A DISTRICT THAT WORKS

POLICIES TO PROMOTE EQUITY AND JOB QUALITY IN OUR NATION'S CAPITAL



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ABOUT COWS

COWS (Center on Wisconsin Strategy) is a nonprofit think-and-do tank, based at the University of Wisconsin-Madison, that promotes "high road" solutions to social problems. These treat shared growth and opportunity, environmental sustainability, and resilient democratic institutions as necessary and achievable complements in human development. Through our various projects, we work with cities around the country to promote innovation and the implementation of high road policy. COWS is nonpartisan but values-based. We seek a world of equal opportunity and security for all.

COWS | BUILDING THE HIGH ROAD

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EXECUTIVE SUMMARY

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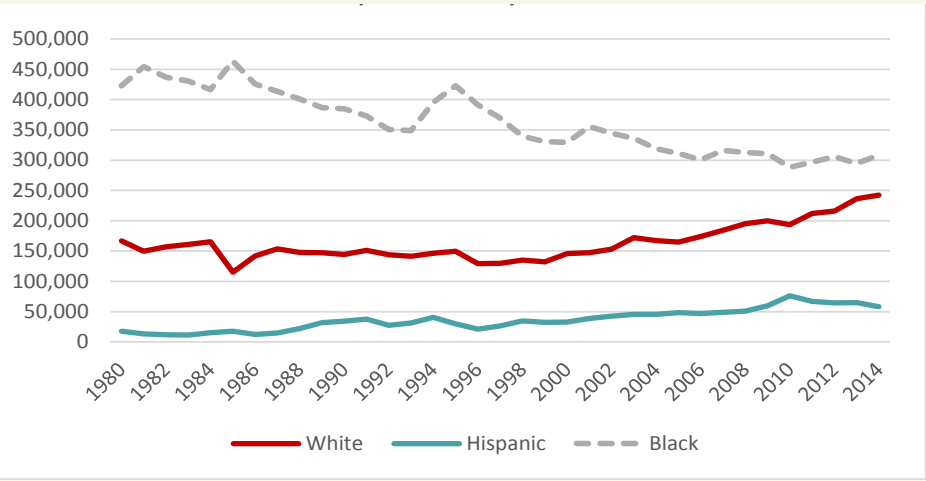
The District of Columbia is going through a period of great transformation. While it has successfully strengthened its fiscal health and its economy and population have grown, its prosperity has not been evenly distributed. However, it is not too late for the District to adopt measures that strengthen low income communities and communities of color and push back against the trend of growing inequality. The new administration has a fresh opportunity to tackle these challenges. It will be essential that key leaders in the administration are driven by a strong vision for how to make the District work for all of its residents.

The District must take bold steps to combat poverty. According to the DC Fiscal Policy Institute, since the onset of the recession, the number of DC residents living in poverty, with household incomes below $24,000 for a family of four, has jumped by 25 percent. This has been driven by a jump in the number of people living in deep poverty, which is a household income below $12,000 for a family of four.[1] Almost 20 percent of DC residents are living below the poverty line[2] and, according to DC Appleseed, "one out of three working families in the District earns less than 200 percent of poverty rate."[3] Moreover, according to US Census data, a significantly larger percentage of Black residents was reported to be living below the poverty level in 2014 as compared to 1980.

The District needs to combat this inequality that is becoming more pronounced - especially along racial lines. The DC Fiscal Policy Institute reports that poverty rates in Black households have been growing at a faster rate than the District's overall poverty rate, with 29 percent of Black households living in poverty as compared to 13 percent of Latino and 8 percent of White households. These figures coincide with the disproportionately high rates of poverty in the historically Black Wards 7 and 8.[4] Given these disparities in income as well as increasing housing costs, it comes as little surprise that over the past three decades the population of White residents has steadily increased as the population of Black residents has steadily decreased.

POPULATION OF WASHINGTON DC BY RACE/ETHNICITY, 1980-2014



Source: COWS analysis of data from IPUMS-CPS, University of Minnesota, www.ipums.org[5]

The District's future does not have to be one of growing disparity between the haves and the have-nots, nor one of increasing displacement of its long-standing Black population. With a clear vision and use of all of the tools at their disposal, elected and appointed leaders can steer the District on a path toward greater opportunity for all of its residents. There are a number of things a local government can do to resist the trend towards inequality, and to mitigate the impacts of national trends. This report examines key issues relating to inequality in Washington, DC and the Metropolitan Region, and provides a roadmap for how, through judicious policymaking, economic development spending and land use decisions, this can be a city and metro area that works for everyone.

KEY RECOMMENDATIONS

GOOD JOBS

- Raise the floor in the private sector by boosting the minimum wage and extending increases to tipped workers.
- Require sane scheduling practices and improve the quality of property service jobs by establishing mandatory minimum hours.

AFFORDABLE HOUSING

- Prevent demolition or conversion of existing affordable housing.
- Fully fund the Housing Production Trust Fund.

ECONOMIC DEVELOPMENT

- Expand on property tax reforms and prioritize low-and-middle income tax cuts.
- Establish universal minimum standards for development subsidies.

TRANSPORTATION

- Expand transit routes for underserved areas of the city and inner suburbs.
- Expand transit hours of service to better serve 2nd and 3rd shift workers.

PUBLIC ENGAGEMENT

- Elevate the role of the entities that are accountable to DC residents, which includes the DC Council and Advisory Neighborhood Commissions, in the land use process.
- Improve community engagement processes in land use decision-making processes by hiring professional community engagement staff and partnering with existing organizations with ties to various constituencies.

INTRODUCTION

A DC THAT WORKS FOR WORKING PEOPLE

As a new mayor takes office, it is useful to step back and examine who is able to thrive in Washington DC and the Capital Area Metropolitan Region, and who is being left behind. The numbers from the past few decades paint a stark picture. Inequality is increasing, and low-income families and communities of color are being left behind. However, it is not too late to adopt measures that strengthen low income communities and communities of color and push back against the trend of growing inequality. The new administration has a fresh opportunity to tackle these challenges. It will be essential that key leaders in the administration are driven by a strong vision for how to make the District work for all of its residents.

Washington DC has seen economic inequality increase over the past three decades. Particularly striking is the widening gap between the pace of growth in incomes of Black and Hispanic residents as compared to White residents. Disturbingly, a greater share of DC's Black residents lived in poverty in 2014 than in 1980. Given these disparities in income as well as increasing housing costs, it comes as little surprise that over the past three decades, the population of White residents has steadily increased as the population of Black residents has steadily decreased.

Vision: A DC and Capital Area Region that Works for Working People

These trends do not happen in a vacuum; they are the result of policy choices. Policies like insufficient protections for workers from being relegated to part-time jobs without benefits; cuts to public services that have led to reductions of government jobs; obstacles to workers seeking to organize and join a union; and land use and development policies that have insufficiently focused on creating and maintaining affordable housing; among others. The good news is that trends that have been shaped by policy can also be reversed through policy. The bad news is that many of these trends are national in scope, and cannot be changed by any one city.

THE DISTRICT TODAY

In the decades following World War II, the Washington area experienced the same rapid suburbanization that affected other cities. Suburban Maryland and Virginia expanded rapidly as policies encouraged the movement of the middle class to them from the central city. The White middle class moved out first, followed later by the Black middle class, leaving mostly the poor (with a few small pockets of affluence) behind. Neighborhoods decayed, retail establishments closed or moved out, and the tax base deteriorated. While many central cities began to revive in the late 1980's and 1990's, the population decline in the District did not begin to turn around unto after 2000. The District has enjoyed a recent economic resurgence and is currently in sound fiscal shape. The budget has been balanced for the past 18 years, its general fund balance is over $6 billion, and its bond ratings are high. The District's finances suffered during the recession along with the rest of the country, but have since rebounded strongly. In 2013, median household income was $68,000, a $6,500 increase since the start of the recession.

However, this apparent recovery is also characterized by deepening inequality. In fact, several groups of residents are being left out of the District's economic recovery. The number of people living in poverty has risen by more than 25 percent since 2007. The rise is driven largely by a sharp jump in the number of people living in deep poverty, or on less than $12,000 a year for a family of four. Black residents, residents without a college degree and residents living in the Northern and Eastern parts of the District faced significant increases in poverty since 2007. And only White, non-Hispanic residents have seen income gains since the recession.[6]

CHANGING DEMOGRAPHICS

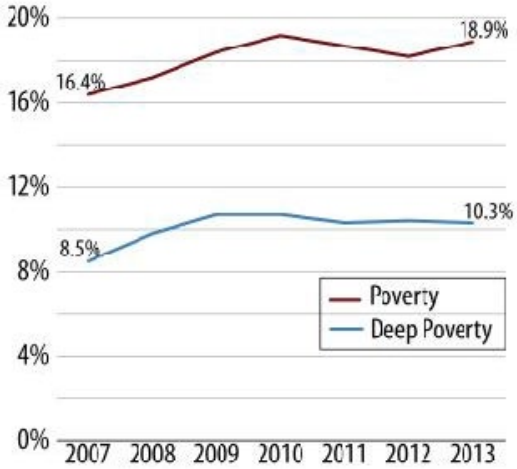
This growing inequality is accompanied by a demographic shift. For the first time since the 1950s, DC's population is growing. From a high of over 800,000 in 1950, the District's population dropped to under 575,000 people in 2000. Since then it has been increasing, and is currently estimated at almost 650,000. Over the last 60 years, the racial composition of the population has changed significantly. The White population dropped precipitously between 1950 and 1980, from over 500,000 people to less than 200,000 people. Blacks became the majority during the 1960s, and that population continued to grow until 1980, reaching a high of almost 550,000 people. The Black population is now in decline, while the White population has started to increase again, as have the (much smaller) populations of Hispanics and Asians (see Figure 2). In short, DC's population growth is due mostly to the increase in the White population, which sets it apart from most other cities. Blacks are no longer the majority of the District's population.

Another clear demographic change is the age structure of DC's population. The average age hasn't changed that much, but the "traditional" population of DC is aging rapidly, while the average age is held constant by an influx of younger, particularly White, new arrivals. This probably means that the cohort of "traditional" residents who own their houses have been able to stay, but that their children and grandchildren have found outlying areas more affordable. Another notable change is that while the White population is getting younger, on average, the Black population is getting older (see Figure 3).

Figure 1

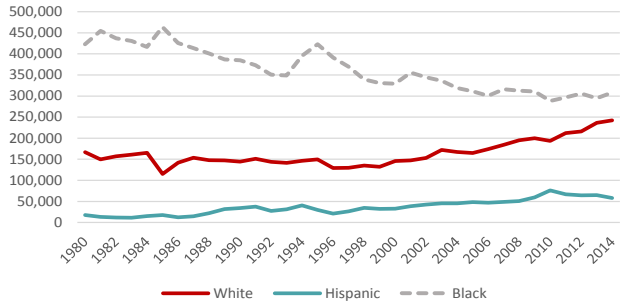
POVERTY IN DC IS GROWING, DRIVEN BY A LARGE JUMP IN DEEP POVERTY

Poverty Rates in the District of Columbia



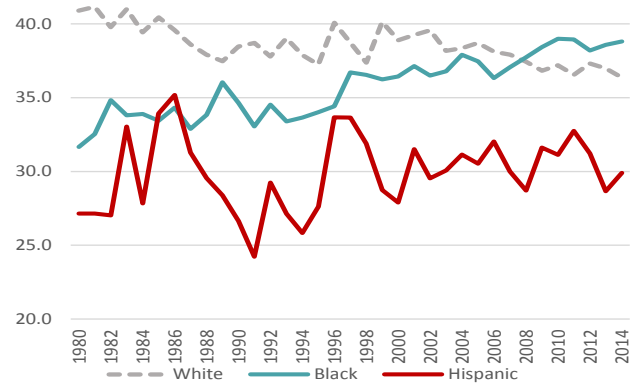
Source: DC Fiscal Policy Institute[7]

Figure 2
THE RACIAL AND ETHNIC MAKEUP OF THE DISTRICT IS CHANGING
Population by Race/Ethnicity



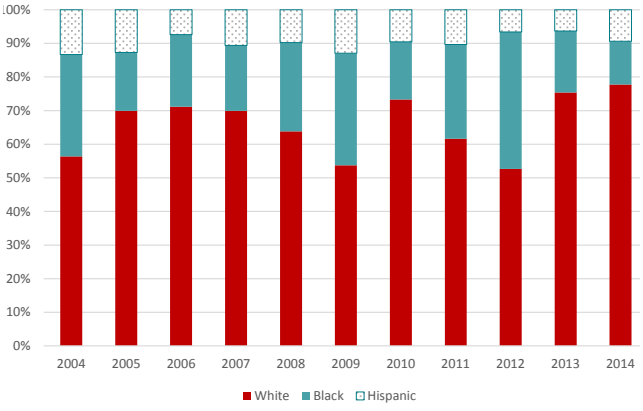
Source: COWS analysis of data from IPUMS-CPS, University of Minnesota, www.ipums.org[8]

Figure 3
THE DISTRICT'S BLACK POPULATION IS AGEING
Average Age of DC Residents, 1980-2014



Source: COWS analysis of data from IPUMS-CPS, University of Minnesota, www.ipums.org[9]

Figure 4
NEW DISTRICT RESIDENTS ARE MORE LIKELY TO BE WHITE
Share of New Residents by Race over Time



Source: COWS analysis of data from IPUMS-CPS, University of Minnesota, www.ipums.org[10]

The reasons for this become clearer when we look at new residents – people who moved into the District in the last year. These people are much more likely to be White than People of Color (see Figure 4) and are, on average, younger than the current population (see Figure 5).

INCOME INEQUALITY

While the District as a whole is recovering well from the recession, there is a clear disparity between Whites and People of Color on a number of economic indicators. Household income, for example, has increased for all groups until recently, when it fell for Blacks. The rate of increase, however, has been dramatically different, with income for White households increasing much faster than any others (see Figure 6). Unsurprisingly, this means that many more households of color live in poverty than White households (Figure 7).

In fact, the number of White households in poverty is falling, while the number of Black households in poverty is increasing rapidly.

The number of Blacks participating in the workforce is 20 points lower than Whites and Hispanics (Figure 8). The disparity in unemployment is dramatic as well: 15 percent of Blacks are unemployed in the District, while less than 3 percent of Whites are.[11]

The district is facing growing inequality. National trends show that since the Great Recession in 2007, the bulk of jobs that were lost were middle and high-wage jobs, while the overwhelming majority of jobs created have been low-wage jobs, as reported by the National Employment Law Project (see Figure 12).

