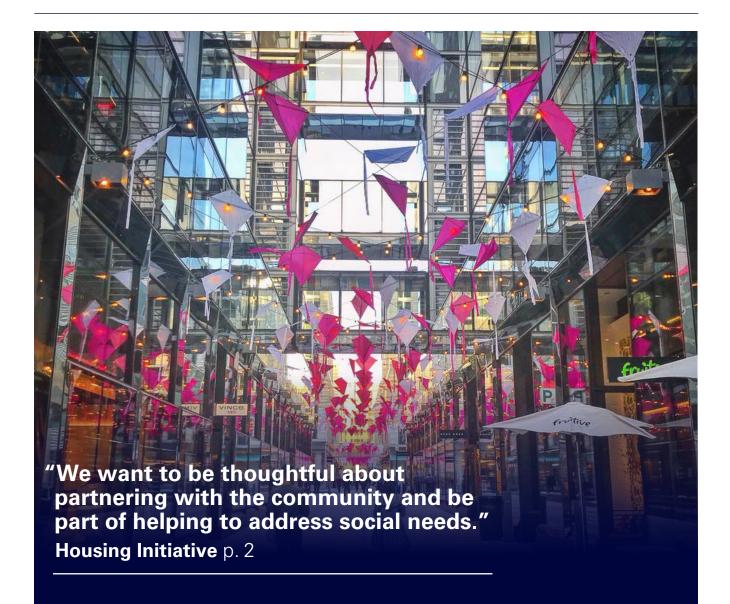


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Letter from the CEO and Executive Director

Dear Trustees,

The District of Columbia continues its remarkable economic progress, putting D.C. in a better position to address critical local needs on issues ranging from public transportation to economic development to affordable housing.

In this edition of Catalyst magazine, you'll learn more about our recent efforts to shape D.C.'s future, whether in pressing for significant Metro governance and funding reforms

or advocating for the creation of an Innovation District to diversify our economy. (See page 8.)

The Federal City Council (FC2) has long used its resources and influence in a very targeted way, steering funding and resources toward projects that will have the most impact and promise long-term sustainability, both for the groundbreaking initiatives and for the FC2.

Our recent work follows that same pattern. Our initial steps in developing the Washington Housing Initiative (WHI) leverages our influence and leadership to encourage new investment in affordable housing. (See page 2.) Developer JBG Smith has been an indispensable partner and driving force with the WHI.

The Federal City Council (FC2) has long used its resources and influence in a very targeted way, steering funding and resources toward projects that will have the most impact and promise longterm sustainability, both for the groundbreaking initiatives and for the FC2.

As always, we rely on our local and federal government partners to achieve our goals. The National Park Service (NPS)

is an important collaborator in the Langston Initiative, our project to redevelop three NPS golf courses and a tennis facility in the District. (See page 9.)

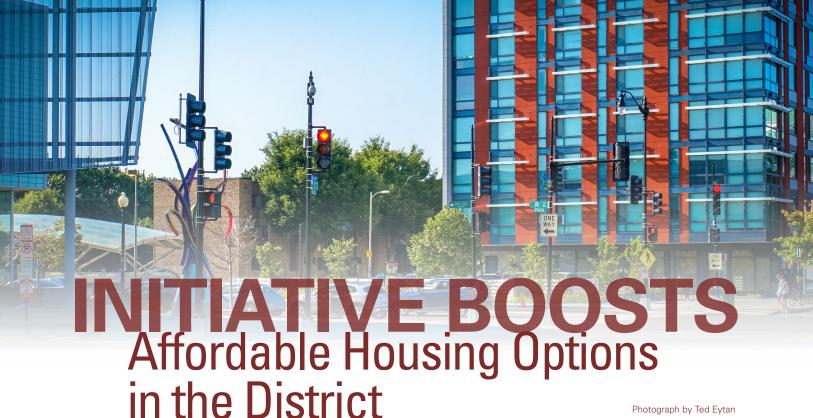
I want to acknowledge the first anniversary of the D.C. Policy Center. In that short time, the Center has been recognized as a leading research authority in the District and a knowledgeable advocate for policies for a vibrant D.C. economy. (See page 3.)

Finally, let me say that I was especially heartened watching elected officials in the District, Maryland, Virginia and the U.S. Congress come together to support landmark changes in Metro's governance and funding to ensure its long-term viability. It was inspiring to see our leaders stand together, and it holds the promise for a brighter future for the region.

