

FEDERAL CITY COUNCIL

CATALYST

federalcitycouncil.org | 2022 Fall

A Dynamic Recovery Agenda for DC

DC Workforce
in Flux

DC's Critical
Infrastructure
Development

Table of Contents



"It's imperative that all of us send a signal to the federal government that we really want to see a robust return to work by federal employees."

Recovery Agenda: Economy p. 2

"The Federal City Council has always been a leader when it comes to supporting and strengthening Metro."

Transportation and Infrastructure p. 6

"District Strong is the home of free-wheeling, unedited conversations between government officials, business executives and civic leaders."

District Strong p. 8

"Our model disrupts the gentrification cycles that threaten the diversity of area communities."

Washington Housing Conservancy p. 9

Letter from the CEO and Executive Director

Dear Trustees,

Many of you have heard this from me before, but let me say it again. We are at a Code Red situation with our economic recovery in the District of Columbia, particularly in our downtown, which is still reeling from the pandemic's ill effects of empty office buildings and shuttered retail shops and restaurants.

As the pandemic and its health effects wind down, the Federal City Council (FC2) sets reviving the DC economy as our highest priority. Our advocacy with federal and District officials, along with our return-to-work efforts, have actively supported initiatives sought by Mayor Muriel Bowser, the business community and our business improvement districts (BIDs).

We also recognize that work as we know it will look very different in the future than it does today. The crisis offers us an opportunity to look ahead, acknowledge the societal changes that are driving the transformation of the workplace and lay the foundation for a downtown corridor that is more vibrant than it was before the pandemic.

Diversifying our economy requires us to rethink and differentiate our downtown – all with the goal of being resilient as a city and a business community.

Diversifying our economy requires us to rethink and differentiate our downtown – all with the goal of being resilient as a city and a business community. We have long talked about the importance of resilience, and the pandemic has brought that reality home. We are determined to develop the strength and flexibility that will allow us to weather big disruptions and shocks like this in the future.

What does a post-COVID District of Columbia look like? Far from returning to how things were before the pandemic, we believe the city needs to take advantage of the many openings that have emerged in the crisis. We know the District will be more diverse, more agile and more resilient. How we get there will require an integrated and innovative response that takes into account everything from transportation policy to workforce development initiatives to economic competitiveness legislation.

You'll see that integration and diversity reflected in our 2022 Fall *Catalyst*. Our theme for this issue is our DC Recovery Agenda. It is a unified story with many diverse institutions, industries and agencies working in cooperation to ensure the restoration of a great city and the evolution of its business community.

Sincerely,



Tony Williams

ADVANCING A RECOVERY AGENDA FOR DC

The Federal City Council (FC2) is leading the business community in support of an ambitious Recovery Agenda for the District, partnering with a broad range of stakeholders to develop and advance solutions to boost the economy for DC residents, workers and businesses.

“We need a robust recovery, one that will require a functioning Metro system, a strong economic environment for employers to stay in the District and grow, a fully prepared and inclusive workforce, and placemaking to create innovation districts and mixed-use neighborhoods,” says Kevin Clinton, FC2 Chief Program Officer.

“We need to make sure that DC residents are served by a revived economy. We need a workforce system that helps more DC residents, and a K-12 education system that addresses the significant disparities that arose during the pandemic,” adds Clinton.

As the regional economy surges, even tempered by blistering inflation, FC2 maintains that the District must mobilize and accelerate cross-sector activities to support recovery. To lay the foundation for DC’s economic future, FC2, the DC government and the business community must reimagine what offices look like, reinvent how to recruit and train employees and rethink outmoded ways of doing business.

Keeping the Federal Government in the Nation’s Capital

For much of the city’s history, its economy has been dependent on the federal government’s investment, real estate and personnel. Today, due in part to the pandemic, the federal office presence in the District is shrinking, as agencies decide whether to bring workers back to their offices or allow them to telework permanently.

Before the pandemic, the General Services Administration (GSA) was planning on downsizing

the government’s real estate footprint, and that trend will likely quicken. Meanwhile, the District’s fate is interwoven in other ways with the federal government. The U.S. Department of Interior and the National Park Service oversee much of DC park land, and Congress controls the outcome of the RFK Stadium site.