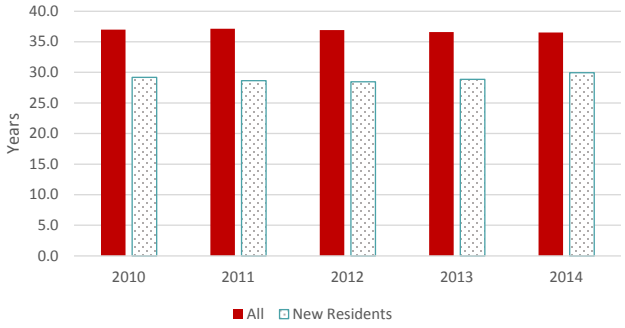
A 2014 report by the DC Fiscal Policy Institute reveals that these national trends are being felt locally, with a sharp jump in DC residents living in poverty (see Figure 1).[15] Since the onset of the recession, the number of DC residents living in poverty, which is a household income below $24,000 for a family of four, has jumped by 25 percent. This has been driven by a jump in the number of people living in deep poverty, which is a household income below $12,000 for a family of four. Almost 20 percent of DC residents are living below the poverty line[16] and, according to DC Appleseed, "one out of three working families in the District earns less than 200 percent of poverty rate."[17]

This growth in poverty is not being felt evenly throughout the District; rather, there is a stark racial, educational attainment, and spatial overlay to these trends (see Figure 7). Poverty rates in Black households have been growing at a faster rate than the District's overall poverty rate, with 29 percent of Black households living in poverty, compared to 13 percent of Hispanic and 8 percent of White households.[18] These figures coincide with the disproportionally high rates of poverty in the historically Black Wards 7 and 8. In these two wards, one-in-three residents are living in poverty.[19] This reveals an alarming prevalence of racial and economic segregation that has only been exacerbated by the recession. Furthermore, an astonishing 40 percent of residents without college degrees are living in poverty, a figure which reflects the scarcity and low quality of jobs that are accessible to residents without higher education.[20]

Figure 5

NEW RESIDENTS ARE MORE LIKELY TO BE YOUNG

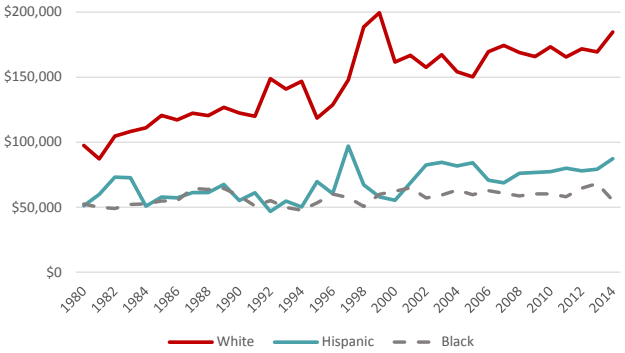
Average Age



Source: COWS analysis of data from IPUMS-CPS, University of Minnesota, www.ipums.org[12]

Figure 6

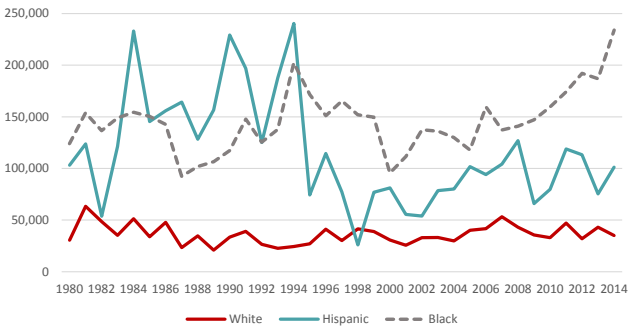
TOTAL HOUSEHOLD INCOME BY RACE/ETHNICITY 1980–2013



Source: COWS analysis of data from IPUMS-CPS, University of Minnesota, www.ipums.org[13]

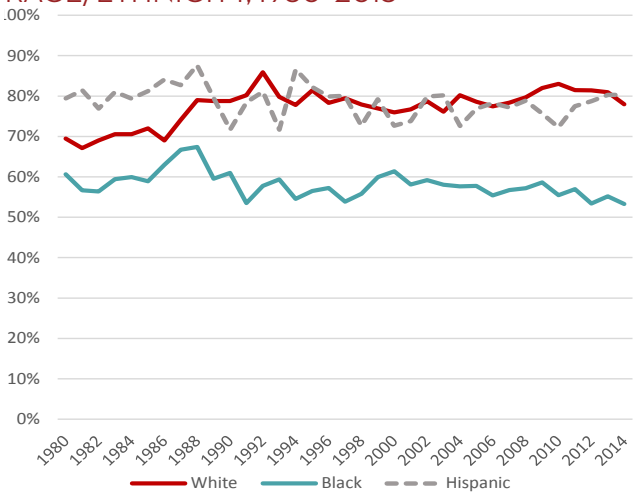
Figure 7

INDIVIDUALS WITH INCOME BELOW THE FEDERAL POVERTY LINE BY RACE/ETHNICITY, 1980–2013



Source: COWS analysis of data from IPUMS-CPS, University of Minnesota www.ipums.org[14]

Figure 8
LABOR FORCE PARTICIPATION RATE BY RACE/ETHNICITY, 1980–2013



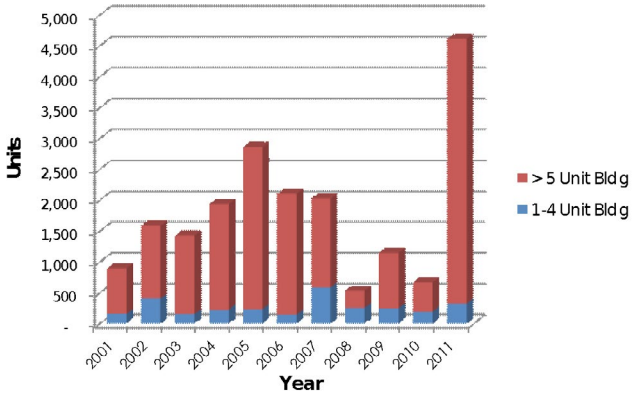
Source: COWS analysis of data from IPUMS-CPS, University of Minnesota, www.ipums.org[21]

Figure 9
ESTIMATED NUMBER OF HOUSEHOLDS BY PERCENT OF AREA MEDIAN INCOME (AMI)

Census Year	Percent of the AMI							Total Households
	< 30%	30-50%	50%-80%	80%-100%	100%-120%	120%-150%	>150%	
2000	56,925	36,289	40,661	18,188	14,516	16,090	65,670	248,338
2008-2010	57,041	31,839	43,368	23,393	19,840	24,197	67,029	263,800
Change	116	-4,450	2,707	5,205	5,325	8,108	1,359	15,462
Pct Change	0.2%	-12.3%	6.7%	28.6%	36.7%	50.4%	2.1%	6.2%

Source: 2000 US Census & ACS 2008-2010, HUD, DC Office of Planning[22]

Figure 10
RESIDENTIAL UNITS PERMITTED IN THE DISTRICT OF COLUMBIA, 2001-2011



Source: District of Columbia Office of Planning[23]

This increase in poverty is happening in the context of growing income inequality. Since 2007, wealth in DC is increasingly being concentrated in upper middle- and middle-income and White, non-Hispanic households. While median income for Black and Hispanic households has remained the same at $51,000, median income for White, non-Hispanic households has increased to $118,000.[24]

THE CHANGING LANDSCAPE

Since 2000, there has been a marked increase in higher income households in the District, and a loss of extremely low-income households (see Figure 9). This is likely in part a result of the rising cost of living, particular the cost of housing.

It's also likely because the demographics of people moving in to the District are quite different from those already there. In 2011, a large majority (67 percent) of the people who moved into the district were in the millennial generation (18-34 year olds), while only 30 percent of the District population was in this age range. These newcomers were much more likely to have a bachelor's or graduate degree, and less likely to have children.[25]

The District's changing demographics and improving economy have resulted in a building boom. Close to $3 billion in office development occurred, and almost 7,000 housing units were built or renovated between 2010 and 2012.[26] 2011 saw more housing units permitted than the previous four years combined (see Figure 10). The vast majority of these units are in

buildings with more than 4 units – likely to be apartments.

While there is some affordable housing being built, much of the new construction is high end.[29] At the same time, more people are renting.[30] This means higher rents overall, and fewer affordable units available.

Again, these changes do not happen in a vacuum – they are the result of policies and programs at every level of government and in the private sector. For example, the District's Comprehensive Plan Progress report touts the Plan's success in attracting young people, citing several recent rankings as a destination city for young adults, and saying "Young professionals are drawn to the city's international character, arts and music scene, transportation choices, walkable neighborhoods, and commitment to sustainable development."[31]

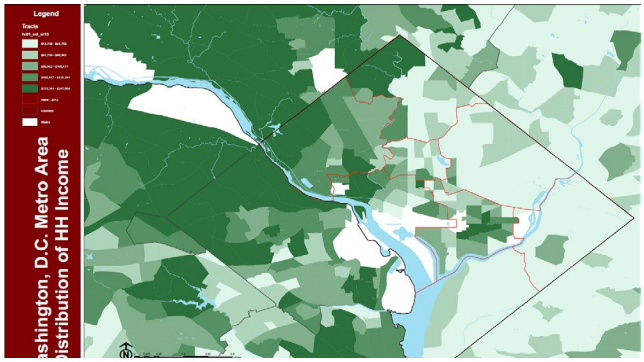
Given the growing inequality and displacement of Black residents described above, it is essential that the District take steps to counter these trends. Policy choices have a very real impact on who is able to live, work and thrive in the District. The recommendations described below draw on best practices from cities around the country designed to combat income inequality and support diverse and resilient communities. Elected and appointed officials have critical roles to play in realizing the vision of a District that works for all of its residents.

Figure 11

POPULATION DISTRIBUTION IN THE DC METRO AREA

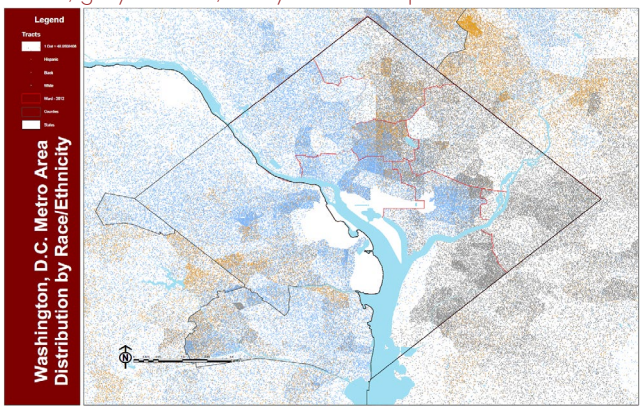
BY INCOME.

Darker green indicates higher income



BY RACE.

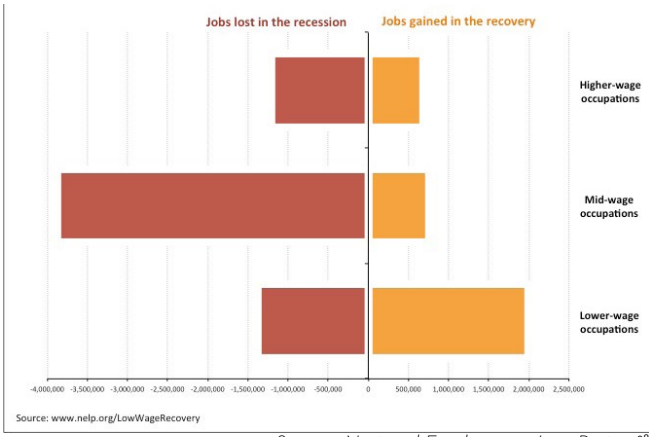
Each dot indicates 50 individuals; blue is White, grey is Black, and yellow is Hispanic



Source: COWS analysis of data from IPUMS-CPS, University of Minnesota, www.ipums.org[27]

Figure 12

NET CHANGE IN OCCUPATIONAL EMPLOYMENT, DURING AND AFTER THE GREAT RECESSION



Source: National Employment Law Project[28]

The red bars in Figure 12 show net losses in employment during the recession (2008 Q1 to 2010 Q1). The orange bars show net growth in employment during the recovery (2010 Q1 to 2012 Q1).

GOOD JOBS

KEY RECOMMENDATIONS

- *Raise the floor in the private sector by boosting the minimum wage and extending increases to tipped workers*
- *Partner with appropriate stakeholders to educate about and enforce laws that protect against inquiries into job applicants' criminal background*
- *Require sane scheduling practices and improve the quality of property service jobs by establishing mandatory minimum hours for property service jobs*
- *Improve the Living Wage law for commercial office cleaners to reflect the job standards through bargaining*
- *Adopt procurement best practices in the public sector and encourage anchor institutions to model best procurement and labor practices*

As described above, the economic recovery has not been shared equally by DC residents. Identifiable low income neighborhoods remain in poverty, and People of Color—particularly DC's Black residents—are disproportionately likely to be un-or under-employed and to live below the poverty line. Members of these communities may also have to overcome significant barriers to employment, such as the discrimination faced by people with a criminal record. This inequality is growing. These trends highlight the urgent need for the DC government to realign its approach to economic development. The District cannot simply focus attracting highly educated workers with a higher earning potential to the District.[32] Rather, the government needs to adopt a more targeted approach, and prioritize creating and improving the quality of jobs that are accessible to local DC residents without a college or high school degree. This means focusing on low-wage service sector jobs, which make up 40.3 percent of the DC metro area workforce. Service sector workers overwhelmingly live in the communities suffering from the highest levels of poverty, and there is a disproportionate concentration of service workers living in DC's historically Black neighborhoods.[33]

Vision: Improve the Quality of Middle-Income & Service Jobs in the District

For interventions in the service sector job market to be impactful, the District must take bold steps to raise standards in these low-wage occupations. This is as urgent a priority as job creation. Many of those living in poverty have jobs. This demonstrates that DC's economic and jobs crisis is not only a matter of unemployment, but is also a crisis of underemployment, where workers do not have access to full-time hours or are being paid a wage that does not allow them to support a family and meet the growing costs of living in DC. The city must improve the quality of middle-income and service jobs - this will go a long way toward combatting the District's growing poverty.

Toward this end, the District should ensure that efforts to grow the region's technology sector and real estate market leverage the job creation potential and prioritize improving standards in the service sector jobs that are either directly or indirectly created to support these growing industries. These jobs include those in the property service, retail, food service and administrative support sectors, which can serve as a pathway to the middle class for local residents. Further, the foundations of the region's economy—such as the public sector with the federal and District government presence, medical and higher education campuses, cultural institutions, and the regional airports—are anchor institutions and economic drivers that employ a large number of service sector workers.

RAISE THE FLOOR IN THE PRIVATE SECTOR

BOOST THE DISTRICT'S MINIMUM WAGE

Increasing the minimum wage for the lowest paid workers is one of the most effective and publicly supported ways to improve the lives of the working poor and grow the local economy. Raising local minimum wages and benefits increases household income for workers who are either earning the minimum wage or are making only a few dollars more and who typically also see pay increases as employers shift wage scales upward. Because wage standards set a level playing field, firms that provide good wages and benefits are not so easily undercut by low-road competitors and this encourages an overall shift to higher quality jobs across the board. Studies have shown that raising the minimum wage would help the very communities that have some of the highest incidences of poverty—namely, communities of color and workers in the low-wage service sector. [34] Finally, virtually all polling data suggests that at least two-thirds of Americans are in favor of raising wages for the lowest-paid Americans.[35]

Both DC and Maryland have been leaders in the wave of states and localities adjusting their minimum wages. Maryland was the second state after Connecticut to raise the state minimum wage to $10.10 an hour by 2018.[36] Maryland also allows localities to set minimum wages that better reflect local economic conditions: two counties, Prince George's and Montgomery, have raised the minimum rate to $11.50 by 2016. Similarly, the District's minimum wage will reach $11.50 an hour in 2016 due to annual cost-of-living increases.

Across the country, low wage fast food workers have articulated that they need a $15 an hour wage to be self-sufficient. Seattle, Washington has responded to this demand and raised its minimum wage to $15, and localities in California and Washington are taking steps to do the same.[37] This is the new standard for the minimum wage, and now is that the time for DC to take an even bolder step of raising their minimum wages to $15 an hour. A $15-per-hour minimum wage indexed to inflation would restore lost purchasing power to low-wage workers and bring dignity back to low-wage work.

There has been rich academic debate about the impact of minimum wage laws on employment and the local economy. The overwhelming conclusion is that minimum wage increases have no discernible impact on employment levels. A noteworthy 2010 study by researchers at the University of California, Berkley Institute for Research on Labor and Employment (ILRE) does a robust examination of the impact minimum wage policies adopted between 1990 and 2006 have on employment levels. It examines the differences in employment levels by looking at contiguous county-pairs across state borders with different minimum wage rates, and concludes that there are no adverse effects on employment levels caused by minimum wage policies.[38]

Raising wages not only boosts household income for working class families without negatively impacting employment, but this intervention can also reduce public spending on taxpayer funded programs like the Supplemental Nutrition Assistance Program and Earned Income Tax Credits.[39]

The benefit of higher household income should be extended to tipped workers. In the District, they currently earn $2.77 an hour before tips. In theory, employers are required to make up the difference between tips and the minimum wage. The District should rigorously enforce this requirement, and adopt a schedule to bring tipped workers up to the District's minimum wage over time, so tips can be what they are intended to be – a gratuity, not a wage.

IMPROVE ACCESS TO EMPLOYMENT

The District should continue to address the specific barriers faced by People of Color as they navigate and seek to enter the labor market. One significant obstacle to employment has been the discrimination against people with criminal records.

The District is a leader in the fair second chance movement, and has adopted strong policies that would allow formerly incarcerated residents to reenter the workforce. In July 2014, the DC Council passed the

Fair Criminal Records Screening Amendment Act of 2014 (FCRSAA), which will substantially limit private sector employers inquiries into the criminal record of a job applicant until the applicant has been provided a conditional offer of employment. This comes after the District adopted the Returning Citizens Public Employment Inclusion Act of 2010, which applies similar anti-discrimination protections for public sector jobs.[40]

These types of intervention are especially important considering the high rates of arrest and incarceration in the black Black community, both of which are consequences of over-policing in Black and low-income communities. A 2013 report by the Washington Lawyers' Committee for Civil Rights and Urban Affairs report found disproportionate higher arrests of DC's black Black residents between 2009 and 2011 as compared to other DC residents.[41] The report found that 80 percent of adults arrested in the District are Black, which is disproportionate to the racial breakdown of residents; 90 percent of people arrested on the charge of simple drug possession were Black; 80 percent of people charged with disorderly conduct were Black; and 70 percent of traffic arrestees were Black. The report also found that the Wards with the largest Black populations—Wards 4, 5, 6, 7, and 8—have the highest number of arrests, or 70 percent of arrests in the District.