Sincerely,

Anthony A. Williams

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Photograph by Ted Eytan

The Federal City Council (FC2) and JBG SMITH will partner to launch the Washington Housing Initiative this spring to begin investing in affordable housing in the Washington metropolitan area, with the majority of its investments targeted for the District.

Demand for affordable housing in the region has become more urgent in recent years as a result of changes in market conditions, broad-based development region wide and limits to federal funding for affordable housing units.

"What we're trying to do now is find the sweet spot in the market," says Anthony Williams, the FC2 CEO and Executive Director. "We're trying to find the right places and the right moment to invest. It requires some rethinking about how we invest our housing dollars and where we invest our housing dollars."

The neighborhoods that will be identified for investment will be those located in high-impact communities along the District's development frontier. The neighborhoods include but are not limited to: Petworth, Brightwood, Takoma, Brookland, Fort Totten, Kingman Park and Barney Circle.

"Affordable mixed-income communities contribute to the sustained economic growth and the vibrancy of the District and the region," says Al Jackson, Executive Vice President of Social Impact Investing at JBG SMITH. "We are thrilled to be working with the Federal City Council on this innovative market-based approach to create mixed-income housing. Ultimately, we want

to leverage private capital for affordable housing in ways that are scalable, replicable and sustainable."

Using market expertise, the Initiative will identify and invest in neighborhoods that are expected to be five years or more away from rapid growth. This will allow the Initiative to acquire and preserve housing at affordable rates for at least 15 years. In communities that are further away from the development frontier, where there is a need for high quality development, the Initiative may invest in market-rate housing.

In addition to housing, the Initiative will contribute to complementary services, determined in partnership with each neighborhood community, and designed to augment the quality of life of its residents, improve their access to economic prosperity and allow them to remain in newly enhanced communities.

"We want to be thoughtful about partnering with the community and be part of helping to address social needs," says Kevin Clinton, the FC2 Chief Operating Officer. "We want to help by investing in a way that is sustainable and helps people benefit from the changes."

The goal is to promote socioeconomic diversity within communities that are being redeveloped by providing more housing for residents with lower incomes, as well as enhanced access to neighborhood-desired opportunities such as employment, education, early childhood learning options, transportation, retail and health care services.

D.C. Policy Center Study Reveals **Opportunities for Affordable Housing**



Washington, D.C., needs to rethink how it uses its land and public resources in order to create more inclusive communities by building better schools, transportation networks for residents and a business climate to attract new companies, according to a recent D.C. Policy Center (DCPC) study.

The report, Taking Stock of the District's Housing Stock: Capacity, Affordability and Pressures on Family Housing, creates a comprehensive picture of the District's entire housing stock, allowing for a longer-term view of housing markets to identify policy options that can foster inclusive growth.

"The findings of our study highlight the need for a shift in thinking in how residents envision the future of the District of Columbia and their neighborhoods," says Yesim Sayin Taylor, the DCPC Executive Director.

Between 2010 and 2016, the District's resident population increased by 79,447 persons (13.2) percent), its number of households increased by 28,853 (11.4 percent), but its housing stock increased by 16,999 units or only about 5 percent. Despite the many efforts by the city to increase affordable housing, the problem remains and has grown.

Restrictive land use and zoning laws, and a lack of public investment in neighborhoods that could house families, exacerbate this problem. The result of these restrictions is an extremely expensive and segregated city, the report concludes.

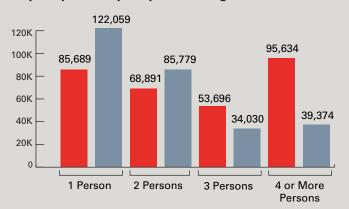
The report also notes that the most significant pressure on the District's housing market today is the fierce competition for larger units from affluent singles and couples seeking more space and prized amenities. Smaller households occupy many of the larger units that can serve as "family units". The competition from affluent singles and couples is the primary reason middle-income housing for families is particularly lacking in the District.

Additionally, constraining new residential developments or having them take place in a few designated areas of the city is tantamount to excluding low and middle-income families from the District, the report found. A more inclusive city will require more mixing of incomes and housing types across each neighborhood.

