



Testimony of Becky Strauss
Director of Economic Initiatives
Federal City Council

Committee on Business and Economic Development
Chairperson Kenyan R. McDuffie

Public Hearing on the “Fiscal Year 2023 Proposed Budget and Financial Plan” as it relates to FY23 funding allocated toward the Office of the Deputy Mayor for Planning and Economic Development

Monday, March 21, 2022

My name is Becky Strauss and I work at the Federal City Council on economic initiatives. I am here today to support the funding allocation and programs allotted to the Office of the Deputy Mayor for Planning and Economic Development (DMPED) in her FY23 budget proposal.

The city’s downtown economic recovery is in a code red situation and require an all-hands-on-deck approach. Office workers have not yet returned en masse and may never return to pre-pandemic levels. There has been an over 80 percent drop in commercial foot traffic downtown. Office vacancy is now at 14 percent compared to 11 percent before the pandemic.

We are thankful that the Mayor gets it. She’s put forward a host of creative ideas to jumpstart the downtown economy and backed them up with funding.

She is correct to take a multi-pronged approach to recovery. There must be some grant support for small and local businesses for the hardest hit, including money to purchase commercial space and the Bridge Fund to help the entertainment industry.

She is correct to set aside money to focus on attracting new businesses downtown through the Vitality Fund and by hiring more full-time staff. This is an area where the District has lagged our suburban and peer competitors. It is the best way to battle office vacancy. Of particular importance is that two full-time staff will be dedicated to concierge services for the city’s largest employer and lease holder—the federal government. President Biden has said he wants the federal workforce to return to the office. By hiring this staff, DMPED will make this return smoother and a surer thing.

She is also correct to put money toward reimagining the physical space of downtown. The central business district has too many single-use office buildings when we know the future will have future in-person office work. More resilient neighborhoods are mixed-use, where residential buildings support a 24-7 economy. Lost commercial real property tax revenue could be replaced with more high-income tax revenue from new residents. The demand for downtown rentals and condos has been strong. The Conversions Pilot Abatement program is a great first step to help make the math pencil out better for office-to-residential conversions.

Lastly, she is correct to fund more events, marketing and branding efforts to entice more workers, residents and tourists downtown. Domestic tourism is rebounding, and DC is ripe to catch the wave. A vibrant downtown economy depends on steady foot traffic. More festivals, street musicians and events are the key to giving people a reason to want to live, work and play here.