While most of these arrests did not lead to incarceration and were dismissed, this pattern of policing has translated into a disproportionately high number of black Black inmates in the District. According to DC Department of Corrections data, inmates in DOC facilities are largely from Wards 4, 5, 6, 7 and 8, which again, are the wards with the largest Black populations and where the majority of arrests take place.[42] Further, 91 percent of inmates, both male and female, are Black and 90 percent have less than a college degree, most self-reporting to have no education, whatsoever.[43]

The trends in the District track national trends. The arrest and incarceration rate of America's Black population is staggering and calls for reforms of drug policies, community policing tactics, sentencing practices, as well as prison reform. There are, however, steps that can be taken to ensure that someone with a criminal record is not stuck in a vicious cycle of poverty, unemployment and incarceration.

Outreach and education to both employers and the community will be critical to the success of the FCRSAA. Toward this end, the District should partner with re-entry, workforce development and community-based organizations; labor unions; parole and probation officers; and service providers to ensure that reentrants to the labor market know their rights when looking for public and private sector employment. The District should also work with employers to ensure their employment practices are not in violation of this law. Finally, the DC Commission on Human Rights should fully enforce this law and levy penalties on employers that unlawfully discriminate against people with criminal records.

Further, people with criminal records should have access to good quality jobs that provide decent wages, full-time hours, and benefits. The District can play a role in convening a partnership between workforce development organizations, re-entry service providers, faith communities, employers, and labor unions to ensure that good quality jobs are accessible to the formerly incarcerated.

According to research by the National Employment Law Project, employment and financial self-sufficiency are critical to reducing recidivism rates; however, having a criminal record is a significant barrier to obtaining employment, which can be exacerbated for people who belong to communities with already high levels of unemployment and poverty.[44] This vicious cycle is why full implementation of the FCRSAA and intentional focus on easing access to employment is so crucial for formerly incarcerated peoples and their communities. These efforts can boost public safety, improve the lives of family members of people with a criminal record, and reduce poverty rates in communities with higher populations of formerly incarcerated people.

REQUIRE SANE SCHEDULING PRACTICES

Contributing to the crisis of income inequality is the prevalence of involuntary part-time low-wage jobs in the service sectors. To escape poverty and reach self-sufficiency, low-income households need both wage

increases and full-time hours. The growth in involuntary part-time work makes it difficult for workers, who are available to work full-time hours, to support themselves and their families. Following the great recession, there was a steep rise in involuntary part-time work with a dip in available full-time jobs.[45] The Federal Reserve System observed a greater prevalence of involuntary part-time work in the service sector as compared to the goods-producing sector: "In the goods-producing sector, involuntary part-time employment due to slack conditions has subsided along with unemployment, and remains only one third higher than its pre-recession level. In services, however, the progress has been somewhat slower and the fraction working part-time due to slack conditions remains substantially elevated."[46] This finding shows that there may be some organizational characteristics of the service sector industry that are driving the prevalence of involuntary part-time employment. Since the District is heavily dominated by service sector work, addressing the crisis of involuntary part-time is essential.

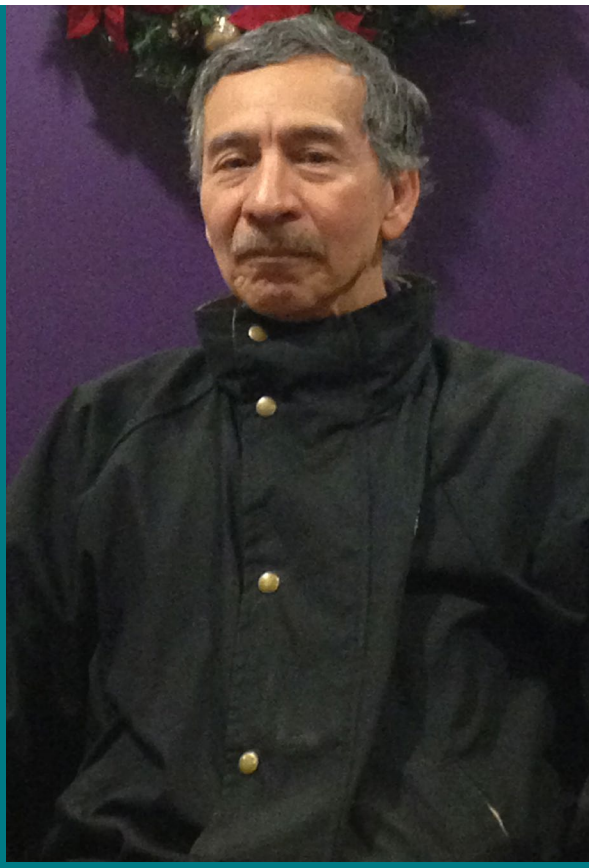
"I desperately need a full-time job; I can't get by on this salary alone."

Justino, 62, has worked as a part-time cleaner at the World Bank since 2005. He earns just $800–900 per month and while he shares an apartment with his sister, he still struggles to pay for food, doctors' appointments and medicine.

"I desperately need a full-time job; I can't get by on this salary alone."

Gomez's face lights up when he talks about his daughter, a foster child he adopted when she was four years old. He's only seen her and his wife in El Salvador once in the last 21 years and he can't afford to send them enough money for his daughter's college education. "I feel alone, I miss them very much."

Gomez worries the most at the beginning of every month when the bills arrive. He says it feels like his head will explode just trying to think of how he'll make ends meet. Sometimes he's late with his credit card bills, a debt that only gets worse because he falls further behind in payments that he still can't pay.



JUSTINO GOMEZ

Involuntary part-time employment can have significant impacts on workers and their families. Part-time workers may have to scramble for childcare, deal with the stress and exhaustion of having to commute to various jobs, face challenges pursing further education or training, and experience economic insecurity associated with having fewer and less secure hours.[47] This schedule irregularity can also have an impact on a worker's health. A recent study showed a link between shift work and erratic schedules and developing diabetes, with shift workers having a 9% greater risk of getting diabetes.[48]

Involuntary part-time employment can have significant impacts on workers and their families. Part-time workers may have to scramble for childcare, deal with the stress and exhaustion of having to commute to various jobs, face challenges pursing further education or training, and experience economic insecurity associated with having fewer and less secure hours.

Cities should require some or all businesses to pay employees for a minimum number of hours if the employee is on-call or sent home early; to offer extra hours to part-time workers before hiring new employees; to post employee schedule a reasonable amount of time in advance; give extra pay for last minute schedule changes; and treat full and part time workers the same with respect to requesting time off or particular work schedules. San Francisco recently passed legislation to do just this for workers at "formula retail' businesses – essentially chain stores that have a over a certain number of stores and a certain number of employees.[49]

Establish Mandatory Minimum Hours for Property Service Workers

Property service jobs, which include security guard and janitorial services, are an example of service sector jobs that can serve as a gateway to the middle class for local residents. These jobs are accessible to people without college degrees and are primarily held by workers of color who live in communities facing the highest incidences of poverty. These are also high employment occupations in the District. Janitorial staff, building cleaners, and security guards are consistently among the top occupations in the District by employment levels.[50]

Efforts to improve the quality of property service jobs will go a long way towards combatting poverty and income inequality. While interventions that raise standards across the board for low wage sectors will improve the quality of property service jobs, there are other interventions that should be tailored to respond to the specific conditions in this industry.

Many property service workers in DC are working part-time involuntarily. These workers often struggle

to support themselves and their families, living paycheck-to-paycheck. Many are forced to stitch together full-time hours by working multiple part-time jobs. This does not have to be the case. Property service workers, many of whom are from Black and Hispanic communities—the two communities facing the highest incidences of poverty in the District[51] —can see a meaningful change in their quality of life if the District takes steps to raise standards by mandating full-time hours. In fact, in other comparable markets, such as New York City, New York; Chicago, Illinois; San Francisco, California; Los Angeles, California; Philadelphia, Pennsylvania; and Pittsburgh, Pennsylvania full time hours are the norm for property service jobs.[52]

The District should adopt legislation that would establish minimum hours for property service workers. While in some sectors, workers may want part-time and flexible hours, in the property services sector the benefits of full-time outweigh the costs.

Coupled with improving wages, mandating full-time hours for property service workers will help ensure that workers have good quality jobs that allow them to support a family and afford to live in the District and region. More hours means a higher household income, access to health benefits as mandated by the Affordable Care Act, and greater stability for working class households who will not have to cobble together multiple part-time jobs to bring home a full-time income.

Raising job standards would also have benefits to employers at the District. A number of studies have shown that improving job quality can boost worker productivity; lower employee turnover; reduce absenteeism; increase staff morale; lower training and recruitment costs; and help retain experienced staff.[53] The benefits of ensuring that property service workers have full-time hours extend to the broader community, as well. When workers have access to employer-provided health benefits and are earning a full-time income, they are less likely to rely on public benefits to get by.[54]

Improve on Living Wage Standards

Another tool to boost the quality of jobs for low wage workers is to expand on existing living wage standards. The District, along with dozens of other states and localities, has adopted wage standards to level the playing field between cleaning and security vendors bidding on public work and set minimum standards for recipients of public dollars. The District's living wage law requires recipients of public contracts or government assistance in the amount of $100,000 or more to pay their employees no less than the living wage.[55] This law, which covers office cleaners among other occupations, was adopted to ensure that companies that receive public money are creating good paying jobs and level the playing field between contractors by establishing minimum standards.

There is, however, room to improve this law and, in particular, ensure that the living wage rate does not undercut standards that are bargained for in the private sector. The interplay between the living wage rate and the standard for commercial office cleaners demonstrates the fixes needed. The living wage rate is adjusted for inflation, and is currently close to $13.50 per hour, but it does not include benefits. In contrast, commercial office cleaners who are represented by SEIU 32BJ in the District are able to routinely bargain with their employers to establish wage rates, supplemental benefits, and paid leave which, taken together as a total package, exceeds the set living wage rate. The living wage for commercial office cleaners should be amended to include an adjustment mechanism that upholds the wage, benefit and paid leave standards that workers in the private sector were able to attain through collective bargaining. By doing this, the District will ensure that is it on equal footing with the private sector in attracting experienced, trained and responsible janitorial contractors and staff. Office cleaners employed at public properties and in buildings that received public dollars would receive the same wage, benefit and paid time off as their counterparts in other buildings, which means these properties would not be outbid for the services of the best cleaning companies.

Similar wage laws that are routinely adjusted to reflect market standards are already in place for other property service workers in DC. The District requires security guards to be compensated according to the wage and fringe benefit rates established by the US Secretary of Labor pursuant to the Service Contract Act (SCA).[56] SCA rates are routinely adjusted to reflect market standards for both wages and fringe benefits.

A number of studies have shown that improving job quality can boost worker productivity; lower employee turnover; reduce absenteeism; increase staff morale; lower training and recruitment costs; and help retain experienced staff.[55]

LEVERAGE THE ROLE OF ANCHORS AND PUBLIC DOLLARS TO CREATE GOOD QUALITY JOBS

Each year, billions of taxpayer dollars are pumped into the local economy, which support businesses, both large and small, and create employment opportunities for local residents. According to the DC Office of Contracting and Procurement, the District's procurement spending for fiscal year 2014 was $2.7 billion on supplies, services and construction.[57] This is on top of billions in annual procurement expenditure by the federal government in the region, which has driven the District's economic growth over the past twenty years.[58]

DC has adopted a number of good procurement practices for their public contracting. The District should adopt best practices to fully realize the benefits of their policies. This includes clearly articulating wage, benefit and paid leave standards and requirements in their solicitation documents, conducting proper and thorough responsibility reviews, and ensuring that there is proper oversight of awards to ensure that public dollars go to responsible contractors.

ENCOURAGE GOOD EMPLOYMENT PRACTICES IN ANCHOR INSTITUTIONS

The District's procurement practices should serve as a model for other economic drivers and anchor institutions in the region, especially those that use government resources or receive economic development assistance such as public land and tax incentives. This includes the regional airports, Dulles and Regan National in Virginia, educational institutions like Howard, Georgetown, George Washington and George Mason universities, and the burgeoning commercial and residential real estate sectors which benefit from economic development assistance that may take the form of public land.

The District should work with these employers to adopt responsible contractor policies, certified business enterprise programs, wage standards and minimum hours requirements, and qualitative procurement policies that mirror the public sector's best procurement and labor practices.

AFFORDABLE HOUSING

KEY RECOMMENDATIONS

- *Prevent demolition or conversion of existing affordable housing*
- *Plan housing and transportation regionally, including setting specific goals for numbers of units at different levels of affordability*
- *Protect and create affordable housing near transit*
- *Improve the Inclusionary Zoning law and offer additional incentives for affordable housing development*
- *Create affordable housing on public land*
- *Fully fund the Housing Production Trust Fund*
- *Improve the Tenant Opportunity to Purchase Program*

Housing is one of the most fundamental human needs, and thus must be one of the fundamental concerns of local government. Housing should be safe, well built, and healthy. And it should be affordable, which is generally defined as costing no more than 30 percent of a household's income. The affordability of housing is generally talked about with respect to the area median income, or AMI. Depending on the housing market, moderate income is considered to be 81 percent to 120 percent of AMI; low income between 51 percent and 80 percent of AMI, very low income 50 percent or less of AMI, and extremely low income below 30 percent of AMI. What is affordable, however, should take into account the combined costs of the energy use and transportation needs that come with housing. Because the private housing market will generally provide adequate market rate and luxury housing, government should emphasize the creation of affordable housing, particularly for households at the lowest end of the income scale.

It's not an overstatement to say there is an affordable housing crisis in the DC region. Half of renters and a third of homeowners in the region are cost burdened[59] – meaning they spend over 30 percent of their income on housing (see Figure 13).

In the District, 42 percent of households are cost burdened, and 25 percent are severely cost burdened,[60] meaning they spend over 50 percent of their income on housing. The cost burden of housing falls disproportionately on low-income households (see Figure 15). Many low-income households spend close to 70 percent of their income on housing.[61]

Vision: Households of all income levels can live and work in DC and its suburbs.

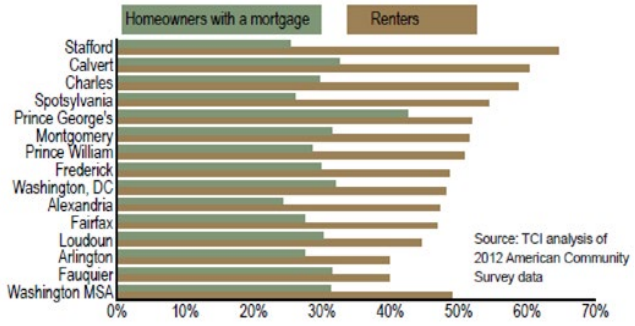
The housing cost burden is disproportionally felt by Black households – almost 60 percent of households paying more than 50 percent of their income on housing are Black.[62] People of Color are also less likely than White people to own a home (see Figure 16). This is undoubtedly contributing to the decline in the Black population in the District.

None of this is particularly surprising, given that the average cost of housing in the DC region is higher than the national average.[63] Median rents in the district rose 50 percent between 2000 and 2010, while home values increase almost as much.[64] At the same time, incomes of households who rent have not increased,[65] and the number of affordable units has decreased. Between 2000 and 2010, the District lost 51 percent of its affordable rental units and 72 percent of its affordable houses (see Figure 16).[66] Affordable rental units are now just 24 percent of the total rental housing stock, while affordable houses are only 17 percent of all homes.[67]

Figure 13

MANY RENTERS AND HOMEOWNERS FACE HOUSING BURDENS

Share of households paying 30 percent or more of income toward housing costs.