The study highlights restrictive land-use and zoning policies in parts of the city that offer amenities families are looking for, compared to other parts that have family housing but none of the desired amenities or commensurate investment. This disparity limits the city's inclusiveness and amplifies gentrification, economic segregation and displacement.

The DCPC created a new dataset of the District's housing stock for the report. It uses information to estimate the number of housing units in the city, the types of buildings that contain housing units and the capacity of each unit. The DCPC also developed a methodology to estimate the potential affordability of each unit.

Capacity v. Occupancy of Housing Units in the District



CAPACITY OCCUPANCY

Source: Data from the housing stock database compiled by the D.C. Policy Center. Occupancy data are estimates based on the share of units occupied by households of various sizes as reported by the American Community Survey 5-year data summaries, applied to the full housing stock. The estimated number of vacant units is 22,669.

Note: The estimated capacity assumes that units can hold comfortably 1.5 persons per bedroom, rounded down to the next integer. When bedroom number information is not available, the estimate uses 365 sq. ft. as the space necessary to accommodate each occupant of the housing unit, again rounded down to the next integer.

TONYTalks

Tony Williams in conversation with Tara Morrison

Tara D. Morrison's career with the National Park Service (NPS) began with an archeology internship two decades ago in Washington, D.C., setting her on a professional path committed to urban parks and a belief in their power to improve people's lives.

Morrison, who became the NPS superintendent of National Capital Parks-East (NACE) in late 2016, is responsible for the management of Anacostia Park, Kenilworth Park and Kenilworth Aquatic Gardens and historic homes that honor Frederick Douglass, Mary McLeod Bethune and Carter G. Woodson. Prior to her appointment, she was Superintendent of Rock Creek Park.

Federal City Council's Anthony Williams recently spoke with Morrison about why she feels it's important for Anacostia Park to be a signature urban park and what makes working for the NPS in the District such a special experience.

AW: You've worked in other large metropolitan areas. What's particularly unique about your work in the Washington, D.C. region?

TM: "I think the most unique aspect is that because we are in the nation's capital, the local news is often the national news. Add to that the vast amount of National Park Service green space within the city – 90 percent of park land is overseen by the NPS. In Boston and New York where I've worked, we had parklands within the city but not to this degree. Those two aspects make Washington a unique experience. There's also a dynamic mixture of people that come through this city."

AW: Your academic work was in African American studies, historical archeology and museum management, and you previously served as the first Superintendent of the African Burial Ground National Monument in New York City. How is your background influencing your work today?

TM: "I started college as a civil engineering major so all those experiences have influenced my career. Certainly African American Studies—where you're looking at culture and economics not just history—comes into play not only with the historic sites but also with what we're





Anthony Williams

ara D. Morrison

doing in Anacostia Park, so having that background and those sensibilities have really helped me."

AW: The management plan approved for Anacostia Park says that it will become a "signature urban park." What does that mean and how do we get there?

TM: "It's about relationships and trust. Ultimately the Park Service manages it on behalf of the American public. I want to make sure as we're charting the course to a signature urban park we ask, what does that mean to the people using the park and what does that mean to the people visiting the park? What is important for them to not only experience the park but also to assist in stewarding it? It ties to the NPS Healthy Parks, Healthy People program. In order for us to come to a park for our own health, we have to make sure the park is healthy and that the ecosystem is healthy. We want to engage the public in the larger conversation."

AW: How can community organizations such as the Federal City Council and the Anacostia Waterfront Trust help you achieve your goal of improving the Anacostia Park area?

TM: "It is a huge benefit, and we're only getting started. There are so many entities including District agencies, non-profit organizations and community groups that have organized and come together around the "Year of the Anacostia." We're using the 100th anniversary to not only celebrate the park but also to look at the future. We all have our strengths, and the more we work together to amplify our strengths and leverage them for the greater good is how to achieve not only the park service's goals but everyone's goals. In the next year,

year and a half, we'll be able to bring in someone to work with the park and serve as a liaison for Anacostia Park focusing on developing better communication and engaging both neighbors and community partners."

AW: You and your staff have to manage more than a dozen significant sites as well as innumerable small triangles and pieces of infrastructure. How do you set priorities for investments?

TM: "Each of our park sites have, or are in the process of completing, foundation documents. They guide our management and allow us to prioritize what our issues, opportunities and needs are. We use that to identify our project needs, especially when we talk about infrastructure, and request the funding. We also use that as leverage when partnering with other organizations to make investments in park sites."