Anthony Williams, FC2 CEO and Executive Director, believes FC2 and the greater business community need to work more diligently with the federal



"It's imperative that all of us send a signal to the federal government that we really want to see a robust return to work by federal departments and agencies, which are anchors for our economy."

Photographer: Ted Eytan @Flickr

government to help guide its long-term downsizing plans and return-to-office policies in the short term.

"It's imperative that all of us send a signal to the federal government that we really want to see a robust return to work by federal departments and agencies, which are anchors for our economy," says Williams. "We would like to see the federal government consult with the DC government and the local business community as it makes these decisions. While we're doing that, we

need to be diversifying and strengthening our economy and our competitiveness if the federal government does pare back its presence."

Williams says FC2 will be hosting meetings with GSA, the Interior Department, the Office of Management and Budget (OMB) and the U.S. Department of Transportation to provide insights to the agencies during their decision-making, while also presenting the District's priorities and interests.

Rethinking the Built Environment

In the last two years, it has become clear that there is an oversupply of office space downtown. Regardless of what the federal government does, some in the business community have already shifted away from in-person work to teleworking, leaving swaths of the District's office space unleased or underutilized.

"Teleworking has changed everything," says Becky Strauss, FC2 Director of Economic Initiatives. "So much of the built environment in the District is built for a five-day office work week. There aren't many mixed-use or residential buildings downtown. It was a ghost town at night even before the pandemic. Now it's empty during the work week as well. The neighborhoods that have fared the best during the pandemic are more residential, where local businesses can rely on patrons who are working from home or going out in the evening."

Office buildings in the Central Business District (CBD) are 16.9% vacant as of Q3 2021, according to city officials. Sustained high vacancy rates are likely to continue with the growth in teleworking.

One of the most popular options for repurposing the growing volume of vacant spaces in the CBD is converting old office buildings into residential real estate. Mixed-use buildings have become increasingly popular in other DC neighborhoods such as Navy Yard and NOMA, and adopting those same models could make the downtown more resilient.

Earlier this year, the Office of the Deputy Mayor for Planning and Economic Development (DMPED), in collaboration with the Office of Planning (OP) and the Department of Housing and Community Development (DHCD), welcomed input from current and prospective property owners on incentivizing conversions of



commercial properties to residential use in central Washington, DC, with an emphasis on the CBD.

A DC government analysis estimates that office-to-residential conversions could generate an incremental annual tax benefit of \$9.5 per square foot via increased sales and income tax revenues, and offset anticipated declines in property tax revenues. FC2 is committed to leveraging the insights of its Trustees to make conversions easier for the city, and to advocate for conversion subsidies for property owners.

The opportunity to bring in new tenants—residents and businesses such as startups or incubators—to fill empty spaces is authentic and popular, even if they don't pay the same kind of Class A rents as commercial tenants. These placemaking opportunities also open the

door to more mixed-use development in the CBD. In light of that goal, FC2 is supporting several innovation district initiatives in the Golden Triangle Business Improvement District (BID) (called Penn West, and in collaboration with George Washington University) and on the former Walter Reed Army Medical Center site (called the Pediatric Innovation District, and in collaboration with Children's National Hospital).

A more enticing built environment downtown would include new pocket parks, pedestrian zones and refurbished outdoor spaces like Franklin Park. All of these are magnets for workers and residents, while also revitalizing the business community and encouraging more people to return to the city's core neighborhoods.

Repositioning the Business Community

As the workplace is reshaped, the District will need to look for ways to recruit businesses and workers to the District. That activity will need to shift into overdrive to keep pace with defections and telecommuters. Suburban counties, closer to many commuters' homes, have been able to eat into the District's daily office worker and residential base.

Williams says the District will need to be more proactive in business development, both persuading new businesses to relocate to the District or convincing those currently here to stay. FC2 is working in partnership with other business organizations to design a business attraction plan that could be carried as a private sector-run initiative in collaboration with the DC government. The attraction plan could include everything from adjusting tax rates to creating an

entrepreneur visa initiative, an option that academic institutions could use to sponsor aspiring immigrant entrepreneurs with H1-B visas.

"We're trying to get more involved in business attraction," says Williams. "Along with bringing tourists and conventions back to the District, we want to help attract new businesses and employers. Trustees and other major employers are needed for this work."

Inviting new companies to the District won't happen without a broad reexamination of the business climate and reforming regulations or policies that could prove to be roadblocks for new businesses. In recovery mode, the District cannot afford to ignore the business climate as a factor in boosting its competitiveness.