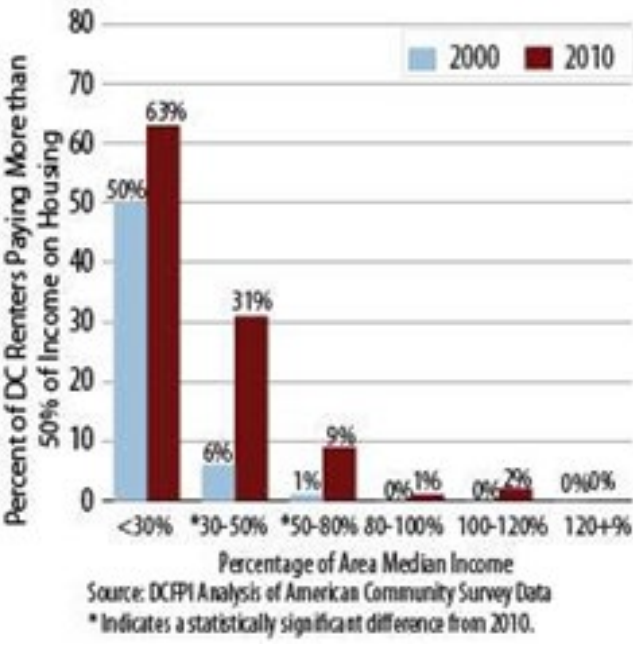


Source: DC Fiscal Policy Institute[68]

Figure 14

AFFORDABILITY PROBLEMS ARE GROWING AMONG MODERATE-INCOME RENTAL HOUSEHOLDS

Percent of DC Renters Paying More than 50% of Income on Housing



Source: DC Fiscal Policy Institute[69]

There is some affordable housing being constructed – DC government reports around 1,500 units created and around 1,800 in the pipeline as of early 2013.[70] However, it's not nearly enough to keep up with the demand, and is more likely to be at the high end of affordability – that is, affordable to a household making 50 to 80 percent of the area median income (AMI) – rather than the mid- or lower ends (affordable to households making 0 to 50 percent AMI), which is most needed. In 2013, over 67,000 people were on a DC housing authority waiting list for public housing or a housing choice voucher,[71] which is only partial indication of the level of need. DC's own housing plan calls for at least 19,000 new and 30,000 preserved affordable housing units before 2020.[72]

There are many reasons for these trends, including the national housing crash and the subsequent trend towards renting rather than owning a home, and the low-wage recovery (discussed above). Another trend is the movement of the millennial generation into central cities. DC is no exception to this trend – the District increased its share of the 25-34 year old age cohort by 21 percent between 2006 and 2011.[73] The people moving into DC, in addition to being younger on average than the existing population, are more likely to be White and to have a college degree.[74] This group is notable for its desire to rent in vibrant, mixed-use neighborhoods with access to transit. The market, in DC as elsewhere, is responding – both by building new, high-end multifamily rental and by renovating existing, more affordable, apartment buildings to capture this market demand.

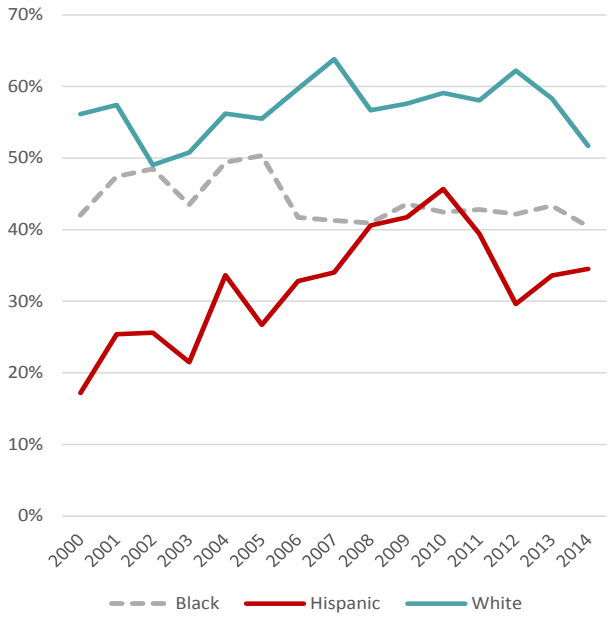
Another cost intimately tied to housing is that of transportation. Where you live dictates how far and how much you need to travel every day to work, school, childcare, and other basic needs. In the DC region, housing is generally less expensive the farther from downtown DC you are,[77] but transportation costs (and burdensome commute times) increase rapidly. The cost of housing and transportation together is measured in the H+T index, which pegs affordability at 45 percent of income. Figure 17 shows that even for the typical household, many areas require spending more than 45 percent of income on housing and transportation; the picture is even worse for moderate income households. It's clear that workers need both higher wages and more affordable housing and transportation options.

There is a trend in the region towards constructing higher density housing near transit hubs; from 2010 to 2012 80 percent of new housing units were constructed within a half mile of a Metrorail station.[78] However, this may only compound the problem for low-income families if that housing is not affordable – as the desirability and cost of housing near transit rises, low income households are forced to move farther and farther away, increasing their transportation costs and complicating their commutes. Low-wage workers in the region are already more likely to commute 50+ miles to their primary employment than high-wage workers (see figure 18).[79]

The need for affordable housing, both in the District and the region, is clear. Local governments throughout the region, but especially the

Figure 15

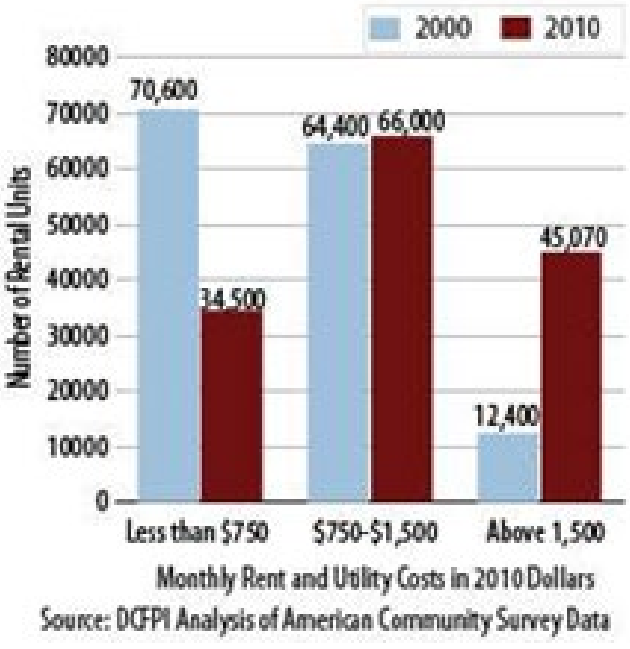
HOMEOWNERSHIP BY RACE IN THE DISTRICT OF COLUMBIA BETWEEN 2000 AND 2014



Source: COWS analysis of data from IPUMS-CPS, University of Minnesota, www.ipums.org[75]

Figure 16

DC HAS LOST HALF OF ITS LOW-COST RENTAL UNITS



Source: DC Fiscal Policy Institute[76]

Figure 17
HOUSING AND TRANSPORTATION COSTS AS A PERCENT OF INCOME IN THE DISTRICT



Source: CNT H+T Index[81]
Yellow areas represent places where the cost of housing and transportation is less than 45 percent of household income; blue represents areas where it is higher. The top map indicates affordability for a typical household making $84,424/year. The bottom map indicates affordability for a moderate income household, making $67,539/year.

Figure 18
SHARE OF LOW-WAGE WORKERS WITH COMMUTES OVER 50 MILES IS HIGH AND GROWING
Share of workers in the region commuting 50 miles or more, 2007 and 2011.



Source: DC Fiscal Policy Institute[82]

District of Columbia government, need to take the lead in creating enough affordable housing so that households of all income levels can live and work in DC and its suburbs.

This will require preserving existing affordable housing, creating new affordable housing, preventing displacement of families from vulnerable neighborhoods, and taking a regional approach to the issues of housing and transportation. Below, we discuss a range of policy and program options to accomplish these goals.

PRESERVE EXISTING AFFORDABLE HOUSING

Most affordable housing is created with some sort of subsidy; for decades the federal government has been the primary source of such subsidies. Unfortunately, federal funding only carries an affordability restriction—a requirement that the housing created remain affordable—for a certain time period. Units created with such funds have been "timing out" of affordability since the 1990s. Nationally, more than 1 million of these units reached the end of their affordability restrictions in 2013.[80] In addition to units "timing out," the burst of the housing bubble left many property owners struggling financially and has caused some landlords to go into default or foreclosure. Others have stopped investing in the upkeep and improvement of their properties.

In general, the cost of preserving affordable units is much lower than building new ones, even if the existing units require upgrading. In strong housing markets like DCs, preservation is often a way to retain affordable housing in areas where it would be hard to create new

affordable units. There might be, however, cases where preservation of units is not appropriate—for example, they may be so deteriorated that demolition is the only option. In that case, complete replacement at the same or deeper level of affordability becomes the goal. The District should place a high priority on preserving affordable housing, subsidized or not, throughout the District. Special attention should be paid to preserving existing affordable units that are near transit, which will keep the H+T costs for households down. DC should also prioritize improving the energy efficiency of affordable housing through building improvements and better maintenance to further lower costs for vulnerable families.

PREVENT UNNECESSARY DEMOLITION

The District should have a substantial interest in preserving existing affordable housing that is in good shape or can be rehabilitated. While DC currently requires building owners to comply with the Tenants Opportunity to Purchase Act before issuing a demolition permit, it should also consider a "no net-loss" housing policy, where developers would be required to replace housing units before demolishing any or to contribute the cost of doing so to the Housing Production Trust Fund. Minneapolis, Minnesota,[83] Los Angeles, California[84] and San Francisco, California have implemented such policies focused specifically on single-room occupancy, or SRO, buildings and residential hotels, requiring one-to-one replacement of residential hotel units before conversion or demolition can take place.[85]

If demolition cannot be prevented, landlords should be required to assist low-income tenants in finding suitable, affordable housing. For some, this may require case management—for others, financial assistance. San Diego, California, for example, requires building owners that want to convert units to condominiums, which can have the same effect on tenants as demolition, to provide relocation assistance equal to three months' rent when the city's rental vacancy rate is below 7 percent.[86]

SAVE 'TIMED-OUT' PROPERTIES

Many affordable housing properties that are built with government subsidies are only required to be affordable for a certain time period. The District cannot afford to lose this affordable housing stock, and the tenants in these properties do not deserve to be displaced. One tool to identify these properties is to require that all affordable-housing owners provide notice to the city and to each tenant before converting to market rate or to condominiums—a minimum of one year's notice. If a tenant's lease expires during the notice period, it must be extended until the end of the period. Boston, Massachusetts requires five years' notice to senior, disabled, and low- and moderate-income tenants with lease extension.[87] Notice laws are often coupled with the right of first refusal for the city, the tenants, or both. The Washington, DC, Tenant Opportunity to Purchase Act gives tenants 120 days after notice to negotiate a purchase of the property and another 120 days if a lending institution will certify that the tenants have applied for financing.[88] A more robust discussion of this program, and recommendations for its improvement, is below.

Outright purchase of existing affordable properties that are timing out or otherwise in danger of becoming unaffordable is usually not the first choice of local governments, but it should be considered. San Francisco, California has a comprehensive ordinance[89] that essentially gives the city right of first refusal on HUD-financed properties that are sold, and requires owners selling such properties to provide relocation assistance to low-income tenants who are displaced by a conversion to market-rate rents. Alternatively, government may partner with nonprofit affordable-housing providers to help finance a purchase. The Community Preservation Corporation in New York City, New York provides funding for affordable multifamily housing. While it is a nonprofit funded by financial institutions, it works closely with the city's Department of Housing and Preservation.[90] Portland, Oregon, in partnership with the state of Oregon and the MacArthur Foundation, is expanding a revolving loan fund dedicated to the purchase of at-risk properties.[91] The District should consider a program similar to these to purchase and rehabilitate affordable housing.

It's particularly important that DC protect the over 11,000 units of affordable housing created by the project-based Section 8 program, a federal program that contracts with private landlords to provide housing to very

low income households for between 20 and 40 years. Since the program started in 1974, the longest of the contracts are expiring now.[92] While landlords may renew the contract, once it's allowed to expire the subsidy is lost completely. The District needs to monitor these contracts, do what it can to get them renewed, or be prepared to devote resources to preserving the units as affordable.

MAINTAIN QUALITY AND AFFORDABILITY

The economics of property ownership and management are key to maintaining affordable rents for tenants. The District can improve the economic equation for property owners, but should only do so in return for improved conditions for tenants and neighbors, and a guarantee of continued affordability. Local governments can establish grant and loan programs to provide property owners with funds for rehabilitation or to refinance debt. Chicago, Illinois offers grants funded by tax-increment financing to owners of buildings with five or more units.[93] Los Angeles, California uses information gathered from its rental-inspection program to identify owner-occupied two- and four-unit buildings that need financial assistance for repairs. The program provides deferred loans and grants to owners for specific improvements.[94] The Mayor and Council should consider a grant or loan program aimed at owners of affordable housing units, and should attach strong tenant protections and affordability requirements to any assistance given.

PLAN HOUSING AND TRANSPORTATION REGIONALLY

The Metropolitan Washington Council of Governments in Washington, DC, adopted a series of housing goals in 2001[95] that identified the number of units needed to keep pace with job growth. It called for the establishment of a housing trust fund, emphasized the need to locate housing near transportation hubs and employment centers, and highlighted the preservation of well-distributed, affordable housing throughout the region. This kind of regional planning has the advantage of a comprehensive view, but it relies on individual jurisdictions to implement the majority of the initiatives. The District should continue to participate in strong regional planning initiatives.

City-level planning is essential as well. In 2012, the District created the second incarnation of the Comprehensive Housing Strategy Taskforce to help shape housing policy in the District of Columbia. The goal of the taskforce was to help city leaders ensure the creation of more affordable housing for residents. The taskforce provided recommendations in their report, *Bridges to Opportunity: A New Housing Strategy for DC*.[96] Its recommendations are generally good, and should be implemented. There is, however, more the District can do. In particular, while it lays out overall preservation and production goals for affordable housing units, the housing strategy lacks a detailed breakdown of what types of affordability are needed, what types of units (e.g. number of bedrooms) are needed, and what areas of the District are most in need of affordable units.

One clear recommendation in the report that should be especially emphasized is the need to identify opportunities to protect or create affordable housing near transit. This holds true throughout the region, and the DC government should work closely with the transit agency and surrounding local governments to ensure an ample supply of affordable housing around all Metrorail stations. This is particularly important during the creation of new transit, including the DC Streetcar, as real estate development tends to follow transit development, and the market will not maintain affordability on its own.

INCREASE AFFORDABLE HOUSING PRODUCTION

While preserving affordable housing is almost always easier and cheaper than building it new, the creation of affordable units is especially important for the District of Columbia, given how high the current need is. The balance between affordable rental and affordable homeownership is an important consideration. Nationally, there has for decades been a strong focus on ownership as the ideal, despite the fact that it does not make sense for every family and is not accessible to many. Another consideration is the location and type of housing created—size of building, number of bedrooms—in most cases a diversity of types is desirable, but the exact

balance should depend on existing housing stock. In addition, the level of affordability is important. DC needs to ensure the full range of options, from market rate to very low income; 30 percent of area median income or less. In this section we discuss tools that can help the District create affordable housing.

IMPROVE THE INCLUSIONARY ZONING POLICY

Inclusionary zoning, or IZ, policies require developers of market-rate housing to reserve a portion of the units they create for affordable housing.[97] IZ links the production of affordable housing to market-rate housing, expanding the supply of affordable units at no monetary cost to government and creates mixed-income housing throughout the jurisdiction. The DC policy covers any new construction project of ten units or more, and any renovation that expands the building by 50 percent or more, or adds ten or more new units. It exchanges a density bonus (the right to create more units that would otherwise be allowed) for making 8 to 10 percent of units affordable to households between 50 and 80 percent AMI.[98] DC's IZ law was passed in 2006, but not implemented until 2009, and didn't produce units until 2011.[99] It has yet to create a significant number of affordable units, but it's already apparent that it will not address the most pressing needs in the DC housing market – units that are affordable at 50 percent AMI or less. Only 15 percent of DC's IZ units in 2013 were targeted at 50 percent AMI households.[100]

The District should update its IZ policy to reflect the current housing market. In particular, the city should consider the following:

- Increase the required percentage of affordable units. The Boulder, Colorado, program begun in 1980 requires 20 percent of units to be affordable.[101]
- Reconsider the levels of affordability required. How many 80 percent AMI units does DC need? How many at 50 percent AMI? The IZ policy should be targeted to produce the types of units needed.
- Offer developers willing to produce very low (30 percent AMI) and low income (50 percent AMI) housing additional incentives. For instance, they could be allowed to meet a lower percentage of affordable units than those producing moderate-income units.
- The units should remain affordable for the longest possible time, preferably in perpetuity. Alternatively, the "affordability clock" could reset each time the unit is sold.

