

FEDERAL CITY COUNCIL

CATALYST

federalcitycouncil.org | 2019 Spring/Summer

Investing in Affordable Workforce Housing

4 Ambitious,
Attainable
Goals for D.C.

TONYTalks:
Meet Amy Liu
of Brookings



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Letter from the CEO and Executive Director

Dear Trustees,

Advancing civic life in the nation's capital is at the core of everything we do at the Federal City Council (FC2), and that clarity of purpose has steered us from our beginning to today. Our work remains ambitious, determined and effective.

Whether we're launching initiatives to spark greater community investment or rallying city leaders to make critical policy changes, our commitment to the District's economic future has built credibility in the work of our organization and our Trustees.

In 2019, we will elevate Four Strategic Goals—leveraging city assets to benefit the economy, access to health care, education reform from K-12 through to career and housing for all members of the community—allowing us to better align our initiatives and concentrate our resources. Read about our goals for the year on page 4.

We also chart the progress of the pioneering Washington Housing Initiative (page 2), examining how the initiative envisions new models, cross-sector partnerships, wide-ranging networks and game-changing investments to develop affordable workforce housing in the DMV.

In our latest TONYTalks (page 6) we share my dynamic conversation with Amy Liu, Vice President and Director of the Metropolitan Policy Program at the Brookings Institution. Her insights are especially valued given her extensive experience developing policies and strategies to support cities and metropolitan areas.

The dynamic interplay between Infrastructure DC (IDC) and regional infrastructure groups is the focus of our feature (page 8) reviewing IDC's latest work, which explores alternative financing and delivery options for D.C. transportation and infrastructure projects.

Achieving strong and lasting outcomes for the District by connecting new policies and initiatives to the needs of residents and the greater Washington community remains a central objective for the FC2.

As you read through this *Catalyst*, it's nice to be reminded that the work of so many of our Trustees allows the FC2 to find new ways to support, guide and invest in our valued city.

Achieving strong and lasting outcomes for the District by connecting new policies and initiatives to the needs of residents and the greater Washington community remains a central objective for the FC2.

Sincerely,



Tony Williams



WASHINGTON HOUSING CONSERVANCY

Making Progress

Federal City Council (FC2) efforts to shift from incubating to operating the Washington Housing Conservancy are gathering momentum. The non-profit began its critical work acquiring and developing affordable workforce housing in the Washington, D.C., region.

“Working families are integral to the D.C. region’s economic and social fabric,” says W. Christopher Smith, Chairman of the Conservancy. “We are working to create connected communities that help share benefits, prevent displacement and maintain affordability in ways that will have a lasting impact for generations to come.”

The FC2 is developing the Conservancy as part of its alliance with developer JBG SMITH to advance the far-reaching Washington Housing Initiative—a transformational, market-driven approach to preserving and creating affordable workforce housing. This is particularly timely given growing concerns about housing affordability and displacement in the region.

“It is our goal to deliver innovative, resident-focused affordable housing for working Washingtonians,” says Bernstein Management Corporation CEO Josh Bernstein, Treasurer of the Conservancy Board. “Washington’s business and civic leaders are deeply committed to the success of this effort and to helping strengthen communities throughout our region by addressing this urgent and growing housing need.”

Along with the Conservancy, one of the key features of the Initiative is its Impact Pool, which provides secondary financing for housing owners and developers to secure long-term, lower-cost permanent financing. Led by FC2 Trustee AJ Jackson of JBG SMITH, the Impact Pool caps its investments and uses excess proceeds to underwrite Conservancy housing purchases and neighborhood service amenities.

“The Conservancy’s mission is to preserve and develop affordable workforce housing for people that support the creation of economically diverse communities,” says Kevin Clinton, Interim Executive Director of

the Conservancy, “and to contribute to a more economically vibrant and inclusive region.”

In recent months, the Conservancy has recruited a respected Board of Directors of business and philanthropic leaders. Along with Chairman Smith and Treasurer Bernstein, Board members include Vice Chair Deborah Ratner Salzberg of Brookfield Properties; Carol Thompson Cole of Venture Philanthropy Partners; Tamara Lucas Copeland, formerly of the Washington Regional Association of Grantmakers; former D.C. Councilmember Charlene Drew Jarvis; Cary Hatch of MDB Communications; John Gardner, formerly of Buvermo; and Robert Stewart of JBG SMITH. Mark M. Katz of Arent Fox is the Conservancy’s General Counsel.

