True Reformer Building
1200 U Street, NW
Washington, DC 20009
(202) 328-5500
www.legalclinic.org
@washlegalclinic

The Washington
LEGAL CLINIC
for the Homeless
A Voice for Housing and Justice

Testimony before the DC Council
Committee of the Whole
Hearing on the FY20 Budget Support Act
Amber W. Harding
April 26, 2019

Good morning Chairman Mendelson and Councilmembers. My name is Amber Harding and I am an attorney at the Washington Legal Clinic for the Homeless. The Legal Clinic envisions – and since 1987 has worked towards – a just and inclusive community for all residents of the District of Columbia, where housing is a human right and where every individual and family has equal access to the resources they need to thrive.

I am on the steering committee of both the Fair Budget Coalition and the Way Home Campaign and the Legal Clinic fully supports their budget platforms. As a reminder, the Fair Budget Coalition issued a Report Card on the Mayor's budget, for which she received an F for housing. We plan to issue a Progress Report on the Council's budget after committees mark-up the budget, and a more individualized assessment of each Councilmember's efforts to fund Fair Budget priorities at the end of the budget process.

Our Spending Asks

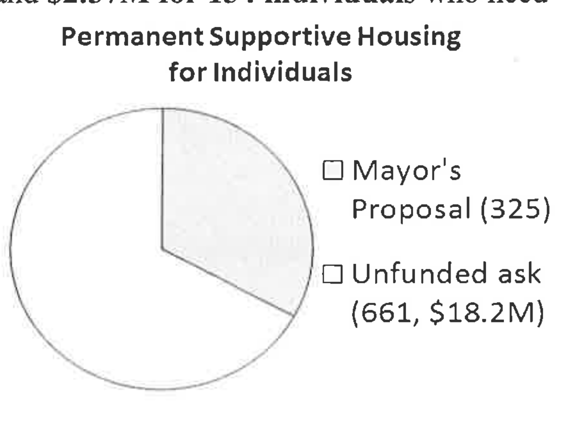
Eviction Prevention

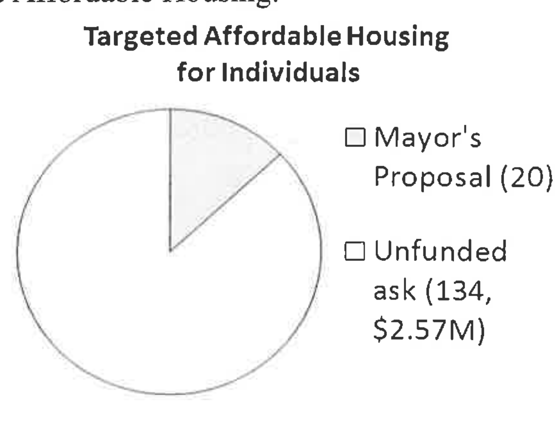
The Council just spent nearly a year discussing the trauma and harm of eviction, and its disproportionate impact on low-income DC residents, particularly black low-income residents. Many of us viewed and discussed the Matthew Desmond exhibit on Evicted at the National Building Museum, which concluded that DC is "tenant friendly" but not "low-income tenant friendly" and illustrated the compounding traumas of losing belongings on top of losing a home.

We were disappointed to see that the Mayor cut the Emergency Rental Assistance Program for the third year in a row. ERAP runs out of funds every year, and as a result many families, seniors and individuals with disabilities lose their homes when a relatively small grant could have prevented that trauma. The Fair Budget Coalition had recommended an increase of $12M to ERAP—now our ask is to restore the cut as well, for a total of **$12.6M.**

End Chronic Homelessness

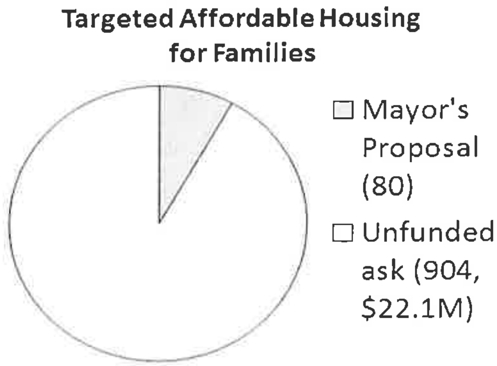
The Mayor fully funded our ask for Permanent Supportive Housing (PSH) for 180 families. We ask the Council to fill the remaining gaps of **$18.2M for 661individuals** who need PSH and **$2.57M for 134 individuals** who need Targeted Affordable Housing:





End Family Homelessness

The Mayor only funded 80 slots of Targeted Affordable Housing (TAH) for families. We ask you to fill the gap of **$22.1M to provide TAH to 904** homeless families. We support 20% of this ask being met by moving $6.7M ($4.4M recurring) from Rapid Re-housing for families into TAH for families.