OTHER ZONING TOOLS

Inclusionary Zoning is only one type of zoning tool available to cities.[102] Cities can promote context sensitive density as a way to increase the availability of affordable units. Portland, Oregon, has identified pre-approved building designs of multiunit buildings for certain infill sites to further their housing goals. Accessory dwelling units, or ADUs, sometimes called "granny flats" or backyard cottages,[103] can be a way to increase density in existing neighborhoods. Several cities, including Seattle, Washington[104] and Portland, Oregon,[105] have changed their zoning codes to allow these units. Seattle has even identified a pre-approved floor plan to make the creation of these units easier. The District should examine its zoning code for ways to encourage affordable housing production.

INCENTIVES FOR DEVELOPERS

In addition to requiring the development of affordable units, local governments can use a variety of incentives to encourage the development of affordable housing. These are generally related to the development process, fees associated with it, the property tax, or the provision of municipal infrastructure. They should all require permanent or at least long-term affordability in return for the incentive.

DC should offer a selection of incentives carefully crafted to produce the types of housing that the market will not provide on its own. It should not offer or should discontinue incentives for types of housing the market is producing. Of course, any incentive offered should be in line with the transparency and community benefits recommendations in the next section, and should include job standards.

Many affordable housing properties that are built with government subsidies are only required to be affordable for a certain time period. The District cannot afford to lose this affordable housing stock, and the tenants in these properties do not deserve to be displaced.

In addition to levels of affordability, incentives can reward proximity to transit and employment, or provision of onsite services. The DC low income housing tax credit program proposed by the 2012 Comprehensive Housing Strategy Task Force is one such incentive. The District should consider carefully what to require in return for such a tax credit – such maximum long-term affordability, at the level of 50 percent of AMI or lower. Another way to reduce property taxes on affordable housing is to adjust the way they are assessed to account for the lower increases in rent, higher expense ratios, and lower resale values of affordable properties.[106]

Further, local governments usually have the ability to reduce or waive development or permit fees and requirements such as parkland dedication—or fees in lieu of—for affordable housing developments. These revenues are generally easier to forgo since they are one-time fees. This waiver can be leveraged to require long-term affordability by treating it as a deferment, with the fees due in full if the property transitions out of affordable housing. Flagstaff, Arizona, has a comprehensive incentive policy, which includes waivers for building permit, planning, and development-impact fees that are tied to the level of affordability produced.[107]

The District could also offer regulatory flexibility for affordable-housing projects. These projects, for instance, may receive expedited permitting or presumptive approval within a certain timeframe. Costly requirements such as parking minimums may also be waived, or regulations about lot sizes and setbacks may be reduced. The Flagstaff, Arizona, program mentioned above provides expedited review and flexibility on parking requirements for projects that are at least 20 percent affordable. Bellingham, Washington, offers a number of different types of flexibility, including waivers of minimum lot size, street frontage, setbacks, parking requirements, usable open space, and maximum lot coverage regulations.[108]

USE PUBLIC RESOURCES TO CREATE AFFORDABLE HOUSING

The critical component in both preserving and creating affordable housing is funding. Publicly managed housing requires both upfront construction funding and ongoing operations and maintenance support. Private projects usually require a public contribution in the construction or rehabilitation

phase but may also need operating support, particularly for supportive housing. Other costs that should be considered are site acquisition and predevelopment costs, and the cost of land. To that end, whenever a local government – in this case the District – has surplus land, affordable housing should be strongly considered as a use for that land.

Public Lands

In 2014, the DC Council passed a bill[109] that requires any private multifamily residential development on land sold or leased by the District to contain between 20 and 30 percent affordable units, with the higher level required for parcels close to transit. The units will need to be affordable to households between 30 and 50 percent AMI if they were rental, and between 50 and 80 percent AMI if they were owned. The bill allows the city to sell or lease the land at a discount to subsidize the affordable housing, but this should only be done when necessary, and should be considered an economic development incentive, as described below. The District should move swiftly to implement this policy and make sure that it is rigorously enforced. The Coalition for Smarter Growth details a number of additional recommendations for how to improve affordable housing production on public lands, including the working preferentially with experienced affordable housing developers, incorporating community plans and meaningful public engagement into the sale or lease process, and being transparent about the public and private benefits of each project.[110]

The Housing Production Trust Fund

DC, like many communities, has chosen to fund affordable housing through a trust fund. The District's affordable housing trust fund, called the Housing Production Trust Fund (HPTF) was created in 1988. The money in the fund is allocated via grants and loans for the construction or preservation of affordable housing. It cannot be used to create units targeted to households over 80 percent AMI, and is required to use 80 percent of it's funding for households under 50 percent AMI, and half of that for households under 30 percent AMI. While the HPTF can be used for both ownership and rental units it, over 80 percent of its allocations have been to rental units. Since 2001, the HPTF has created over 7,000 units and has leveraged over two dollars in private financing for every dollar awarded.[111]

Funding for it, however, has been an intermittent. The DC Council allocated $25 million to it in 2001, and in 2002 created a regular (if small) source of funding for it, dedicating 15 percent of the District's deed transfer and recordation tax. While dedicated funding is crucial to the success of the HPTF, the transfer tax only provides significant funding when the real estate market is hot, meaning that during a poor economy, funding dries up.[112] Over the years, the allocations to the HPTF have been cut, but the District's fiscal year 2015 budget contains another one time funding allocation, and also dedicated another source of funding – 50 percent of future year-end unrestricted surpluses once required reserves have been achieved.[113] Housing Production Trust Fund Baseline Funding Act of 2014 – states the Council's intention that at least $100 million per year be allocated to the HTPF, but it is non-binding and is not funded.[114] The District has also allocated other funds to support other affordable housing programs, including the Local Rent Supplement program, Permanent Supportive Housing Program and New Communities Program Debt Service payment.

Overall, the HPTF has been a positive force for affordable housing in DC – but it needs to be better funded. There is no shortage of ideas for increasing allocations to the HPTF. The DC Fiscal Policy Institute calls for setting an amount, rather than a percentage, of the deed transfer and deed recordation taxes or dedicating a portion of a more stable tax source, such as commercial property taxes.[115] The Brookings Institution suggested dedicating a portion of the taxes collected due to increased property values to the HPTF, a twist on the traditional tax increment financing structure, or increasing property taxes to support the fund (they are quick – and correct – to point out that any increase would need be offset by an increased housing tax credit for low income households).[116]

Other cities around the country have used a variety of mechanisms to fund affordable housing.[117] One option is special levies or bond issuances. Housing levies almost always require approval via a ballot measure and may be governed by state law as well. Housing bonds may or may not need voter approval but will be

governed by rules regarding debt issuances. Of course, bond proceeds must be paid back, usually from the general tax levy, and require the fiscal capacity to borrow, which DC is short on. Special levies and bonds may be tied to specific projects identified in advance, or may be held and allocated to projects over time. While these locally allocated funds can be powerful tools, they are also subject to the political climate. Voter approval may be a high barrier and may be difficult to achieve multiple times if reauthorization is required. Still, their flexibility and dedicated nature make bond issues and levies worth considering. In addition to bonds and levies, local governments may use other dedicated sources of funding to support affordable housing. One-time sources include air rights and proceeds from sales of municipal property. A tourism or hotel and motel room tax, is sometimes used by cities with a significant tourism industry that produces high numbers of low-wage jobs, to fund workforce housing.[118] A demolition tax or demolition permit fee is another option.

PROTECT RESIDENTS IN TRANSITIONAL NEIGHBORHOODS FROM DISPLACEMENT

As DC's population grows, and development increases, people are being displaced from the neighborhoods they have lived in for years. This displacement of low-income families and People of Color is real and increasing. Black families are continuing to move out of the District, and are being replaced by White people. For the first time in decades, Blacks are not the majority of the population. The District needs to support and preserve existing neighborhoods – not to keep them from changing or improving, but to make sure that current residents are not forced out by lack of affordable housing, or lack of living wage jobs. Everyone should benefit from developing neighborhoods, not just the newcomers.

TENANT OPPORTUNITY TO PURCHASE PROGRAM

The District's most important anti-displacement tool may be the Tenant Opportunity To Purchase Program. DC law requires landlords to offer the first right of purchase to tenants if they want to sell or demolish a building. This program provides low-interest loans to groups of tenants that want to take advantage of that right. This is an incredibly important preservation tool that helps prevent displacement from developing neighborhoods. Most of the buildings that receive this funding remain affordable for 40 years.[119] It also provides an opportunity for home ownership to many tenants for whom that would not otherwise be available. The program, funded mostly by the Housing Production Trust Fund and CDBG allocations, helped to preserve close to 1,400 units between 2000 and 2010.[120] Reductions in its funding have resulted in significant missed opportunities – of the 5000 rental units up for sale in 2012, only 35 units were preserved through this program.[121] As the DC Fiscal Policy Institute recommends, the District should ensure adequate funding to meet the demonstrated need for this program, and should make it more accessible to tenant groups pursuing a purchase by shortening loan turnaround times, offering bridge loans, increasing funds available for rehabilitation, increasing the caps on assistance for each unit, aligning the application and approval process to the first right to purchase timeline, and providing more technical assistance to tenant groups.[122]

KEY RECOMMENDATIONS

- *Expand on property tax reforms and prioritize low-and-middle income tax cuts*
- *Reconsider a Payment In Lieu Of Taxes program for large institutions that don't pay property tax*
- *Broaden sales and use tax base while using targeted exemptions*
- *Improve transparency and oversight of economic development subsidies*
- *Establish universal minimum standards for development subsidies*

Compared to economies across the US, the District has been incredibly resilient, already showing signs of a full recovery from the Great Recession. With little indication that growth will slow, the District is now seeing revenue exceeding pre-recession levels, increase in property values,[123] and rising wages.[124] However, the benefits of this growth are not reaching all District residents. Since 2008, wages for low-wage workers have remained stagnant and in many cases have dropped and unemployment rates for Hispanic and Black residents, and those without a college degree, have not returned to pre-recession levels.[125] Middle-wage and high-wage workers have experienced significant pay increases and unemployment rates among white residents and those with college degrees has seen an almost complete return to pre-recession levels. Moreover, despite being fairly progressive compared to many states and localities, the District's tax system tends to hit middle-income families hardest by requiring them to pay a disproportionate share of their income in taxes.[126]

In response, the District needs to expand its recent tax reform and economic development policy to fully recognize all its residents. District Tax policy should reflect a belief that all those living and working in the District have a responsibility to do their part. This means spreading the tax burden equitably, while recognizing that those who benefit more from the communities they work and live in may have to do more to help those with less. Also, it means ensuring that corporations and corporate executives are not avoiding their responsibility through tax exemptions and abatements.

Not only should the tax burden be distributed equitably among all residents and businesses in the District, but revenue collected should be used to benefit the District and its residents. To do this, the District should take steps to ensure that public funds benefit communities in the District by supporting projects that invest in and give back to them. Also, the District should ensure that it is getting a good return on its investment for any subsidy or tax break it gives to draw in business.

Vision: The tax burden in DC is shared equitably, and revenues are used to benefit the entire District.

RAISING REVENUE

At $2.2 billion, property tax makes up one of largest sources of public funds supporting District operations.[127] However, the property tax, as all flat taxes, is inherently regressive, as home values tend to represent a much larger share of income for middle- and lower-income families than for the wealthy.[128]

Because the District relies heavily on property tax revenue as a significant source of funding for services and operations, rather than making across the board adjustments, changes should aim to alleviate as much of the tax burden for lower income individuals as possible. Affordable housing in the District has dropped

dramatically since 2000, pushing many low- and-even-middle-income residents out of the District.[129] Using targeted exemptions and changes to the tax, the District can soften the blow levied on working families, while maintaining appropriate levels of revenue through tax on higher value properties owned by wealthier residents and corporations. The District has already taken steps toward providing the necessary assistance many working families need through establishing a property tax "circuit breaker,"[130] exemptions for elderly homeowners,[131] and protections for those who fall behind on property tax payments.[132] However, more can be done. Below are a variety of suggestions aimed at meeting those goals.

PROPERTY TAX REFORM

First, the District should limit property tax exemptions for businesses, typically given as incentives to relocate to the city or sometimes as part of tax increment financing, or TIF, districts. These subsidies shift the tax burden onto middle-class homeowners less able to afford it. In recent years, the District has focused on attracting tech businesses to expand the sector. As a result, Qualified High Technology Companies now have access to a variety of incentives, including TIF financing and tax abatements.[133]

It is not necessary to eliminate corporate property tax exemptions all together. Instead, exemptions should be limited in amount and application and tied to the actual community benefit provided (for more detailed explanation see the Transparency, Oversight, and Accountability section below). In the case of tech incentives, this may mean demonstrating that the business is producing high quality jobs for District residents.

Second, building off of the positive changes in the property tax made as of late, as part of its strategy to make property tax provisions more progressive in the future, the District should consider employing carefully targeted property tax relief while avoiding tax relief measures that make the system more regressive.

Figure 19
TAX TYPE AS PERCENT OF TOTAL GROSS LOCAL TAX REVENUES: 1997 - 2018

Tax Type	1997	2010	2013	2018 (projected)
Real Property	24.0%	37.0%	31.0%	33.0%
Individual Income	30.0%	22.0%	27.0%	27.0%
Sales	19.0%	20.0%	19.0%	19.0%
Business Franchise	5.7%	4.2%	4.9%	4.8%
Unincorporated Business Franchise	1.5%	2.3%	2.5%	2.6%
Deed	2.9%	4.2%	5.9%	5.0%
Estate	1.1%	0.8%	0.7%	0.5%

Source: DC Tax Revision Commission Final Report 2014[134]

In addition to raising the amount of the Homestead Deduction, the District can take steps to make it more accessible by explicitly extending the deduction to individuals who make a property their primary residence and pay taxes on that property, but who do not possess the legal title to the property, as well as making the deduction automatic by eliminating the application requirement.

After a recent expansion of the Schedule H "circuit breaker" Credit[135] and as property values continue to rise, the District should continue to keep the Credit up to date to maintain its effectiveness, reviewing it every few years to ensure adequate relief is provided for those residents who need it.

The District should maintain its current deferral programs.[136] However, because deferred payments must eventually be repaid, thus not changing the overall regressivity of the property tax, the District should look to other, more progressive tax systems and exemptions, with the goal of lessening the tax burden for low-and-middle income workers.

Each of the targeted options listed above is preferable to broad-based forms of property tax relief such as caps on rate increases, which at best leave the system equally regressive and at worst can exacerbate its regressivity. The District's 10 percent cap on assessments of a property value increase is no different. It is both poorly targeted and costly. The cap, in essence, amounts to a self-imposed restriction on the ability of the District to raise revenue. The cap, like all regressive tax mechanisms, largely benefits those who are most able to pay the tax, while doing little for low-and-middle income families. California's infamous Proposition 13 is the classic example and has left that state with an eroding school system and a 30-year budget crisis. The District should consider removing the cap, in particular on high value properties.

CLARIFY AFFORDABLE HOUSING TAX ABATEMENTS

The District should encourage affordable housing development by clarifying and disclosing the criteria used, beyond a Tax Abatement Financial Analysis,[137] to determine which developments will receive affordable housing tax abatements, including the Districts new Low-Income Housing Tax Credit (LIHTC).[138] Tax abatements are an effective way of encouraging affordable housing development and supporting not for profit development. However, the current process for granting abatements for affordable housing is cumbersome and inefficient. Moreover, this process can lead to funding projects offering limited public benefit, "while significant delays can occur in granting tax relief for affordable housing projects where abatements are clearly warranted."[139]

PILOT PROGRAM

The District is uniquely constrained in its ability to raise revenue, while simultaneously maintaining responsibility for both local and state government functions and services. The District is responsible for all the services normally performed by local governments, such as streets, police and fire protection, and recreation, but also performs many functions normally carried out by states, such as motor vehicle licensing, mental health services, and higher education. Also, because it is the capital of a large country with global responsibilities, its major industry, the Federal Government, dominates its economy and attracts large embassies, international institutions, and non-profit groups. This huge federal and federally-related establishment requires services but does not pay property taxes. The Government Accountability Office estimates that the services the City is required to provide, along with the City's high percentage of tax-exempt property and the Congressional prohibition of commuter taxes—that is, the fact that the city cannot tax the more than two-thirds of the income earned in the District that is earned by non-residents—create a structural deficit in the District's local budget of anywhere between $470 million and $1 billion per year.[140] Though Congress typically provides additional grants for federal programs such as Medicaid and the operations of the local justice system, those payments do not fully offset the deficit.