Additionally, the Internal Revenue Service has notified the Conservancy of its official approval as a 501(c)3 organization. The Conservancy will be funded through donations as well as earnings from the properties it owns. The organization hopes to raise \$30 million over the next five years to preserve or create 3,000 new affordable housing units.

The Conservancy is also recruiting a Stakeholder Council, chaired by Bernstein, which will include thought leaders; academic, government and policy leaders; non-profit service providers; and investors and donors who will consult with the Conservancy on real estate, social impact and community engagement.

“We’re enlisting a Stakeholder Council that will help inform the Conservancy’s decision-making and help us meet our broader priorities within the government and the community,” says Bernstein.

What is unique about the Conservancy is its focus on creating connected communities in its housing developments and in the neighborhoods where it invests. While the Board is still debating the best route forward, it could provide service and program amenities to tenants that foster a sense of community for working families, such as hosting an urgent care clinic, a youth or senior day care center or a fresh food market. ■

VISION 2019:

Four Aspirational and Achievable Goals

To maintain D.C.'s competitive edge, the Federal City Council (FC2) set four strategic goals for the District for 2019, providing a structure to coordinate people and resources and to align District assets to take advantage of new opportunities.

The FC2 shared its strategic goals with Mayor Muriel Bowser under the banner of DC2ME, the mayor's initiative to solicit input from D.C. citizens and civic groups about how best to create new

paths toward growth and prosperity in D.C. in her second term of office.

"One thing we've tried to do this year is to align our projects with our recommendations to the mayor," says Anthony Williams, FC2 CEO and Executive Director. "There is much work to be done, and we are more likely to attain our goals if we work together."



1

Utilize city investments to build a stronger economic future for all

D.C. should acquire the Robert F. Kennedy Memorial Stadium (RFK) site from the federal government and develop an integrated plan with Hill East that encourages the creation of industries of the future through an Innovation District. D.C. should lease city-owned land to create long-term revenue streams. D.C. should seek opportunities to drive investment to Wards 5, 7 and 8 and along the eastern banks of the Anacostia.

"We have a decaying football stadium with the name of an American hero on it," said Bowser, about RFK during a talk at the FC2 Winter Board

meeting in February. "We would all fail if we had this over 100 acres of land decaying when we have so many needs in the District."

Transferring RFK and other federal lands to the District has been a top priority, not only for the Bowser administration but also for D.C. Del. Eleanor Holmes Norton. "As far as we're concerned, RFK is a big block of federal land and perhaps the largest block of federal land that is unused," said Norton, who also spoke at the February meeting. "Perhaps the highest and best use for us is to have the city buy the land."

2

Improve the futures of our youth through education

D.C. should continue to seek improvement in K-12 grades, with an emphasis on achievement and not simply graduation. The District should also foster new career pathways, defined and supported by the private sector, to prepare young adults for jobs available in the local workforce.

"We're going to continue to be very strong on making sure our parents have a choice and to ensure there is accountability and the right kind of autonomy for D.C. schools to be successful," says Williams.

The District's workforce continues to evolve, yet its education system is optimized for the workforce of the past, producing a disconnect that threatens to create a deeper divide within the city's working population. Leaders must close the gap. As D.C. schools work to innovate, they will have to concentrate on demands for continuous, lifelong learning.

"One area where we're going to spend a lot of time is adult education and creating conduits to technical careers, and creating the right kind of workforce here for our future," adds Williams.

3

Improve the health of all of our citizens

D.C. should address the infant mortality crisis by convening the area's health industry leaders and devising a multipronged plan to address it. The District should ensure that every neighborhood has a good health clinic and safer streets.

Solving the health care conundrum is a strategic imperative. That is why D.C. must be committed to strengthening health systems across the District and to

reducing infant mortality. The city's resources must be targeted to support proven, cost-effective interventions.

"We have strong leadership on the Federal City Council with our health care sector," says Williams. "We have a lot of experience in public and private health care that we are able to bring to bear here. It's a huge part of our economy, and we need to look for ways to provide the most cost-effective health care we can in D.C."