AW: You've mentioned that you view Kenilworth Aguatic Gardens as a greatly unappreciated and underused asset. What are some of your ideas for expanding the educational and recreational opportunities there?

TM: "What makes it special to me is that we have this gem of a place in the District of Columbia. It's the only national park that is dedicated to growing aquatic plants. For children in particular to not have to travel very far away, you can learn about birding and learn about these plants and just have a respite. A good example of a partnership where we work closely with a nonprofit group is the Friends of Kenilworth Aquatic Gardens. We're able to reach many more young people than the Park Service would be able to do on its own."

AW: Under your leadership and that of Regional Director Bob Vogel, the NPS has set a precedent to work with the District on the elimination of toxics in the Anacostia bottom sediments, which the federal government owns. Do you see that process coming to a successful conclusion?

TM: "It is a priority for both regional director Bob Vogel and myself. I've been here a year, and I know that prior to my arrival the park service had been working with the Department of Energy & Environment to work on this issue. I do see us reaching a successful conclusion. It's because we're being very thoughtful about the process to ensure that we're getting it right. There's the education arm of this process. It's very technical and very scientific, and there is a process that we have to follow. We need to engage all members of the public and people living around the river. Every one of us has a role to play in the cleanup. As we get to restoration

of the river, we need to have a strategy to ensure it stays healthy."

AW: The Federal City Council has proposed a new, public-private approach to improving the three NPS golf courses and the tennis center, including the historic Langston Golf Course. What role do you feel invigorated golf courses and a tennis center can play for the community?

TM: "Here in the District of Columbia we have the opportunity for residents and visitors to play golf and tennis within the District. The National Park Service wants to have golf courses that are well maintained and aware of their historical goals. Through our improvements, particularly at Langston Golf Course, we want to keep its historic character and make sure children know its historical significance. It's also an opportunity to ground our neighborhood children, particularly those living near the golf course, in the role it played in the '30s and '40s."

AW: The biggest improvement to Anacostia Park in recent years has been the Anacostia Riverwalk Trail. How do you think opening the trail has influenced appreciation for the river and the park?

TM: "It's extremely important. It provides an opportunity for everyone to get out and experience the park. I get out on the trail myself. You see the diversity of the people in this city—some are extremely active runners and bicyclists, while others are out for a stroll or with their young kids. We're seeing an increase in the number of people who are utilizing the park."

AW: One project that has gotten attention recently is the pedestrian and bike bridge north of Benning Road. What are the opportunities and challenges in completing the project?

TM: "Many people are excited about the bridge and, at the same time, there are many entities that are involved in project development. We are working through the process with many agencies and ensuring that all parties' concerns and desires are fleshed out through the process of getting the bridge designed. At the end of the day when this bridge is completed, it will be well worth the time to have access across the river. I think there will be a lot of benefits to that."

This interview has been edited for length. Please visit federalcitycouncil.org for Tony's full conversation with Superintendent Morrison.



METRO REFORM Federal City Council Advances Metro's Long-Term Sustainability

Two years of advocacy and engagement by the Federal City Council (FC2) and its coalition partners has brought the Washington Metropolitan Area Transit Authority (WMATA) nearer to its goal of fully addressing its long-term funding, governance and operational needs.

"We've been able to build a coalition around the principles of good governance and set the table for Metro's long-term funding needs," says Anthony Williams, FC2 Chief Executive Officer and Executive Director. "We've seen the movement and the political leadership. We must make sure we don't backtrack on the governance issues while also engaging the federal government to ensure its participation in ongoing funding."

Organized as MetroNow, the coalition has been instrumental in encouraging elected officials in the District, Maryland and Virginia to engage on the issue of Metro reform in 2018.

This winter, much of the legislative debate focused on each jurisdiction's formula-based share of Metro's new dedicated funding. An additional \$500 million in new funding—a number agreed on by Metro General Manager Paul Wiedefeld, former U.S. Department of Transportation Secretary Ray LaHood and the Metropolitan Washington Council of Governments—is needed to avoid further deterioration of service, safety and reliability.

Before recessing this winter, the Virginia General Assembly passed legislation to provide its formulabased share of \$154 million. Virginia Gov. Ralph Northam is working with lawmakers to finalize how funding for the bill will be allocated between Northern Virginia and the rest of the state.