As such, it is important for the District to expand its revenue sources where possible. A payment in lieu of taxes, or PILOT, program would do exactly that. PILOTs are voluntary payments made by nonprofit organizations, utilities, or other units of government payments. While these programs aim to address

the costs associated with providing government services to these properties. If a PILOT program is fair, consistent, and developed transparently in collaboration with tax-exempt property owners, it can be an effective strategy to generate compensation for services provided to tax-exempt entities.[141] Using PILOTs revenue funds to cover services will free up other District resources that may be used to expand and improve upon city services, or perhaps reallocated to support low-income families. Moreover, PILOTs can be a vehicle for ensuring that anchor institutions, like the university campuses, hospitals and large non-profits, are giving back to the District. Specifically, financial agreements like PILOTs should include job standards and require anchor institutions to adopt the best labor and procurement practices modeled by the District.

Since 2000, at least 117 municipalities in 18 states have implemented some form of the PILOT program. They make the most sense in jurisdictions, like the District, that rely heavily on property taxes or have a large portion of property owned by tax-exempt property owners. Large urban areas collecting PILOTs include Baltimore, Maryland; Boston, Massachusetts; Philadelphia, Pennsylvania; and Pittsburgh, Pennsylvania; all of which meet the above description. Boston, Massachusetts' building stock, for example, is comprised of 52 percent tax-exempt buildings, including 30 colleges and universities, 25 nonprofit hospitals, and more than 20 cultural facilities. In 2011 the city revised its long-standing PILOT program and set a standard level of payment for all tax-exempt institutions owning property valued at more than $15 million. The payment is based on 25 percent of the property's value, from which 50 percent may be deducted for community benefits. In the first half of 2012, the program generated $9.9 million, 92 percent, of the requested $10.8 million.[142]

The DC Council recently considered implementing PILOTs in the District, but decided not to adopt the proposal. Not surprisingly, while the DC Tax Revision Commission considered whether to recommend the adoption of a PILOTs program, a variety of universities, hospitals, and other nonprofit organizations voiced strong opposition to the proposal.[143]

However, as was indicated to the Tax Revision Commission during consideration of adopting PILOTs, in FY2012 alone, the District lost property tax revenue on $83 billion worth of real property due to exemptions, which, removing federal government properties and assuming only 25 percent of eligible property is taxed, could generate $100 million in revenue under a PILOT system.[144] Based on the potential financial benefit PILOTs could offer residents, the District should reexamine the feasibility of PILOTs through in-depth research of the number and value of exempt properties, the value of benefits that nonprofit organizations bring and services that some organizations may already provide, e.g. police services on university campuses. With a clear picture of the range of services that universities, hospitals, and other nonprofit organizations provide for themselves, the District can offer credits against payments based on the value of the services. In addition, the city should offer credits against PILOT payments for organizations that provide actual benefits to the community. In addition, similar to the way in which the District may leverage its relationship with anchor institutions to increase job quality standards as discussed above, if the District chooses to revisit a PILOTs program, the program should also include clear job quality standards across employment portfolios for program participants.

PRIORITIZE LOW-AND-MIDDLE INCOME TAX CUTS

At an estimated 33.4 percent, or $2.3 billion, for FY2015, income tax makes up a significant portion of the District's operating budget.[145] The DC Council adopted several progressive changes to the income tax in the FY2015 budget proposal. These included: the creation of a middle-income ($40,000-$60,000) tax bracket at a 7 percent tax rate, which will eventually reduce to 6.5 percent; expansion of the Earned Income Tax Credit to include childless workers; and raising the standard deduction by nearly $1,000.[146]

Not only should the District maintain and expand the programs and credits above, but also instead of attempting to cut taxes across the board,[147] it should focus tax relief on those residents who need it most. Currently, business franchise tax is set to drop from 9.9975 percent to 9.4 percent. Although the DC Council decided to keep the tax rate on some of the highest earning residents ($350,000-$1 million), that rate will drop once funds are available to cover the cost. Also, a second income tax rate cut for business franchises

Figure 20
CHANGE IN THE NUMBER OF DC TAXPAYERS: 1997 - 2013

Income Group	Total Change in Filers			
	2012-2013	2010-2013	2003-2013	1997-2013
Below $10,000	3,002	7,593	2,374	(14,685)
$10,001 to $25,000	1,451	7,114	(3,179)	(10,321)
$25,001 to $50,000	1,341	4,275	2,492	11,024
$50,001 to $75,000	2,562	2,562	15,732	24,102
$75,001 to $100,000	1,910	5,418	12,598	16,809
Above $100,000	4,046	16,408	31,143	40,985
Total Increases	14,312	47,573	61,160	67,914

Source: DC Tax Revision Commission Final Report, FY 2014[148]

is third in line for implementation once funds become available, all of which are prioritized above further credits, deductions, and rate cuts of low-and-middle income workers.[149] These actions will only serve to make the District's income tax system more regressive, as well as forego an opportunity to build up the District's dwindling middle class and struggling low-wage workers.[150] Instead, the District should aim to adopt tax brackets with a margin between the lowest and highest rates that reflects the growing inequality in income.

TRANSPARENCY, OVERSIGHT AND ACCOUNTABILITY IN ECONOMIC DEVELOPMENT

In addition to thinking about how to strategically raise revenue, the District should exercise thoughtfulness and care in how it spends funds or foregoes revenue. The District consistently ranks low on transparency and disclosure in economic development, making it difficult to determine if public funds are being spent responsibly, and if District residents are getting what they paid for. The District subsidizes and incentivizes economic development projects through the use of public project development contracts, revenue bonds, PILOTs (similar to TIF bonds, PILOTs are currently used as installment payments on public funds paid upfront on economic development projects based on assumed increasing in property values), TIF bonds, District tax credits, grants, and property tax abatement.[151] For FY 2015, the Office of the Chief Financial Officer estimated the total cost of economic development subsidies at $908.9 million, not including over $467 million in previously authorized allocations from the capital budget.[152] Although the District spends the majority of economic development funds on contracts, usually involving capital projects, such as libraries and public schools,[153] it spends a significant portion - projected to be over $131 million in FY 2015 - on debt services for PILOTs, revenue bonds, and TIF bonds[154] - money borrowed by the District and handed over to the private sector. Abatements, credits, and exemptions account for the smallest amount, at a combined $55.5 million for FY 2015. Importantly, however, expenditures for abatements, credits, and exemptions are generally not administered through a

Figure 21
ECONOMIC DEVELOPMENT INCENTIVES IN FY 2015 PROPOSED BUDGET, BY TYPE

	Total Cost	Percentage of Total
Total	**$908,915,865**	**100%**
Expenditures on Contracts[1]	59,129,766	61.5%
Grants	162,641,959	17.9%
Payment in Lieu of Taxes (PILOT) Financing	14,681698	1.6%
Revenue Bonds[2]	74,180,064	8.2%
Tax Abatements and Exemptions[3]	35,841,828	3.9%
Tax Credits (District)[3]	19,636,000	2.2%
Tax Increment Financing (TIF)	42,804,550	4.7%

Notes : 1. Includes school and library capital projects
2. Includes Ballpark, Convention Center and Housing Production Trust Fund bonds
3. Estimate of total foregone tax revenue.
Source: DC Office of the Chief Financial Officer[155]

specific agency, so they can be hard to track.[156] The District also utilizes land swaps, trading public property for private property to encourage development and better locate public buildings. These land swaps are not included in economic development reports and are difficult to assign a specific value to, making accountability difficult.[157] Finally, the District sells and leases public land to developers for various types of projects.

The District has consistently struggled to maintain effective transparency, disclosure, or accountability measures. In fact, a 2010 audit revealed that first source hiring requirements were not adequately monitored, and "only 4 of 16 projects … met or exceeded the goal of hiring 51 percent of District residents," and all failed to implement living wage requirements.[158] Not surprisingly, the year following the investigation, the District mandated the publication of a Unified Economic Development Budget (UEDB), requiring disclosure of companies receiving subsidies, the type and amount of subsidy received, and the location of the subsidized property.[159] Disclosing who is receiving subsidy funds through the UEDB is a significant first step to ensuring District residents are receiving a good return on economic development subsidies. However, in order to ensure subsidies are benefiting District residents and developers are meeting their obligations, the District should focus on strengthening enforcement of current subsidy requirements, such as first source hiring, and develop others.

SET MINIMUM STANDARDS FOR SUBSIDIES

In a first step toward effective subsidy oversight, the District should clearly state their expectations for the benefits that subsidies will generate. Moreover, the District should adopt minimum standards applicable to every subsidy recipient. This is a model used by the Austin, Texas Economic Development Department.[160] At a minimum the standards should include:

- Being licensed and otherwise certified to complete work
- Compliance with prevailing wage standards for job classifications for which prevailing rates exist and with District's Living Wage standards for all other jobs (applicable to direct contracts as well as subcontracts and tenants)
- Strong local or first source hiring requirements
- Goals for minority and women-owned businesses as contractors and subcontractors on subsidized projects
- Commitments to create or fund affordable housing units if qualifying for real estate subsidies
- Good workplace safety records

Jersey City, New Jersey is another good example for minimum standards on tax abatements. In 2013, Mayor Steven Fulop issued an executive order aligning tax abatements with city priority development. The order clarifies baseline standards, including labor standards, efforts to attain a representative workforce, targeted contracting goals, contributions to the affordable housing trust fund and additional specific requirements depending on location.[161]

INCENT GOING BEYOND THE MINIMUM

This process should create incentives for going beyond the minimum, a system whereby contractors meeting certain criteria receive preference. There would be basic requirements to participate in the program, and then preference would be awarded based on hitting certain targets above and beyond the minimum. Criteria for a program like this in the District could include:

- Total number of jobs to be created by project or company, or jobs created per dollar spent
- Commitment to hire from disadvantaged communities, such as ex-offenders
- Meeting green building standards, such as LEED platinum
- Providing paid sick leave, health insurance, and other benefits to workers
- Location of the project in a targeted area, for example proximity of the development to transit, or provision to add transit to the area
- Demonstrating that workers are provided continuing education opportunities
- Being part of a targeted industry or cluster
- Commitment to create full-time jobs and/or to maintain these jobs for a certain period of time

These standards should be developed with community input, leading to something like Seattle's High Road Agreement that governs its residential retrofit program.[162] Austin, Texas has similarly recommended a floor plus incentives program for contracting.[163] The benefits of a negotiation process include a higher likelihood of contractor participation, less resistance from program partners, and deeper understanding of the agreement. Having an agreed-upon set of standards that is uniformly applied will increase compliance and decrease the cost of project- by-project negotiations.

ENSURE COMMUNITY BENEFITS

A criterion that should be included in evaluating applicants for District subsidies is whether they have negotiated a strong community-benefits agreement (CBA) with authentic representatives of affected communities. These agreements should prioritize benefits to low-income residents and communities. Los Angeles was a pioneer in developing and extending the CBA model. In the past decade, model CBAs have been negotiated between developers and community coalitions in many US cities, including Pittsburgh, Pennsylvania; New Haven, Connecticut; Denver, Colorado; Atlanta, Georgia; and San Francisco, California. In order to ensure transparency and a level playing field, the best approach is for the District to set baseline standards with respect to wages, benefits, local hiring and other requirements and then look to community

representatives to negotiate for neighborhood specific needs and amenities, such as provision of playgrounds, particular affordable housing needs, or cultural spaces such as theaters.

The District is uniquely constrained in its ability to raise revenue, while simultaneously maintaining responsibility for both local and state government functions and services.

REQUIRE ONLINE INFORMATION AND DATA DISCLOSURE

The District has taken steps to providing online data disclosure and data for much of the disclosures suggested below should be readily available, but more can and should be done. It should require the maintenance and disclosure of data related to development. The District should set policy requiring that data related to subsidies and budgeting, development location and type, and development outcomes be maintained and displayed through a single online central access point, provided aggregated data in an accessible format. The data should also be archived to allow for comparison and analysis for goals and development trends. The data should include:

- Basic subsidy recipient info, including actual dollar amount for subsidy received.
- Subsidy commitments
- Subsidy outcomes
- Related job creation outcomes
- Budgeting/subsidy process
- Breakdown of resource allocation, including project type
- Location of all projects
- Project breakdowns, including likely neighborhood/community impact

One successful example is Austin, Texas. Austin's site lists each development subsidy recipient and the amount of subsidy awarded, in addition to a flow chart outlining the subsidy approval process.[164] The site also provides access to the original subsidy agreements and the City Council resolutions awarding each subsidy, all in a single user- friendly table. Users can also download annual compliance reports required for each subsidy recipient and an independent auditor's compliance report for the company,[165] as well as access Austin's annual development reports.[166] The site also offers explanations and documents, including plans, to all the city's development programs[167] and related services.[168]

EXPAND ANNUAL REPORTING

DC should expand on the current requirements for the UEDB by not only providing an overview of economic development, goals, accomplishments, and future projects, but also providing a detailed explanation of where public money was used and what benefit those projects provided.

SUBSIDY CLAWBACKS

In order to protect against the risk[169] often associated with public subsidizing of development, cities can require subsidy clawback provisions for every agreement. Clawback provisions are clauses in both the law that establish a subsidy program and the individual contracts for subsidies that authorize governments to recover distributed resources if recipients do not fulfill the conditions set out in their subsidy agreement. Clawback provisions have grown more common over the past 20 years but remain focused at the state level and limited in their effectiveness.[170]

Clawback provisions should be robust and provide real incentives for compliance. This requires a number of steps:

1. Companies must be forced to report outcomes regularly;
2. Governments should independently verify output data;
3. Penalties must be consequential and credible but may come in varied forms:
    a. Subsidy recaptures that recoup previously allocated subsidies;
    b. Subsidy recalibration that allows for a downward adjustment on the value of future allocations; and
    c. Subsidy rescissions that allow for termination of an agreement at any point in time and cancellation of future payments.

Because clawback provisions are only useful if applied when necessary, the District should be required to disclose when they are enforced; the District can structure subsidies to completely avoid the need for clawback provisions through pay-for-performance structures similar to those used in traditional contracts.

Albuquerque, New Mexico, is one of a number of American cities that has become more active in its oversight and enforcement of subsidy performance. In 2002, two years after Philips Semiconductor received a subsidy package providing nearly $400 million in financing from the state of New Mexico and the city of Albuquerque, it closed its microchip plant. This financing, however, was the first subsidy to fall under the city's revised financing policies. Despite the fact that the taxing authority lay with the state and that clawback provisions were not in the state legislation, the city was able to demand money from Philips because it had passed a more stringent ordinance on the industrial revenue bonds it was allocated.[171] The city won back $13 million in tax exemptions.

One thing to note is that the use of widespread exemptions undermines the policy's effectiveness. If unforeseen circumstances like an economic downturn compromise a company's ability to generate the economic benefits promised in the time anticipated, clawback provisions may only worsen their financial position. An alternative to offering an exemption is to negotiate a grace period for achievement of economic goals under extenuating circumstances. This way, companies are held accountable, but are also able to survive unanticipated crises.

APPLY A "BUT-FOR" ANALYSIS WHEN AUTHORIZING TIF BONDS

While Tax Increment Financing (TIF) is a useful and important tool for development in the District, misuse may undermine its effectiveness. It is possible that TIFs may be misapplied to incorrect development types or given for development in prime areas that would not have otherwise needed the subsidizing for development to occur. For the District, this means making sure that each TIF bond issued clearly meets the requirements laid out below.

The DC code authorizes the issuance of TIF bonds and provides a cap on the bonds of $500 million.[172]

While Tax Increment Financing (TIF) is a useful and important tool for development in the District, misuse may undermine its effectiveness. It is possible that TIFs may be misapplied to incorrect development types or given for development in prime areas that would not have otherwise needed the subsidizing for development to occur.