4

Build housing for all members of our community

D.C. should aggressively exploit Opportunity Zone incentives to create more housing. It should consider adjusting height limits in certain parts of the city, provided that projects include affordable or workforce housing. To reduce costs, the District should accelerate the approval process for projects, including affordable and workforce housing.

"We're working on housing in two ways," says Williams. "In a programmatic way, we're involved in the

Washington Housing Initiative. From a project point of view, we're working with the city to remove obstacles and constraints in terms of regulations that can add months and years to projects."

The FC2 supports D.C.'s efforts to leverage financial and market options through Opportunity Zones and to streamline certification processes for rehabilitating, maintaining and replacing housing that serves a wide range of households. ■

Restructuring Economic Development

Amy Liu is a national expert on cities and metropolitan areas, adept at translating research and insights into action on the ground. She serves as Vice President and Director of the Metropolitan Policy Program at the Brookings Institution.

As director of Brookings Metro, which she co-founded in 1996, Liu pioneered the program's signature approach to policy and practice, which uses rigorous research to inform strategies for economic growth and opportunity.

The FC2's Anthony Williams recently spoke with Liu about the limitations of existing economic strategies, the factors that contribute to a new model of economic development for cities and key innovations that are emblematic of this broader vision.

AW: You authored "Remaking Economic Development: The Markets and Civics of Continuous Growth and Prosperity," in which you argue that cities must adopt a broader vision of economic development. What are your five principles that define that new model?

AL: "At the time I wrote that paper, the economy was expanding but people were not better off. Meanwhile we were concerned that major structural changes in the economy were affecting the rules of what matters to achieve economic success. It was time to call out that traditional economic development approaches, such as recruitment, branding and marketing, were no longer going to cut it. We needed a different approach if we were going to generate better economic opportunities for the entire community.

"1) First, we have to set the right goals for economic development around growth, prosperity and explicitly inclusion. It isn't just about job creation of any kind but quality jobs and better incomes for people; 2) we need to grow from within. We need to prioritize the needs of existing firms, industry and workers, rather than fixate on attracting opportunities from the outside; 3) we have to boost trade. At the end of the day, cities and metro areas must create specialized products and services that are sold to customers outside the market, including globally, which bring income into the community, supporting things like wages and public services; 4) we have to prioritize people. If there is any lesson out of Amazon HQ2, it is that our knowledge economy is dependent on people and talent. Skilled workers in our local population are the future of economic success; 5) lastly, we have to connect place. You can have a strong regional economy but if there are neighborhoods or



Tony Williams



Amy Liu

commercial areas that are underserved, that absence of opportunity limits growth."

AW: You've written that the "playbook for improving economic opportunity is not only multidimensional but also multi-jurisdictional." How can we apply your notion of modern regionalism to this region?

AL: "Traditional regionalism was government-driven. It arose from local government mergers and consolidations, regional tax-base sharing and transportation and land use planning. Modern regionalism extends to economic growth and is more market-driven, involving coalitions of public and private sector actors. For this region, you could apply modern regionalism to Amazon's arrival. Amazon is going to create new growth and investment opportunities, but we need to work together to make sure the jobs being created are going to benefit everyone throughout the DMV. Coalitions of school districts, community colleges and universities could be working together to offer a suite of technical skills to help local residents access new jobs. We need to have the different counties and jurisdictions with their private investors and developers working together to align and expand housing choices. I think there are a lot of ways we can create opportunity across the Washington region that aren't just government solutions."

AW: How can we do a better job at equity and inclusion?

AL: "I don't want regionalism to be seen as a panacea to challenges that are deeply embedded in historic institutional racism. However, the reason why regionalism can matter here is that some core neighborhoods are by definition poor because they are the absence of market. Markets are regional. We still need community development and neighborhood-level engagement, but how do we reimagine those activities in the context of what is happening in the larger regional marketplace? I know a lot of community development

organizations are focused on how to create jobs in their neighborhoods. How do we give local neighborhoods the tools to create anchor employers or businesses in the industries we know are growing in the region? The most important neighborhood strategy is not about real estate or development. It's about residents. When you make income growth an objective in neighborhood development, then the strategies focus on how we make sure existing residents have the skills and networks they need to participate in the jobs located across the city or regional economy."