Neighboring jurisdictions generally have more business-friendly regulations and lower costs for doing business, which has put the District at a disadvantage in the past. The DC Council must be more proactive in attracting new businesses to fill offices and commercial real estate, without loading new regulations, taxes and mandates on companies. The Tax Revision Commission, which will be chaired by Williams, will analyze the city's tax regime in light of the pandemic.

Preparing for a New Kind of Workplace

Once businesses have landed or chosen to stay in the District, they will need a talented and well-trained workforce. The city's young people, adults, college students, immigrants and entrepreneurs bring many gifts, but they also need support with first-time jobs, new careers options and breakthrough business opportunities.

FC2 is working with employers and employer organizations to assist DC residents in securing good jobs and give our region's employers a competitive edge by meeting their growing talent needs. While supporting city-wide efforts to create pathways to good jobs in the IT and Health Care sectors, the Federal City Council is focusing its time and tactical efforts by convening the region's construction employers to meet industry needs.

"Our focus is developing an employer-driven talent pipeline and addressing recruitment, training, hiring, and retention needs of local construction firms," says Katie Posko, an FC2 Associate. "Our goal is to strengthen the private-sector workforce development system in order to create new paths to good-paying jobs."

FC2's ongoing efforts to bolster DC apprenticeship offerings is seeking to tackle talent shortages in the

FC2's efforts with the Business Coordinating Group (BCG), to share intelligence and push for swift action, have been essential in rethinking a DC business-attraction strategy. It also has coordinated efforts with Opportunity DC, a pro-business lobbying group, and is planning to develop an emerging leader program to consist of a series of lunches and seminars for the next generation of potential DC leaders to learn about DC policy challenges.

region. It has expanded available apprenticeships, working with CareerWise DC, a DC youth apprenticeship program; and the Greater Washington Apprentice Network (GWAN), a group sponsored by Aon, Accenture, FC2 and the Northern Virginia Chamber of Commerce. It has also partnered with Talent Ready to give local high school students digital skills and professional experiences.

"We are trying to lower barriers for DC residents, particularly young people, to give them a chance to build a bridge to livelihoods and degrees," says Clinton. "Our goal is to develop business-informed apprenticeship programs aimed at preparing young people for the District's future workforce."

Through Hire Local DC, FC2 is also partnering with a number of nonprofits to support its workforce goals. The groups include the AOBA Educational Foundation, which gives professionals the skills and training to pursue careers in the building maintenance and engineering profession, and the Collaborative of Leaders in Academia and Business (Capital CoLAB), a partnership of business and academic institutions designed to develop talent. ■



"So much of the built environment in the District is built for a five-day office work week."



TRANSPORTATION & INFRASTRUCTURE PROJECTS INTEGRAL TO DC RECOVERY

Overcoming Barriers and Opening Pathways

The Federal City Council (FC2) has long brought its leadership and advocacy to advancing transportation and infrastructure policies and growth in the Washington, DC region. In the wake of the pandemic, FC2 is accelerating those efforts to rebuild and enhance the city's infrastructure and transportation systems to better support the DC economy.

The Metro system is at a critical juncture today. Long-standing issues have been exacerbated by the pandemic and the slow return to downtown offices, triggering accountability issues, a looming FY24 fiscal shortfall and major ridership declines. In March 2022, rail ridership was 32% of March 2019 pre-pandemic levels on weekdays, with it climbing to two-thirds on weekends, according to the Washington Metropolitan Area Transit Authority (WMATA).

"For more than 55 years, the Federal City Council has championed various funding, governance and operation actions necessary to ensure WMATA is on a safe, sustainable path," says Anthony Williams, FC2 Executive Director and CEO. "But the cracks that have been exposed at WMATA are showing up in places they aren't at other agencies, and in a way that causes real alarm."

FC2's recent advocacy efforts with the MetroNow Coalition have been extremely successful in gaining new funding. In 2018, MetroNow secured \$500 million in dedicated annual capital funding to address maintenance and safety problems; in 2021, FC2 helped secure the reauthorization of PRIIA in the Bipartisan Infrastructure Law to provide another \$150 million in dedicated annual capital funding from the federal government through 2030; and MetroNow's advocacy helped secure nearly \$3 billion in federal pandemic relief funding to maintain staffing and operations. Dedicated capital funding has proven effective in reducing WMATA's backlog of deferred maintenance, and federal pandemic operating relief funding has bought the agency time.