In Maryland, the General Assembly and Gov. Larry Hogan committed to the \$167 million required by the formula before lawmakers recessed in April. District Mayor Muriel Bowser signed a bill into law that provides \$178.5 million, the District's formulabased share.

The challenge going forward is to ensure that Metro delivers the outcomes that it has promised with supplementary funding. The system needs to be recalibrated, which is why the coalition continues to press for enhanced accountability.

"I think the entire coalition is committed to making Metro better through governance and accountability that will result in improved operations," says Emeka Moneme, Deputy Executive Director.

While the funding has been secured, there remain ongoing concerns about effective governance over this capital investment and ensuring Metro's longterm sustainability. Moneme says that the MetroNow coalition will work through the summer and fall with the jurisdictions and Congress to press forward on changes in governance, as well as ensuring that the federal government continues its annual financial contributions for Metro.

While there is still work to be done, it is important to recognize the historic nature of the accomplishments of 2018, noted Williams. The region has sought dedicated funding for Metro for more than 40 years, and this year, it achieved its goal. The FC2 acted as a prescient thought leader in setting the policy framework for action in this legislative cycle, and a broad coalition came together to play an essential role in securing funding. The region has moved one step closer to a smart, safe and sustainable Metro. ■

Metro Reform



Effective governance and dedicated, sustainable funding are needed to improve operations and restore Metro to the worldclass system it was intended to be. Nearly one million trips are taken on Metro on an average weekday, reducing congestion on our freeways and roads. And over half of all jobs in the Washington, D.C., region are located within a half-mile radius of Metrorail or Metrobus stops. What we need now is:



MORE ACCOUNTABILITY

We need a board that puts WMATA first.

- A smaller, more effective board can balance political leadership priorities.
- Better deployment of additional \$15.5 billion in resources.
- Technical experts for board position.
- Removal of the jurisdictional veto.

DEDICATED FUNDING

We need sustainable, dedicated funding.

- A minimum of **\$500M** in sustainable, dedicated and bondable funding from D.C., Maryland and Virginia.
- No less than **\$150M** in sustainable, dedicated funding from the federal government.

IMPROVED OPERATIONS

We need Metro operations to be safe and reliable.

- New funding and governance will provide stronger, more effective operations of the Metro system.
- Planning and investment decisions must be driven by performance outcomes—not politics.

Innovation District Initiative:

Assessing D.C.'s Innovation Ecosystem

The Federal City Council (FC2) continued to advance its effort to create an Innovation District (ID) in Washington, D.C., assessing the viability of a city-level hub of high-tech innovation and determining how D.C. could best benefit from such a highly networked ecosystem.

The FC2's Innovation District Initiative (IDI) brings together civic, business, academic and philanthropic leaders to consider how the District can leverage its strengths, such as the federal presence and a high level of talent, to fill D.C.'s innovation gaps and spur wealth and job creation.

"The District in the future has to diversify its economy," says Anthony Williams, FC2 Chief Executive Officer and Executive Director. "What we can do is leverage the federal government and the federal investment better than we have done. We need to try to maximize its presence here."

To further the IDI, the FC2 partnered with Accenture to perform a needs assessment to study the District's innovation ecosystem and to build the case for an ID. The study was designed to evaluate D.C.'s innovation assets and gaps.

The Accenture report—overseen by Marty Rodgers, FC2 Trustee and Accenture Metro D.C. Office Managing Director—reached four key findings: D.C.'s economic strengths are in cybersecurity and data science clusters; the ID can help meet 13 of Mayor Muriel Bowser's 43 strategic initiatives; D.C. has a high concentration of STEM talent; and an ID must be built to complement existing stakeholders and skill areas.

Innovation ecosystems are attractive because they bring good jobs and economic investment to a city, but they also attract public amenities such as improved public transit, mixed-use development and cultural enhancements that support entrepreneurs and startup companies.

Accenture's research illustrated that IDs can leverage existing physical assets and repurpose them for a new use, such as startup incubators and classrooms. Once the concept has been proved, D.C. could see a more sizable investment in a dedicated campus and its physical infrastructure.

The IDI is being led by David Lawson of JP Morgan Chase and Steve Orr of Orr Associates Inc. The next

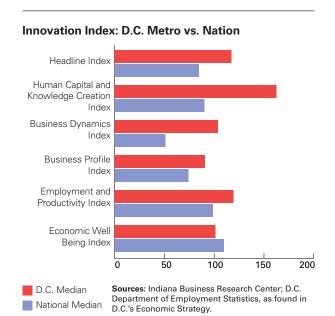
stage for the IDI is to continue building support for the initiative and refining how an ID can best support D.C.'s needs and opportunities, particularly as Amazon considers D.C. as a location for its HQ2.

