a **hub for social sciences, technology, and policy innovation**, with a robust network of startups and technology companies, top tier research universities, and workforce development programs.



Create a **new hospitality, entertainment, and cultural district** to attract people from surrounding neighborhoods, leaning into the National Geographic redevelopment and a new entertainment venue in the Golden Triangle.

Expanding residential options for people to move Downtown

We continue to advance the Housing in Downtown Program that will yield 90% of the Mayor’s 15,000 resident goal by 2028.



APPLY NOW

Element	Program Details
Eligibility	The HID program is aimed at catalyzing new development downtown via a 20-year residential property tax abatement. The program is available for commercial-to-residential developments 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% Median Family Income (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 final certificate of occupancy was issued for the development.

Supporting arts and cultural events to attract visitors Downtown

Investment	Description
\$3M	The Festival Fund (DMPED - FY25 Proposed) supports events that celebrate DC culture and support local communities. It has funded Capital Pride, Juneteenth Celebrations, the Chinese New Year Annual Parade, DC Fiesta, and more.
\$5M	The Downtown Arts Hub (DMPED - FY25 Proposed) will be a flexible, multi-use space in downtown for theatre, dance, music, and visual arts organizations
\$12M	The State Tourism Grant (DMPED - Federal Funds) supports the recovery of DC's travel, tourism, and recreation sectors. The grant includes: DC Family Fun Destinations, Events DC Grant Program, Hospitality Technical Assistance & Workforce Development
\$20M	Tourism Recovery District (Destination DC) is a set of dedicated taxes to increase marketing for tourism by \$20M+ from Fy24-FY27
\$250K	Support to market Penn Quarter (FY25 Events DC) as an arts, culture, and entertainment district, working with businesses in community to create cohesive branding strategy.
\$842K	The DC Film Rebate Fund (FY25 Proposed - OCTFME) encourages the use of DC as a production location for film, TV, and live events, and it incentivizes the hiring of DC residents as cast and crew.



DC Pride in 2021. Photograph by Evy Mages



Sakura Matsuri Japanese Street Festival, 2024.

Converting vacant commercial space to other uses

Encouraging office to activation in Downtown: \$13M in FY26 and FY27

The proposed, new **Downtown Activation Program** (or “Office to Anything”) is a direct complement to **DMPED’s Housing in Downtown program**. We know that not all vacant office space is viable for residential, however it is imperative that we activate these spaces to increase vibrancy in our Downtown.

The program would effectively "freeze" a property's taxable value in the base year and abate the difference between base and actual assessed value of the property for a period of 15 years. This program is only available for non-residential development.



Photo credit: Matt McClain/The Washington Post

There is currently **20M square feet of vacant commercial space in Downtown DC** that needs to be activated.

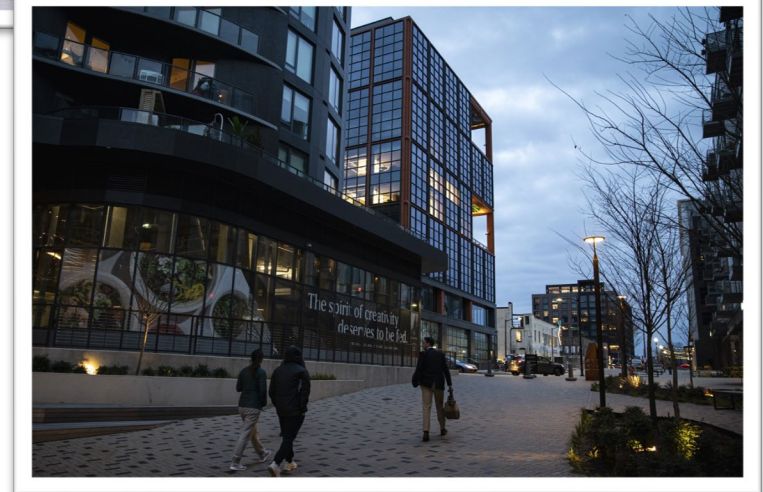
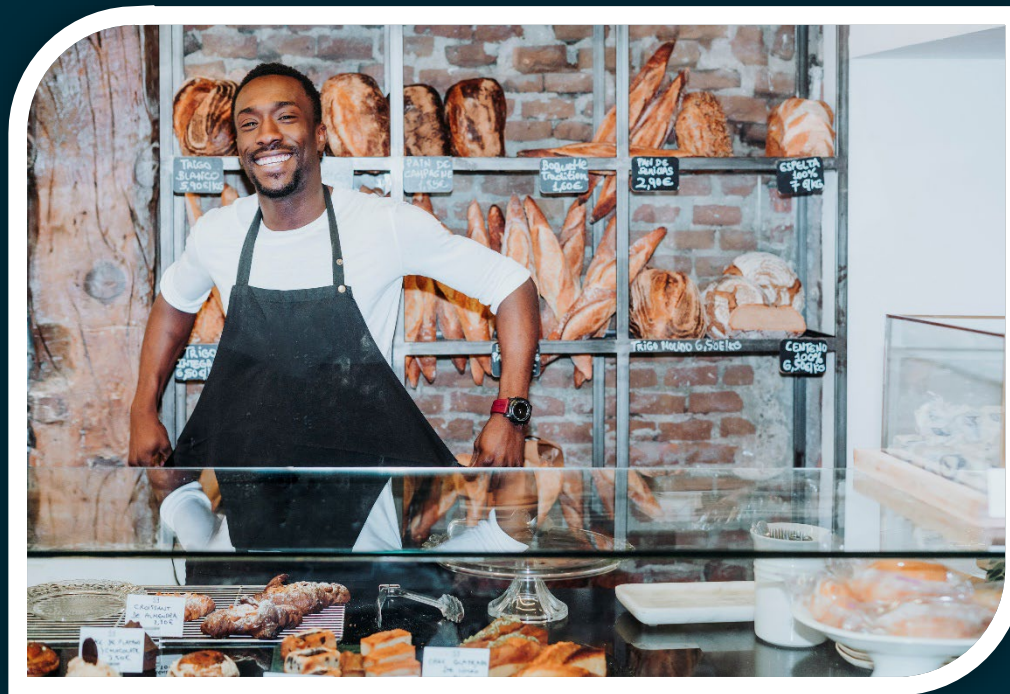