Yet, WMATA still clearly needs significant reform in the realm of safety, accountability and governance. Crises like the recent lapse in recertification for half of Metro's rail operators are a reminder that its problems are not all financial. Rail operators driving older trains or trains that are new to them, without having undergone any training as part of the recertification process, has serious safety implications.

"We're focused on a solution where we are advancing accountability and changes to governance, and



“Mayor Bowser and the District continue to lead the region on bus transformation and dedicating and prioritizing buses on roadways.”

connecting that to whatever funding solution might be needed,” says Laura Miller Brooks, FC2 Director of Transportation & Infrastructure. “This is a critical moment for Metro on the operating side and the capital side, and we need a new model for the long-term sustainability of Metro.”

Meanwhile, there is a tremendous opportunity to improve bus service in a comprehensive way and to meet the needs of riders in the region. Unlike Metrorail, bus ridership was 65% of pre-pandemic levels on weekdays in March 2022, and nearly 90% of Sunday levels, according to WMATA.

Buses are viewed as a simpler solution to regional workforce mobility than in the past, and they were essential during the pandemic for delivering workers to jobs. That accounts for increasing interest in projects that allow buses to move faster on roadways or to have dedicated traffic lanes. Plus, buses have been significantly less expensive to operate per passenger trip.

“Mayor Bowser and the District continue to lead the region on bus transformation and dedicating and prioritizing buses on roadways,” says Miller Brooks. “The District has fully funded its bus priority program, and is implementing a lot of dedicated infrastructure and technology to make buses more efficient.”

One of the largest infrastructure projects in the area is the \$10.7 billion Union Station Expansion Project (SEP), which will transform everything around, behind, below, and above Daniel Burnham’s historic train hall. Modernizing the facilities would expand existing transit systems and position Union Station – The Nation’s Station – as a leading multimodal transportation destination.

In June 2020, the Federal Rail Administration (FRA), which is the lead federal agency for Union Station, released a draft environmental impact statement with a preferred alternative that ignored local stakeholder concerns. Thanks to advocacy led by FC2, the FRA and SEP project team worked diligently over the last 18 months to create a new project vision that addresses stakeholder concerns and embodies best practices in station operations, historic preservation and urban design.

The SEP will modernize the historic transportation hub, reconstructing 25 acres of tracks and platforms where trains, buses, bikes, cars and pedestrians could converge. In addition to addressing the station’s maintenance backlog, the project would create a two-block-long, naturally lit new Train Hall; construct new rail and bus concourses and locate three pick-up and drop-off locations (PUDO); and enable 3 million square feet of new air rights development over the rail yard. Most critically, FC2 believes the new project vision will enjoy full stakeholder and public support, bringing to a close the lengthy environmental review process.

To help the project move forward to the design and construction phase, the federal government and other key stakeholders want more clarity about SEP. FC2 successfully advocated to secure the District’s \$1 million portion of a \$2 million study—funded in equal parts by the DC government and (potentially) Amtrak—in the FY23 DC budget. FC2 will work with partners at the Union Station Redevelopment Corporation and regional stakeholders to establish an optimal governance structure for project delivery and sponsorship. An FC2-led campaign to seek federal investment will follow the study. ■

D.C. Policy Center Celebrates 5 Years Generating Independent Research and Policy

When the D.C. Policy Center celebrated its fifth anniversary this spring, the festivities commemorated not only how it had become a leader in unbiased and reliable research in the District of Columbia, but also how it had developed into a national model for independent civic research and policy development.

"In the last few years, we've had so many legislative successes," said Yesim Sayin, the D.C. Policy Center's founding and current Executive Director. "We have learned to work with the DC Council and the Executive Office to turn our policy recommendations into reality. We have become far more pragmatic, and we will continue to be so as we develop data-driven, reliable and actionable research."

Established with the support of the Federal City Council (FC2), the D.C. Policy Center quickly became a trusted source for impartial research and policy development that amplified opportunities for DC residents, workers and businesses. And, exactly like FC2, it has emphasized fact-based research over party politics.

"We made an effort to have no ideology," says Sayin. "We were going to be very data-driven, so that we were able to reach out to anyone and everyone. We may not agree with everything you say, but we certainly agree that the District has to remain strong, vibrant and competitive to create opportunities for all."