In order to be eligible for TIF, a developer or development sponsor must submit an application,[173] upon which the CFO will base the decision of whether or not to certify the project. When reviewing a project proposal, the CFO is required to consider whether:

1. it is financially feasible;
2. it will likely result in a net increase in the taxes payable to the District;
3. it is consistent with the Comprehensive Plan and will achieve development priorities identified in the Comprehensive Plan;
4. it's total anticipated benefits, including public benefits as well as financial benefits, exceed the anticipated costs to the District;
5. an allocation of the it's real property tax increment revenues and sales tax increment revenues will compete with or supplant benefits from other sources or by other means which are otherwise available for the project on reasonable terms and conditions; and
6. the project is one of special merits and there is a reasonable probability that the special merits of the project will not be achieved without the TIF allocation.[174]

Although, the current considerations include analysis into whether a proposed project would be possible without TIF funding, the analysis is not required for the CFO to certify TIF funding and, in fact, it is often ignored. The District should expand these requirements by amending consideration (6) listed above to explicitly require a "but-for" analysis and requiring that consideration (6) must be met for the TIF to be issued, regardless of whether the CFO has found the project to be one of "special merits". Applying a "but-for" analysis for each subsidy would require the CFO to affirmatively find that the development would not have otherwise occurred but for the public subsidy before certifying the project to the District Council. As a final step, the Council should consider and approve only those projects that have clearly met the "but-for" standard. Taking these steps will ensure that his ensures that the public funds are being directed to those areas where they are most needed.

KEY RECOMMENDATIONS

- *Expand transit routes for underserved areas of the city and inner suburbs*
- *Expand transit hours of service to better serve second and third shift workers*
- *Increase the frequency of bus service*
- *Expand employer-based transportation demand management (TDM) programs that prioritize transit and expand TDM requirements to private property owners and developers*
- *Build complete streets that ensure safe bicycle and pedestrian routes between transit hubs and to work centers*
- *Pay better attention to housing and equity issues as part of existing transportation-oriented development efforts*
- *Integrate transportation and land use planning*

Transportation is a critical link to opportunity, connecting people to jobs, schools, affordable housing, health care, grocery stores, and more. For many Americans, mobility can make all the difference in their ability to meet basic needs, participate fully in community life, and connect and contribute to our national economy. Modern, well-funded transportation systems that provide service for workers of all types, including second and third shift workers, and connect all neighborhoods with employment centers, can spur economic growth and tap into human potential.

On the other side of the coin, lack of affordable, reliable, and efficient transportation options is one of the most common challenges for low-income workers and job seekers, and, by extension, their employers. Americans allocate an average of 18 percent of their household spending on transportation and the poorest one-fifth of families spends more than twice as much as the average.[175] In the Washington metro area, households earning between $20,000 and $50,000 per year spent almost one-third of their income on transportation.[176] The highest transportation costs are for those workers who commute by car. In addition, emissions from transportation are a substantial portion of total GHG emissions from a city. Public transportation can be a cheaper, more sustainable option, but millions of workers lack access to buses and trains. In addition, the routes often do not efficiently connect workers from their homes to their jobs (and stops in between such as child care). Furthermore, state and local budgets for public transportation are consistently under threat. Improved and expanded public transportation is an important part of the solution to help low- and moderate income workers get to work and help employers get access to the workforces they need.

THE WASHINGTON, DC TRANSPORTATION SYSTEM

Overall, Washington DC has both significant transportation assets and major transportation challenges. On the plus side, Washington, DC, benefits from a robust transit system, incorporating both the Metro rail and an extensive bus system that serves the surrounding suburbs of Maryland and Virginia.[177] Thirty-seven percent of Washington-area commuters take public transportation to work, the third-highest rate in the country[178] and a recent study ranked Washington, DC fourth in the country in terms of accessibility of jobs by transit.[179] An additional 12 percent of DC commuters walked to work, 6 percent carpooled, and 3 percent traveled by bicycle in 2010.[180]

On the other hand, increasing demand for transit and the aging of significant pieces of the public transit infrastructure presents an ongoing financial and logistical challenge.[181] In addition, the rapid increase in housing prices in downtown Washington has forced middle- and lower-income families further and further into the suburbs, where they face longer and more expensive commutes to jobs. With the majority of workers

in the city commuting from outside of the District, the city still struggles with traffic congestion on its principal arterial roadways. According to a 2010 study, Washington-area commuters spent 70 hours a year in traffic delays, which tied with Chicago, Illinois for having the nation's worst road congestion.[182]

Vision: An environmentally-friendly, regional transit system provides service for workers of all types, including second and third shift, and connects all neighborhoods with employment centers.

WORKFORCE TRANSPORTATION ISSUES

Working-class Washington residents in particular face significant transportation challenges. The affluent northwest suburbs along the Metro Red Line and Orange Line into northern Virginia have significantly higher accessibility scores than the poorer neighborhoods in northeast and southeast DC. Currently, there are some neighborhoods of the city not served at all by Metrorail: Georgetown, Bolling Air Force Base, much of Northeast DC, parts of Anacostia, portions of the city's western edge, and parts of the northern section of the city are more than a half-mile away from a Metro stop.[183]

With increasing home prices in downtown Washington, many lower-income families are choosing—or being forced—to live in farther-flung suburbs. While sub- and ex-urban Virginia and Maryland offer lower-cost mortgages and rents, such relocation leads to longer and more expensive commutes to jobs, which are largely still in the center city. Average travel time to work is longest in the outer-ring suburbs. The areas with the greatest increases in mean travel time in recent years are Prince William, Fauquier, and Charles counties. Workers in Charles County now commute an average of 40.4 minutes to work, up 5 percent from 2007. [184]

One in nine low-wage workers in the Washington DC metro area travels more than 50 miles to get to their primary job, compared to one in 13 high-wage workers.[185] Long commutes exact financial as well as human costs. In Fauquier, Spotsylvania, Frederick, and Prince George's counties, the average housing and transportation costs exceed 45 percent of those counties' median incomes. Three of these four localities are in the outer suburbs of Virginia, despite median relatively affordable housing costs, high transportation costs still render these areas unaffordable.[186] In the inner-ring suburb of Prince George's County, low median family incomes are insufficient to cover housing and transportation, despite transportation costs being somewhat lower.

One problem often seen with public transportation systems is that the routes and services cater more towards "choice riders" than "core riders." Choice riders are people who have access to other modes of travel besides public transit but may choose public transportation because of convenience or lower cost. Core riders are people whose only means of travel is public transit.

DC's labor force is largely split between two groups of workers: white-collar professionals and workers in the service industry that supports them. Many service industry workers such as office cleaners and custodial workers, security guards, and food industry employees (who often must arrive many hours before establishments open their doors in order to prepare) are more likely than most to be required to commute at off-peak times. The fact that the DC metro is shut down from midnight to 5am every workday (and until 7am on weekends) is obviously problematic for that sector of the workforce. Many of these workers may be transit dependent, i.e., may not have the option of an automobile, while even those who own a car could still save considerably if transit service were available.

EXPANDING TRANSIT

The primary solution to the workforce access problems outlined above is clearly expanding public transit, both in terms of its reach into currently-isolated parts of the region, and in terms of extending hours and increasing train/bus frequencies.

One key element of building out and connecting the metro transportation network is to improve cross-system connections to DC's rail service. DC's transit system is focused on hub and spoke rail service. Many of the service-sector and low-wage employees living and working in the DC area live between the spokes of this system. The lack of direct connections between Washington's neighborhoods adds to residents' commute times and contributes to crowding on the city's main metro lines. While still inside the Beltway, many of the inner ring suburbs also lack transit connectivity between these spokes. Buses currently weave together the radial transit system (rail/subway) but frequency and reliability is significant challenge. Increasing bus frequencies to 5 minute peak headways and 10 to 15 minute off-peak headways will improve the usefulness of the bus transit system. WMATA has developed a plan for a network of enhanced bus routes (the Priority Corridors Network, or PCN) that, because of the multi-state nature of the Washington region, uses state arterial roads to carry transit service, but this system is still in the process of being implemented.[187]

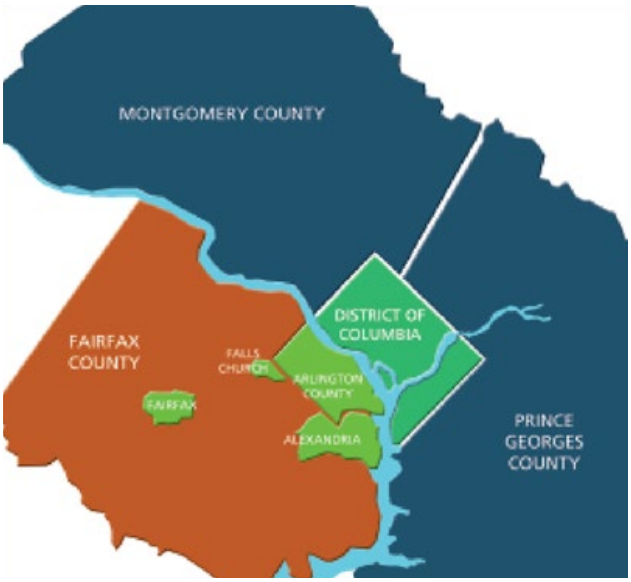
Since it is extremely expensive to add new underground rail lines in the District, the city and WMATA should also work together to plan transit alternatives. The DC Circulator bus service, a joint project of the National

Figure 22
METRORAIL FACILITIES BY POLITICAL JURISDICTION

Jurisdiction	Miles*	Stations
District of Columbia	38.30	40
Maryland		
Montgomery County	18.43	11
Prince George's County	19.86	15
Total Maryland	38.29	26
Virginia		
Alexandria	6.11	3
Arlington	12.19	11
Fairfax County	11.17	6
Total Virginia	29.47	20

Source: WMATA[188]

Figure 23
METRO AREA TRANSIT ZONE



Source: WMATA[189]

Capital Planning Commission, the District of Columbia Department of Transportation (DDOT), WMATA, and the DowntownDC Business Improvement District provides downtown bus service and provided over 4.8 million trips in 2010, is one example of a highly successful intra-city transit alternative.[190] Other alternatives are outlined in a 2005 plan called the District of Columbia Transit Improvements Alternative Analysis (DCAA). Together, these public transportation alternatives are meant to serve neighborhoods not currently accessible by Metro, ease travel time from one neighborhood in the city to another, and supplement the capacity of the WMATA system.

However, any expansion of transit or transit alternative obviously entails both increased capital and operating costs. For instance, the 2005 DCAA plan described above estimated a total capital cost of $851 million for implementing the full plan. And given the transit agency's funding limitations for capital projects, the District cannot expect that WMATA dollars allocated to District-specific projects will cover all of the costs of implementing a transit plan and should budget accordingly.

One key strategy for convincing local and federal authorities to allocate more funding is to coordinate with employers to make the argument for greater off-peak frequencies. For instance, the transportation system expansion in Maricopa County, Arizona was undertaken largely with the goal of improving the jobs and economic outlook of the community. According to one of the architects of the expansion, a main reason why policymakers finally agreed to expand a multi-modal transportation system (funds were used to build light rail, increase bus service, and improve freeways) was the support of Arizona's business community, which saw the planned expansion in terms of workforce accessibility and economic development.[191] At the urging of business leaders, the metro governance association conducted a comprehensive transit needs assessment survey which drove the ultimate shape of the expansion.[192] Both WMATA and transit advocates should consider increasing their efforts to work with employers to identify where service sector employees reside, and then provide these employers with talking points for working with legislators to get funding for improved service.

Such an approach is undergirded by extensive data demonstrating the widespread beneficial economic impacts of investments in public transportation.[193] For instance, the DART Rail System in Dallas, Texas, which has expanded rapidly in recent years, has created an estimated total $4.26 billion in projects that are attributable to the presence of a DART Rail station since 1999.[194] Such increases in value also point to the potential of value capture tools to help fund transit expansion, including enhanced TIF policies that take into account the effect of a TIF on other taxing districts outside the sponsoring jurisdiction;[195] air rights conveyances (which the District has admittedly been one of the leading users of in recent years);[196] and use of Special Assessment Districts (SADs), Business Improvement Districts and Local Improvement Districts.[197]

Needless to say, federal funding is a crucial part of the picture in any planned transit development as well, both in providing ongoing support for capital costs through transit formula funds, but also in funding for transit expansion through earmarks, grants, and competitive funding opportunities such as the (recently sunsetted) federal Transportation Income Generating Economic Recovery (TIGER) grants. Strategically leveraging federal funding sources, DART managed to build the nation's longest light-rail network while three-fourths of its revenue sources remained stagnant.[198]

Grassroots organizations can also play a key role in helping create better transit systems for the community. For instance, grassroots organizations representing diverse groups of people ultimately persuaded New York City council members and legislators to support a resolution supporting Bus Rapid Transit to improve the home-to-job commute.[199]

TRANSPORTATION DEMAND MANAGEMENT (TDM)

Expanding the local transit system generally both entails substantial costs and—in the Washington, DC area—requires inter-jurisdictional cooperation. A relatively affordable method for easing congestion and increasing transportation options for commuting workers—and one that the City can undertake on its own

Figure 24
SHARE OF LOW-WAGE WORKERS WITH COMMUTES OVER 50 MILES IS HIGH AND GROWING



Source: DC Fiscal Policy Institute[200]

volition—is transportation demand management (TDM). Employer-based programs such cash in lieu of parking, subsidized transit passes, carpool coordination, bicycle parking and showers, guaranteed rides home, and flexible work schedules are effective and often the easiest to implement. Most of these strategies have the potential to reduce commute times and/or reduce transportation costs (which, as noted above, tend to constitute a far greater percentage of household expenses for lower-income Americans) for employees.

The DC government can take the lead by implementing these programs for municipal employees as well as working with local employers to set up citywide programs. Cities should also consider imposing TDM requirements on property owners and developers. In Washington, DDOT recently commissioned a study to address the fact that current development policy "lacks a systematic approach and process within DDOT and all District agencies for integrating Transportation Demand Management (TDM) policies as a way of meeting the District's goals of reducing auto trips and accommodating travel through the complete transportation network" and came up with 14 recommendations, ranging from increasing outreach and advocacy to developers to encourage voluntary adoption, to the need for new regulatory and zoning requirements on developers to formalize TDM strategies.[201]

COMPLETE STREETS

The City can also take steps to improve transit access for workers external coordination or approval is strengthening its complete streets policy and ensuring safe and well-lit pedestrian connections to transit. In general, cities should adopt a complete streets policy that requires all new

roadways and any substantial reconstructions to accommodate all modes of transportation. Every transit user must cross the street at least once per day—from one side of the street to the other to access routes—so it is especially important to have good pedestrian connections in major transit corridors to encourage and facilitate transit use. For instance, a recent study by WMATA concluded that a "well-lit, safe pedestrian path" at one Metro station could expand the "walkshed" (meaning the area from which transit riders were likely to walk to the stop) for that station by up to 1,200 additional households, possibly generating enough additional fare revenue to entirely fund the construction of the trail.[202]

Accommodation of all modes of transportation is important when planning for new commercial developments or major renovations as well. Municipal governments can use zoning and land use codes to ensure that new commercial, industrial, and residential developments provide accessibility for multiple modes just as they do on public roadways. By using consistent zoning standards that promote multi-modal travel, local policy makers can communicate their expectations and yield consistent results from developers. Specifically, cities can, in their zoning and building codes, require the construction of continuous sidewalks adjacent to large developments and ensure connectivity to building entrances for safe pedestrian access to businesses.

While the District's current complete streets policy is relatively strong, it lacks clear guidelines for working with other public and private parties, and is lagging on implementation.[203]

TRANSIT-ORIENTED DEVELOPMENT AND EQUITY

Finally, to improve access to jobs in the city core for working-class residents, Washington, DC should pay better attention to the equity issues raised as part of its use of transit oriented development (TOD). While the District has done an excellent job of promoting TOD, with dense residential and commercial developments near new Green Line metro stations and the new Silver Spring metro stations, it has done less well at stemming the rapid-fire gentrification of neighborhoods around transit hubs, and the general forcing of working-class residents out of the area.

This is a typical conundrum with TOD: the very attractiveness of being close to transit may raise the value of property enough to push out those who have fewer alternatives to transit.[204] Studies have shown that investments in transit and associated infrastructure often lead to an increase in property values and taxes that results in gentrification, which reduces the amount of affordable housing available. Because core transit riders are predominantly People of Color and/or low income, this raises concerns both about equity and about the success of new transit investments in attracting desired levels of ridership.

Successful TODs provide robust transit service, foster local commercial development, and successfully preserve housing opportunities across the socio-economic spectrum.[205] New guidance from the FTA gives preference to projects that serve transit-dependent persons and evaluates plans and policies based on the tools in place to preserve or increase the amount of affordable housing in the project corridor.[206] Some of the tools that are encouraged include inclusionary zoning, density bonuses for affordable housing, and affordable housing trust funds. Inclusionary zoning, discussed above, can be used to ensure that transit-dependent people benefit from TOD. Density bonuses are another tool to ensure affordable housing near transit centers allowing developers to build more housing units, taller buildings and provide more floor space than normally allowed in exchange for the number of affordable housing units included in development.[207]

"Not all of us can afford to have a family car or constantly pay for taxis to get to or from work on time. We need better public transit options."