AW: What were your concerns about the nationwide bidding process to win Amazon's headquarters?

AL: "What was the most frustrating thing for me about Amazon's national search is it elevated traditional economic development practices at a time when more and more cities and regional leaders are trying to focus on investing in their own local assets. All of a sudden our political capital, high-level relationships, time and attention were going to the biggest distraction. Eighty-seven percent of jobs come from the growth of existing businesses and start-ups. For all cities, the Amazon bid distracted leaders from the hard work on the 87 percent."

AW: How would you see this kind of growth working in D.C.?

AL: "There are a couple of ways it could work in D.C. First of all, there is enormous energy in cities to build an entrepreneurship ecosystem. How does the District create a black entrepreneurship ecosystem so that local residents and long-time residents can be part of the growth machine in the city? It requires access to the capital to allow African Americans to launch their own business ventures. How do we bring those ideas and opportunities to the fore?

"This region takes pride in being the center of cybersecurity. What are the skillsets required? How are our K-12 and four-year institutions creating curriculum that make us the go-to talent pool for cyber? What are the firms in the space? What else do they need to expand and innovate in this market? They may need a deeper bench of small businesses supplying big data analytics and IT services. This region could create a whole ecosystem of innovation, talent development and governance around cyber if there was intention about bringing those pieces together."

AW: What is your assessment of Opportunity Zones?

AL: "I am among a group of people who put a lot of caution around opportunity zones, especially given high expectations that the program will reignite distressed neighborhoods. I think it's an opportunity for sure, but it has to be navigated. Our history of empowerment zones and community development policy has taught us that tax investment alone does not remake a community.

Tax incentives alone do not drive investment decisions. What tax investors are looking for are other assets in the neighborhood. How well organized are community leaders in identifying and communicating their unique neighborhood assets? Are city and community leaders in alignment so they can forge effective partnerships with private sector investors that reflect local interests? What other public investments are being made to coincide with the tax benefit? The more a neighborhood and city puts in place physical, social and civic infrastructure improvements, the more they increase the chance for market investments."

AW: How do you think leaders in this region have done in planning investments in housing and transportation?

AL: "I am glad there is awareness that it takes the entire region—the two states and the District—to come together on transit and support Metro's viability. The fact it's a clear regional priority is a real success. It's exciting that regional collaboration is moving toward workforce and affordable housing, as the Washington Housing Initiative and the Federal City Council are doing now. That being said, those efforts will require deeper local engagement than it did with transportation in order to realize meaningful gains in affordable housing."

AW: You've written that cities have been "mounting promising responses to big problems like climate change." What is your advice to mayors on how to advocate for big problems knowing the constraints?

AL: "There is a pervasive narrative that cities can do it all, that cities have their acts together. For the most part, I agree there is a lot of new capacity and innovative problem-solving in cities. However, I think it is a dangerous narrative to suggest that cities can go it alone. Cities do not have the fiscal tax base to provide for the social safety net of vulnerable families, especially in a period of automation and many displaced workers in the economy. For cities to succeed, we need federal and state policies to do their part and support local success. In the absence of federal leadership, mayors must realize that the big issues they're dealing with go beyond city services delivery and require partnerships. A former mayor once told me that when he was first elected, he thought he ran the city. Once in office, he realized it was actually the civic infrastructure that got things done. It was his job as mayor to ensure those coalitions of business, university, nonprofit and philanthropic leaders worked together around a common vision and purpose. In short, the mayor is the leader of the mix of institutions that make the city work. The biggest test of mayoral leadership today is to motivate and organize city institutions to prioritize upward mobility, high-quality jobs and more affordable housing." ■

Please visit federalcitycouncil.org for more of Tony's conversations with local and national thought leaders.

Infrastructure DC: Catalyzing Equitable Investment

Through public-private infrastructure investment and initiatives, the Federal City Council (FC2) continues its efforts to model and advance responsible stewardship of D.C.'s infrastructure and transportation networks.

In 2019, FC2's Infrastructure DC (IDC) will advance sustainable, performance-based infrastructure by facilitating public-private partnerships and activating an efficient marketplace to expedite investment in regional infrastructure projects.