Sayin says the D.C. Policy Center has been positioning itself for its next five years. It's built up an impressive library of research reports and innovative policy initiatives that have wide appeal within the District and among civic leaders across the country. For example, it developed the housing policy known as inclusionary conversions, whereby a certain share of units in rent-controlled buildings are converted into affordable units subsidized by the city for a period of 15 or 40 years. The District invested \$5 million in the policy, and now the Center is helping other cities replicate it.

"The Policy Center has come into full maturity," says Anthony Williams, FC2 CEO and Executive Director. "I think it's playing a powerful role informing DC policy and it's broadening its reach far beyond the District." ■

District Strong Series Delivers Essential Civic Conversations

One of the remarkable creations that came out of the pandemic from the Federal City Council (FC2) was its District Strong series, which brought diverse speakers together to discuss the challenges facing the District and innovative solutions to help the District emerge from the pandemic.

As a non-partisan forum, District Strong has been the home of free-wheeling, unedited conversations among government officials, business executives, civic leaders and FC2 Trustees since March 2020. FC2 reconfigured this virtual meeting series in 2022 to add more value for Trustees and to open up certain conversations to the broader public.

"When we created District Strong, we knew we needed an ongoing conversation about the pandemic and how we were all responding," says Anthony Williams, FC2 CEO and Executive Director. "That need continues, and District Strong presents an opportunity for us to use modern technology to further expand the impact and the consequences of the Federal City Council's work."

FC2 now offers three different formats for the District Strong webinars: The Member Series, intimate

discussions with public and private sector decision-makers; the Civic Series, conversations specific to the community on subjects such as education, the economy, transportation and equity; and the Community Series, discussions that are relevant to the broader community.

This tiered approach gives FC2 Trustees exclusive access while also providing avenues for broader engagement. The Member Series is reserved for FC2 members. The Civic Series is open to FC2 members and select leaders related to the topic at hand, and the Community Series is open to the general public. The District Strong series is sponsored by Capital One, B.F. Saul Company, PNC, United Bank and Verizon.

District Strong speakers share their ideas on everything from reviving the District's downtown to finding solutions to its affordable housing crisis to exploring national issues of interest that could have impact locally. The program also features local civic leaders from ANCs and Main Streets, building better communications between neighborhoods and the business community. ■

Washington Housing Conservancy Preserving Affordable Housing

The Washington Housing Conservancy (WHC) continues to advance its mission to secure long-term affordability of homes for individuals and families in the Washington, DC, region, despite rapidly escalating rents and market redevelopment that threaten to displace residents.

“Our model disrupts the gentrification cycles that threaten the diversity of area communities and put too many DC-area residents at risk of hardship—even the loss of the roofs over their heads,” says Kimberly Driggins, WHC Executive Director.

The WHC expanded its portfolio this spring with the \$28.8 million purchase of Earl Manor in Wheaton, Maryland. It partnered in the acquisition with the Montgomery Housing Partnership (MHP), a non-profit housing organization in Montgomery County, to preserve the 140-unit property.

The WHC portfolio includes Earle Manor; the 214-unit Huntwood Courts in Northeast DC; and the 245-unit Hamilton Manor in Prince George’s County, Maryland, a transaction made in collaboration with the National Housing Trust Communities. The WHC’s first acquisition of 825 units at Crystal House in Arlington County, Virginia, was made possible with financial support from Amazon’s Housing Equity Fund.

Today, WHC is nearly halfway toward its initial goal to preserve or create affordability for at least 3,000 units in the national capital region, while also advancing housing equity and sustaining diverse and inclusive multi-family communities. WHC’s acquisitions are made possible by the blending of private real estate expertise with its social impact mission.

Residents of WHC buildings gain more than stabilized rents, however. They benefit from WHC’s expertise in community building and resident-led engagement strategies that foster inclusive living environments for residents. JBG SMITH manages properties on behalf of WHC and its co-owner partners. ■

Spring Quarterly Board Meeting Brings Trustees Together

Federal City Council (FC2) Trustees gathered May 24 at Trinity Washington University’s historic Main Hall for its first traditional Spring Quarterly Board meeting in two years. Hosted by Trinity President Pat McGuire, the meeting featured panel discussions on higher education and the June 2022 primary election.





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