Accenture noted that focusing on a specific cluster would not limit D.C.'s innovation ecosystem. If the District were to emphasize one or two economic clusters such as cybersecurity and data science, many other sectors could benefit, such as government, health care and hospitality.

"An Innovation District can create many benefits for D.C. and the region," says Rodgers. "One of the central benefits would be an increase in jobs and wages in the District of Columbia. Another would be an increase in accessibility to startup communities and entrepreneurs that may not have been possible in the past."

Earlier this year, a delegation from the District traveled to Cornell Tech on Roosevelt Island to tour New York's innovation hub. It, too, represents a confluence of academic, business, government and nonprofit interests operating in a unified space.

"Another way to diversify our economy is by having a spatial focus like they did in New York," says Kevin Clinton, FC2 Chief Operating Officer. "We've been modeling our Innovation District on what they did in New York. It was remarkable how quickly their vision came together and the opportunity it brought with it."



CATALYST

Langston Initiative Closing in on National Park Service Lease

The U.S. Department of Interior remains engaged in lease negotiations with the Federal City Council (FC2) to manage operations of the National Park Service's (NPS) tennis facility and three golf courses in the District.

During a productive meeting with Interior Secretary Ryan Zinke in April, the FC2 left feeling encouraged about the DOI's desire to partner with the FC2 on the Langston Initiative.

Efforts will move ahead now to tease out lease details between the FC2 and the NPS, which would allow the FC2 to take over full operation of the DOI recreational facilities and begin renovations.

By reimagining D.C.'s three public golf courses— Langston, Rock Creek and East Potomac—and the tennis facility at East Potomac, the FC2's Langston Initiative seeks to create world-class

venues that draw residents and visitors alike and contribute significantly to the D.C. economy.

The FC2 is currently identifying partners that will play a critical role in raising the capital needed to renovate and enhance the offerings at the facilities. The Langston Initiative's plans are ambitious, both in terms of attracting national sporting events to the modernized facilities and its impacts in the adjacent neighborhoods.

The Langston Golf Course could be a contender for a U.S. Golf Association event in the future, and the new tennis center, which could serve as the home to the Washington Kastles tennis team, could be a candidate for the International Tennis Federation's Davis Cup, an international team tournament. In addition, the Langston Initiative's committees, composed of FC2 trustees, and project partners have begun engaging with the community to preserve neighborhood character, culture and diversity.

The D.C. Policy Center Reaches a Significant Milestone

As it celebrates its first anniversary, the D.C. Policy Center (DCPC) has become an oft-cited think tank, recognized for its non-partisan commitment to advancing policies for a strong and vibrant economy in the District of Columbia, and applying this lens to diverse issues in D.C.

For example, a recent analysis examines how short-term rentals such as Airbnb could be impacting the city's housing supply. Short-term rentals can unsettle the city's long-term rental market, particularly if commercial operators defined as hosts who list at least an entire home or apartment or at least three private rooms continue to grow, taking units off the market that would have otherwise been available to tenants for rent.

Researchers from McGill University recently reported that a majority (51 percent) of Airbnb listings in New York City were for an entire home or apartment. Their report concluded that Airbnb rentals had removed between 7,000 and 13,500 units from the city's long-term rental market and increased median New York rent by \$380 over the past three years.

Using data specific to Washington, D.C., released by Inside Airbnb, an independent website that collects data on Airbnb listings, an analysis by the DCPC shows that active, whole-unit rentals on Airbnb made up more than 1 percent of all housing units in at least four cities. And among cities with available data, Washington, D.C., ranked second in active Airbnb house or apartment rentals per housing unit.

Since the launch of Airbnb in 2008, D.C. has not passed legislation to modernize its short-term rental laws. (The city does collect 14.5 percent in taxes off Airbnb rentals, directly through the website itself.) Last year Councilmember McDuffie introduced legislation that seeks to better formalize the regulation of short-term rentals in the District and restrict commercial operations.

Further information about this story as well as additional DCPC reports, studies and testimonies can be found at dcpolicycenter.org.



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