Photo credit: Al Drago/Bloomberg

Successful Businesses

The District is home to 12,000+ businesses with fewer than 500 employees. DMPED and DSLBD have several programs designed to support these businesses, which are critical centers of economic vibrancy, creativity and community for District residents, neighborhoods and workforce.



Supporting DC’s small and local businesses

The District is home to 12,000+ businesses with fewer than 500 employees. These businesses are critical centers of economic vibrancy, creativity and community for District residents, neighborhoods and workforce.

DMPED Grants	FY25 Proposed
<p>Great Streets</p> <p>Grows the District’s local small business economy and bolsters neighborhoods with inadequate access to retail opportunities.</p>	<p>\$7M</p>
<p>Commercial Property Acquisition Fund</p> <p>Down payment assistance for Equity Impact Enterprise businesses to acquire commercial property in DC. CPAF has supported 21 small businesses to date, 90% of whom identify as minority business owners.</p>	<p>\$2.5M</p>
<p>DC Anchor Partnership</p> <p>A collaborative of 17 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. Over \$250 million in contract dollars have been distributed to DC MBEs since the program’s launch in 2017.</p>	<p>\$320K</p>



Femme Fatale DC, which is women and LGBTQ-owned, received \$375,000 from the Commercial Property Acquisition Fund in 2023.

[FY24 DMPED Business Funding Opportunities](#)

Great Streets Deep Dive: Delivering retail, services, and jobs to neighborhoods

Since 2015, [the Great Streets](#) programs have invested \$42M in more than 500 businesses across the District, **creating more than 2,000 jobs.**

FY25 Great Streets Investment: \$7M total

Funds Great Streets, Neighborhood Prosperity Fund, and the Locally Made Manufacturing Grant

In FY22 and FY23, 58% of the recipients identified as minority business owners. These programs have been designed for small businesses that traditionally lack access to capital, especially those owned by women and people of color, and for small businesses that provide retail amenities, services, and food access in neighborhood commercial corridors that have been historically underinvested.

The **Neighborhood Prosperity Fund** has invested more than **\$19M in 31 projects that have delivered retail amenities, restaurants, food access points, and job opportunities in Wards 4, 5, 6, 7, and 8.**



Mayor Bowser awarding Great Streets Grantees

FY24 Status: Applications opened January 26 and close March 29, 2024.

[Great Streets Lookup](#)

Supporting DC's small and local businesses

DMPED Grants	FY25 Funding
<p>Medical Cannabis Business Enterprises</p> <p>Provide financial and technical assistance for establishing cannabis business enterprises by assisting District residents, including veterans and returning citizens, with startup entrepreneurial resources</p>	<p>\$300K</p>
<p>Ward 7 and 8 Dream Pitch</p> <p>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.</p>	<p>\$600K</p>
<p>WeAspire</p> <p>Provides critical training for returning citizen entrepreneurs wanting to establish or maintain a business. 31 justice-involved citizen entrepreneurs participated in FY24.</p>	<p>\$250K</p>
<p>Main Streets</p> <p>28 independent, nonprofit neighborhood Main Streets are focused on revitalizing communities by retaining and recruiting businesses, improving commercial properties and streetscapes, and attracting consumers.</p>	<p>\$4.86M</p>



WeAspire Awardees

[FY24 DSLBD Business Funding Opportunities](#)

Utilizing federal funds to start a DC Venture Capital Grant Program

In addition to the FY25 proposed funding for small businesses, DMPED has secured \$26M through the US Department of Treasury that will increase access to capital for early-stage DC-based technology and tech-enabled businesses. DMPED expects to launch this program in July 2024.



Need for a DC Venture Capital Fund

- Venture capital is an important source of financing for early-stage companies that is less risk-averse than traditional financing
- DC received just over 3% of venture capital deployed in the US in 2021
- DC-founded companies may choose to leave DC for other locations where financing is available
- Diverse founders in DC particularly lack access to capital (3.5% of DC venture capital raised between 2015 and 2020 went to black founders; in 2021, 14% to women founders)



Goals of the Fund

- Provide equity seed capital to DC founders to help them grow and create jobs in DC
- Focus on technology and “tech-enabled” companies (companies that do not create proprietary technology but use it to deliver a good or service)
- Priority for investing in underrepresented founders (founders of color and women founders)
- Redeploy proceeds from the Fund into future investments

ADDITIONAL PROGRAM AND BUDGET RESOURCES

LINK	DESCRIPTION
OBVIOUSLYDC.COM	Current funding opportunities for businesses
FY25 Proposed Budget and Financial Plan	FY25 Budget and Financial Plan
BUDGET.DC.GOV	Mayor Bowser's FY25 Fair Shot Budget Presentations
FY25 Budget Support Act of 2024	FY25 Budget Support Act and Fiscal Impact Statement
FY25 DMPED Operating Budget	FY24 DMPED Approved Budget Chapter
FY25 DMPED Capital Budget	FY24 DMPED Approved Capital Budget
DC Comeback Plan	DC's 2023-2027 Economic Development Strategy
Downtown Action Plan and Downtown DC Public Realm Plan	District Plans Guiding Downtown Revitalization