JUDITH HOWELL

Judith works as a security officer in a commercial office building in DC's NoMA district.

"Traveling to and from work is a daily struggle. In my experience, there are very few buses that travel through my neighborhood, especially late at night. The few buses that do don't come often. I have to take a bus, to the train, to the bus to get to work and this takes me up to an hour or hour and a half. If there is a delay on my bus or train, I might miss my connection and this can result in my being late and having to pay for a cab.

This impacts my co-workers. I start my shift at 10:45PM. When there are delays on the bus and I'm late arriving to work, this makes getting home very difficult for my co-workers. Often, the public transportation managers will alter the bus and train schedules to accommodate sports and entertainment venues attendees without any prior notice leaving people, like me, who have to start a late night shift with serious delays. Also, if the wheelchair ramp malfunctions or if someone makes a disturbance on the bus or if there is a traffic jam, I will probably be late for work. This is trouble for the person who ends their shift at 11:00PM and has to scramble to make the last bus or train home. Often my co-workers miss the bus and have to call a cab or a family member to pick them up or make a long and dangerous walk home.

The District needs to create late night bus and transit options that are considerate of the needs of service workers like me. Waiting for the bus or train, I talk to cleaners, restaurant and fast food workers, home health care aids, hotel workers, parking lot attendants and other service workers who have the same frustrations. Not all of us can afford to have a family car or constantly pay for taxis to get to or from work on time. We need better public transit options."

PUBLIC ENGAGEMENT

KEY RECOMMENDATIONS

- *Ensure that the city staff and appointees who have a decisive role in the land use process are aligned around a vision of equitable development*
- *Make sure small area action plans are created with meaningful public input from impacted neighborhoods*
- *Elevate the role of the entities that are accountable to DC residents, which includes the DC Council and Advisory Neighborhood Commissions, in the land use process.*
- *Improve community engagement processes in land use decision-making processes by hiring professional community engagement staff and partnering with existing organizations with ties to various constituencies.*

In line with the vision articulated in the 2006 Comprehensive Plan, the District is redeveloping rapidly. Land owned by the District and federal government is being made available for private development. Residential and commercial development along transit corridors and the waterfront is changing the physical and demographic makeup of the Wards. This transformation is having a substantial impact on existing communities, entrenching racial and economic segregation and driving displacement of lower income communities of color. To ensure that community development and revitalization is not happening on the backs of workers, the District must act to ensure that a broad range of community voices are integrated and centralized in the land use and development process. Toward this end, the District must exercise every tool it has to incorporate community engagement. Every entity that has decision-making power or influence in this process should ensure that they are held accountable to the vision of development that is equitable and inclusive.

Vision: Residents have meaningful input into land use decisions both directly and through ANCs and the Council, especially in transitional neighborhoods.

REPRESENTING THE PUBLIC IN LAND USE DECISIONS

The land use decision-making process in the District of Columbia is unique in many ways. As the capital district of the country, the Federal government has substantial involvement and oversight over land use decisions. Land use policies, such as the Height Act, are under federal jurisdiction and decision-making bodies, such as the Zoning Commission and Board of Zoning Adjustment, have federal representation on them, with their decisions being subject to review and approval by the National Capital Planning Commission, a federal planning body.

Further, unlike many major cities, the District does not have a planning commission, a central body that ensures the District's land use decisions are in line with the Comprehensive Plan and are made with sufficient participation by all stakeholders, including residents, Councilmembers, labor, environmental, community groups, and metro area partners. Instead, the DC Home Rule Act designates the Mayor as the District's central planning authority. As a result, the Mayor has an outsized role in the land use process through various entities, namely the Deputy Mayor of Planning and Economic Development, the Office of Planning, and the mayoral appointees on the Zoning Commission and Board of Zoning Adjustments.

Oddly, the DC Council's role in land use decisions is substantially more limited compared to other cities. City councils are often the most democratically representative bodies at the local level, as Councilmembers are accountable to their constituents. They balance their ties to specific local communities—i.e. Wards in DC—

with their responsibility to advance the economic, social and physical development of the city as a whole. For this reason, in many major cities, Councilmembers play a decisive role in the zoning process to both ensure that the interests and voices of impacted communities—their constituents—are central to the land use process and that new development is in line with their city's vision for development. We see this in New York City, where Council approval is required for most projects seeking zoning relief. This intervention allows for the representative body to champion the concerns of impacted communities and ensure they are at the table when land use decisions are being made. Without the DC Council playing this critical role at a time when the District is undergoing significant redevelopment, there is the urgent need for meaningful and substantive community engagement in the land use process in the District.

Absent any structural changes in the land use process (like creating a planning commission), a greater effort must be made to first ensure that the entities and individuals who currently have a decisive role in the land use process are aligned around a vision of equitable development, and second, elevate the role of the entities that are accountable to DC residents, which includes the DC Council and Advisory Neighborhood Commissions, in the land use process.

APPOINT LEADERS WHO PRIORITIZE EQUITABLE DEVELOPMENT AND PUBLIC ENGAGEMENT

The new Mayor should articulate a bold vision of development that includes the preservation and development of affordable housing, integrates and expands regional transportation systems, uses economic development dollars to further these goals, creates good quality jobs and combats poverty and inequality in the District, and includes meaningful community participation in the land use and economic development process.

The Mayor, as the central planning authority at the District level, should appoint leaders to key offices who have demonstrated a commitment and ability to drive this vision. Specifically, the Mayor should focus on the following appointments:

- The Deputy Mayor for Planning and Economic Development (DMPED)
- The Director of Planning in the Office of Planning (OP)
- Appointees to the Zoning Commission (ZC) and Board of Zoning Adjustment (BZA)

The Mayor should make sure these appointees understand and share her vision for development in the District, and are committed to meaningful community participation in the land use process.

ELEVATE THE ROLE OF THE DC COUNCIL IN LAND USE DECISIONS

While the Mayor is the designated authority on land use and executing the Comprehensive Plan in the District, there is a statutory role for the Council to play. Specifically, as part of the process of adopting and amending the Comprehensive Plan, the DC Council has to approve the future land use maps and the generalized policy maps, small area action plans, and the proposed periodic amendments to the Comprehensive Plan.

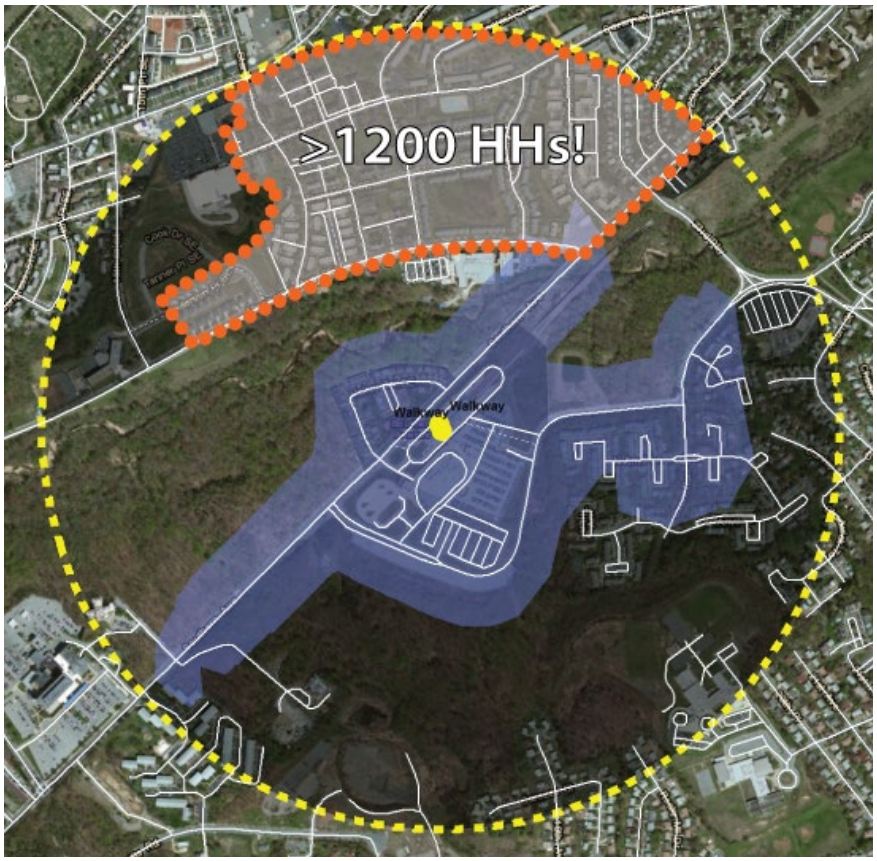
The Council should use this intervention to ensure that the Comprehensive Plan and its various elements espouse a vision for the District that is equitable and inclusive. One specific point of intervention is the review and approval of small area action plans (SAPs). SAPs include a more specific land use analysis of a defined geographic location and are used to guide the redevelopment of that area. A SAP can include recommendations for zoning amendments, capital improvements, and implementation techniques, as well as outline financial strategies, design or regulatory approaches to help advance the vision for that specific area.

The DC Council should use the review and approval process of SAPs to ensure equitable and inclusive development. The Council approval process should be used as another point for impacted communities to shape neighborhood redevelopment efforts by raising any concerns, proposing solutions, or voicing approval. Councilmembers must also ensure that the vision articulated in the SAP is in line with the vision for the District's development. For instance, the DC Council can ensure that plans for residential development

consider the displacement impact it will have on existing residents and incorporate strong mitigation efforts. This includes ensuring the plan includes the creation of affordable housing units pursuant to the District's Inclusionary Zoning program and the Disposition of District Land for Affordable Housing Amendment Act of 2013. In addition to a clear articulation of what is already required by law, the Council can also advocate for the inclusion of principles that respond to the specific needs and concerns of the impacted community, such as a more aggressive depth of affordability that is responsive to the neighborhood median income, as well as the creation of good quality, full-time permanent jobs in residential and commercial developments.

Further, Councilmembers often play a more direct role in neighborhood development plans in their Wards. Councilmembers should use their participation in neighborhood redevelopment efforts and the disposition of public land to be champions for their constituents and the advance the inclusive redevelopment goals.

Figure 25
CURRENT WALKSHED OF SOUTHERN AVE STATION



The area with the orange dotted border contains over 1,200 households that could be within a half mile of Metrorail if a direct pedestrian connection were built.

Source: WMATA[208]

SUPPORT AND ENGAGE ADVISORY NEIGHBORHOOD COMMISSIONS

The bodies of government with the most micro-level of community representation in DC are Advisory Neighborhood Commissions (ANCs). ANC Commissioners are members of and are elected by residents of a small member district (SMD), a subsection of a Ward. For this reason, ANCs are described by city government as the "body of government with the closest official ties to the people in the neighborhood".[209] ANCs are statutorily required to be consulted on a broad range of issues that concern their community, including traffic, parking, recreation, street improvements, liquor licenses, zoning, economic development, police protection, sanitation and trash collection, and the District's annual budget.[210] Though the recommendations of the ANCs are not binding, they are given considerable weight and provide an important point of intervention for impacted communities in the development of their neighborhoods.

ANC Commissioners are important partners in driving a new development vision for the District as a whole. As local leaders, they should approach development in their communities from a shared District-wide framework about equitable and inclusive development that balances both the needs of their local community and the vision for the District as a whole.

To contribute meaningful input, ANCs need support. The District has a role to play in making sure that they are equipped with the tools they need to be a powerful voice and advocate for communities. Specifically, the District should provide regular trainings and workshops to ensure that ANC Commissioners and community residents are informed about the ANC process and are aware of the roles, rights, and responsibilities of ANCs in the government's decision-making process. ANC Commissions should also receive technical advice to ensure that have the necessary information to make informed decisions.

ANCs should also be treated as meaningful partners in the land use process. Once land use decisions are made, the District should continue to work with ANCs to help them understand how their recommendations figured into the final decision and, if any final decisions diverged from the ANC's recommendation or input, to understand why.

Public transportation alternatives are meant to serve neighborhoods not currently accessible by Metro, ease travel time from one neighborhood in the city to another, and supplement the capacity of the WMATA system.

IMPROVE COMMUNITY ENGAGEMENT

As demographics in the District change and neighborhoods are reimagined, rezoned, and redeveloped, there is an urgent need to establish meaningful community-based decision-making processes that will allow all residents—especially longstanding residents—to take part in shaping the future of their communities and will ensure that they are not marginalized or displaced by the redevelopment process.

Within the current framework, the District has already adopted a number of best practices toward this end. However, engagement can be more meaningful and accessible to a broader base of DC residents and can incorporate mechanisms that allow communities to hold those responsible for carrying out the vision for new development accountable.

Engagement can be more meaningful and accessible to a broader base of DC residents and can incorporate mechanisms that allow communities to hold those responsible for carrying out the vision for new development accountable.

BOOST PUBLIC PARTICIPATION THROUGH COMMUNITY PARTNERS

The District should establish a robust outreach process and build community capacity for meaningful engagement in the planning process. The District should form partnerships with community-based organizations, labor unions, faith communities, and other well-established organizations to truly engage and connect with a base of DC residents. By working with these groups, the District can reach and engage a multi-cultural and multi-generational cross-section of an affected community in the planning and decision-making processes, hearing from a variety of perspectives coming from people with different priorities. Doing so will allow the District to formulate rich and representative community plans that truly reflect the interests of DC community members while also increasing community and institutional ownership and participation in the development process. This will ensure that ongoing development does not happen at the expense of current residents.

Further, the District should ensure that newcomers to the region are able to participate in decision-making processes. DC is a diverse city that attracts residents from across the country and abroad. The city should ensure that the engagement process is accessible to people who speak languages other than English and who have varying levels of familiarity with the planning processes and engagement with government.

"These are our neighborhoods and I believe we should all have a seat at the table and a say on matters that impact our lives."



ANTONIO BARNES

Antonio, 25, is an office cleaner, SEIU 32BJ member, and a newly-elected Advisory Neighborhood Commissioner in D.C.'s Ward 6.

"I know from firsthand experience working with the union that elected officials can improve quality of life for me and my co-workers. That's why I successfully ran for the ANC (Advisory Neighborhood Commission) because I believe DC residents deserve better. I am committed to helping increase community engagement and restore faith in the political process.

These are our neighborhoods and I believe we should all have a seat at the table and a say on matters that impact our lives. That's why I will make sure that all of our ANC members' voices are heard. As an ANC member, I will help residents understand how city programs work, try to find ways to help address unemployment, help keep our streets safer and cleaner, make ANC meeting more accessible to all residents, work with commissioners to make better use of resources and be fully accessible to DC residents.

Most of all, I want to make a better living for all ward members no matter their income, race, ethnicity, culture, or religion."

HIRE PUBLIC ENGAGEMENT STAFF

To reach these goals, the District should hire public outreach, engagement, and organizing staff. These staff can help ensure that residents feel connected to and are able to meaningfully participate in decision-making processes. For example, these staff can be responsible for making sure materials, meetings, and resources for public processes are provided in multiple languages and formats. These staff should speak languages appropriate for the communities in which they are working and ideally, they should come from these communities themselves.

Seattle, Washington hires Public Outreach and Engagement Liaisons to help with outreach around planning efforts. These independent professionals are bridge-builders that come from the communities they are hired to engage, and who speak the language of that community. They focus on conducting outreach in an equitable and culturally specific way.[211] These liaisons reach a much broader and more diverse audience than the City could on its own.

Another model for this is the community engagement process adopted in Portland, Oregon when devising the Portland Plan in 2012. The Plan is centered on equity and was developed using a remarkable public input process that was overseen by a Community Involvement Committee. That committee's evaluation of the public input process contains a number of insights into how to get widespread public involvement, including the need to provide materials in multiple languages and formats, and to make them accessible to people unfamiliar with government and planning processes. Notably, the planning department built relationships with a number of community based organizations, and even provided them with modest funding to help conduct outreach for the planning process. This resulted in more, and more culturally-appropriate, outreach than staff could have done on their own.

CONCLUSION

The District of Columbia is going through a period of great transformation. While it has successfully strengthened its fiscal health and its economy and population has grown, its prosperity has not been evenly spread. The District's future does not have to be one of growing disparity between the haves and the have-nots, nor one of increasing displacement of its long-standing Black population. With a clear vision and use of all of the tools at its disposal, elected and appointed leaders can steer the District on a path toward greater opportunity for all of its residents.

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