"Infrastructure DC's initiatives deliver innovative solutions for the unique challenges facing the District," says Anthony Williams, FC2 CEO and Executive Director. "It accelerates investments in infrastructure and delivers projects that have a meaningful social impact."

The FC2's recent partnership with Groundswell, a local non-profit developer of community solar projects, is a prime example of this work. The partnership, which was announced in January, will address the issue of equity in renewable energy projects by allowing low- and moderate-income households to access the benefits of solar projects.

"This partnership will allow our two groups to work together to pursue projects that expand solar capacity in the District while also developing projects that benefit low-income and moderate-income households," says Maura Brophy, FC2 Director of Transportation and Infrastructure.

The partnership connects the pieces – site selection, financing, project management, workforce development, community engagement and customer support – necessary to move community-benefiting solar projects from start to completion.

Work with the National Park Service continues this year, as the FC2 seeks to restore the District's public golf courses—Langston, Rock Creek and East Potomac—and the tennis facility at East Potomac by securing a long-term lease to operate and refurbish the facilities to meet the needs of local residents and visitors. (See more about The Langston Initiative on p. 9.)



Photo Credit: Georgetown-Rosslyn Gondola Coalition

In addition to these infrastructure projects, the FC2 is also supporting local efforts to develop alternative transit options such as the Georgetown-Rosslyn Gondola, which would connect Georgetown to the Rosslyn Metro station.

Advocates for the system envision that 23 evenly spaced cabins on a cable would travel at about 12 miles per hour between Georgetown and Rosslyn. The trip would take about 4 minutes and cost about \$2 each way. The 2016 gondola feasibility study projected that it would cost up to \$110 million to build and \$3.25 million to operate annually. Some 6,500 people per day would be able to ride the gondola.

Additionally, the FC2 is returning its attention to the Washington Metropolitan Area Transit Authority (WMATA), pressing for greater accountability in decision-making at Metro. Brophy noted that the vehicle for governance reforms could be the federal government's funding legislation, known as PRIIA, which is expected to come up for review this year.

"We have discussed increasing transparency by enhancing the independence of the Office of the Inspector General at Metro," says Brophy. "We would like more accountability looking forward and backward on internal financial decisions." ■

FC2 Continues Work on the Langston Initiative

Revitalizing D.C.'s three public golf courses—Langston, Rock Creek and East Potomac—and the tennis facility at East Potomac remains a top priority for the Federal City Council (FC2).

In January, the FC2 responded to a Request for Information (RFI) from the National Park Service (NPS) on how best to solicit partners to improve its three D.C. golf courses and the tennis center.

“The FC2 can be very competitive in a solicitation, and we look forward to the next stage of the process with the National Park Service,” says Maura Brophy, FC2 Director of Transportation and Infrastructure. “We remain committed to our mission to create world-class

facilities that serve their neighborhoods and visitors to the city.”

The facilities, which need substantial capital improvements, could be catalysts for community development by repositioning them to support equitable growth in the neighborhoods adjacent to the golf courses and tennis center. The facilities have been operated under concessions contracts for some 30 years.

The NPS said it would use feedback from the RFI to determine possible terms and conditions that it would use to execute a lease agreement for the long-term management and improvement of the properties. ■

D.C. Policy Center: Washington Needs Better Suburb-to-Suburb Transit

The Washington, D.C., region has one of the best rail transit systems in the United States, but its layout doesn't work as well connecting growing suburbs to each other, according to a report from the D.C. Policy Center.

Metrorail was designed to bring commuters from the suburbs to downtown D.C., but the vast majority of regional jobs today are located outside the city's core. Over the last several decades, office, retail and other jobs have moved to suburban areas.

While initiatives such as the Purple Line, a suburb-to-suburb rail route in Maryland, will help improve circumferential commutes, there are limits to creating long rail commuter routes around the District.

Instead, additional light rail lines or high-investment Bus Rapid Transit (BRT), such as Virginia's planned Route 7 BRT, could be built to connect dense residential and job clusters in the suburbs to each other and to Metrorail lines. BRTs often deploy level boarding and off-board fare collection, both of which reduce the time it takes for passengers to board the bus and thus speeds up bus service.

To learn more about suburban transit options and to read the seven-part series focusing on circumferential transit in the Washington, D.C. region, visit the D.C. Policy Center website at dcpolicycenter.org. ■



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