



Council of the District of Columbia Committee on Human Services
Office of Planning and Economic Development Budget Hearing

Written Testimony of Kevin Clinton, Chief Program Officer
Federal City Council

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Good morning, Chairman Frumin and members of the Committee. My name is Kevin Clinton, and I am the Chief Program Officer at the Federal City Council (FC2), a nonprofit, nonpartisan organization focused on advancing civic and economic vitality in the District of Columbia. I appreciate the opportunity to be here today to discuss the Mayor's proposed budget for the Office of the Deputy Mayor for Planning and Economic Development.

I will focus my testimony on three areas: the importance of economic growth to the District's fiscal health; how DMPED advances the core elements of economic development; and to express support for targeted incentives for the reuse of former federal buildings.

Economic Growth and Fiscal Sustainability

Over the past 25 years, the District has experienced extraordinary fiscal growth. The budget has expanded from \$6 billion to well over \$21 billion between 2001 and 2026, driven by a sustained expansion in population, employment, development, and business activity. A growing economy gave the District the resources to make historic investments in education, housing, healthcare, and many other priorities.

That underlying growth is now at risk.

The challenges we face aren't cyclical or short-term. They are structural. The federal government cut 40,000 jobs that aren't coming back according to DC's Chief Financial Officer. A smaller office footprint and weaker street-level activity are further shrinking the tax base.

In recent years, the District has balanced its budget by drawing down fund balance and raising taxes to cover new spending. Fund balance offers one-time relief, while tax increases generate recurring revenue. In practice, rising expenditures have quickly absorbed both, leaving previously funded commitments under pressure.



Repeating this approach with the FY 2027 budget won't change the outcome. In a softening demand environment, additional tax increases will drive away the engines of growth that pay for the many important programs in the budget.

Core Elements of Economic Development

We support the Mayor's continued investments in economic development and believe DMPED plays an essential role in shaping the District's economy by advancing the following core elements that are essential to economic development:

First, starting with a clear-eyed view of DC's competitive position and opportunities for growth. Limited resources must target the sectors that are expanding and where we have real advantages. That means ongoing, substantive dialogue between government, employers, and educational institutions.

Second, a competitive tax, policy and regulatory environment. Businesses choose locations based on cost, predictability, and how hard it is to operate. If we're not competitive on those basics, no incentive package will be enough to attract or keep employers here.

Third, industry involvement. When employers are genuinely at the table helping shape priorities, not just consulted after decisions are made, investments tend to be better targeted, better coordinated, and more likely to stick.

Fourth, workforce development tied to real demand. Connecting residents to good jobs requires a system that flexibly responds to what employers need. Residents should be positioned to benefit from growth as it happens, not after the fact.

Fifth, workforce housing. This is fundamental, and the situation has gotten worse. Investment has slowed, nonprofit and for-profit providers are under severe strain, and residents have fewer affordable options than they did. That's a problem for housing stability and for long-term growth.

Sixth, a strong corporate attraction function. Corporate attraction, coupled with a tool kit of tax incentives such as the Vitality Fund, is essential. The Mayor's investments in the Washington DC Economic Partnership demonstrate her commitment.

Seventh, catalytic projects. Developments like the Wharf, Navy Yard, Capital One Arena, and the planned RFK investments show what's possible when large-scale projects are done well. They generate momentum, draw in activity, and generate tax revenue that far exceeds the government's investment.

III. Supporting the Reuse of Former Federal Buildings



Finally, I want to express our support for the Mayor's proposal to provide a 20-year tax abatement for the conversion of former federal buildings.

It makes practical sense.

These properties are off the tax rolls, so the District isn't forgoing existing revenue by offering the incentive. Redevelopment costs (such as structural, environmental, and infrastructure) are often prohibitive. Without a targeted incentive, many of these buildings will simply sit underutilized, out of step with the District's long-term goals.

We're particularly intrigued by the potential for Southwest to become a genuine mixed-use neighborhood that connects the National Mall to the Wharf, draws visitors, and adds real housing options for residents.

Conclusion

In closing, we support the Mayor's investment in economic development and the role DMPED plays in advancing it. The District's long-term economic and fiscal health depends on the decisions that this Council makes during this budget season.

Thank you for the opportunity to testify, and I look forward to your questions.