End the Wait for Tenant Vouchers

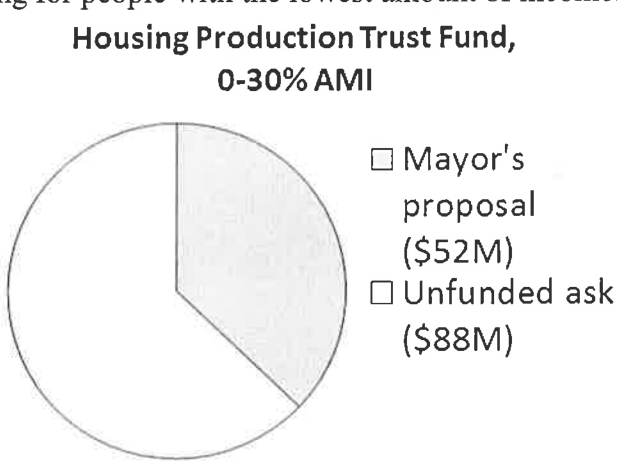
Once again, the Mayor put **$0** towards tenant vouchers. The DC Housing Authority waiting list has 40,000 households and has been closed for 6 years. People wait for more than 10 years before getting called for a voucher, even when they are homeless. We ask you to devote **$10M to the Local Rent Supplement tenant vouchers**, enough to serve **500 households.**

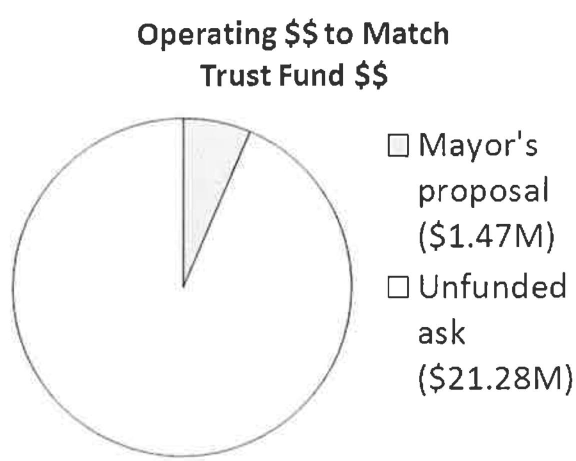
Repair and Preserve Public Housing

The Mayor put **$0** in new money into public housing repairs. The DC Housing Authority (DCHA) released a report in December stating that 2500 of its units were in critical condition and needed immediate repairs for people to continue living in them. DCHA has recently said it needs an additional (above already reserved) funding of **$30M** per year over the next ten years to repair and stabilize twenty five properties, including 14 properties that require the most urgent action.

Build Affordable Housing for People at 0-30%AMI

The Mayor increased the Housing Production Trust Fund from $100M to $130M. Only 40¢ of every dollar goes to very low-income DC residents (0-30% Area Median Income (AMI)). Only **$52M** out of the $130M will build housing for people who need it the most. We asked for **$140M** *just* for 0-30% AMI, which could have built about 770 units. With $52M, DC could build about 286 units of affordable housing—BUT the Mayor did not put enough matching money in operating dollars to actually build that housing. With only **$1.47M** in matching money, DC can only hope for **50 units** of housing for people with the lowest amount of income.





BSA Support for Asks

Remove the BSA Subtitle that reduces notice to families

We oppose including Subtitle (V)(E) "Redetermining Homeless Services Eligibility Clarification Amendment Act of 2019" in the BSA. The Council has long frowned on slipping major policy changes into the BSA, particularly those that do not have a fiscal impact. Circumventing the regular legislative and community input process should be done sparingly and only with very good cause. There is no certified fiscal impact to the proposed changes, and so it is inappropriate to include it in the BSA. The Council has also consistently frowned upon relitigating legislation that has already been hashed out. The amount and type of due process was discussed ad nauseam in the more than six months that the Homeless Services Reform Amendment Act was before this Council. DHS might not like where the Council ended up, but the Council was very clear in its intent to provide full due process and notice to shelter residents undergoing redetermination of eligibility.

Create pilot program in ERAP for post-eviction moving and storage

In addition to expanding the budget, we also support expanding the eligible uses of ERAP to allow low-income residents facing eviction to pay the costs of moving and/or storing their belongings when eviction is imminent. The ancestor of ERAP, the Emergency Assistance Program (EA), had a location at landlord-tenant court where litigants could conveniently apply for funds to prevent eviction or meet other emergency needs. EA was available to meet a broader range of needs than ERAP, including for storage for residents facing eviction. While we've talked about crafting a new publicly funded and operated program to pay for moving and storage, we believe that folding that function into ERAP is a more efficient and client-centered way to utilize this safety net because it does not require any new bureaucracy or government staffing and it allows clients to choose which service would best meet their needs.

Proposed language:

(a)(1) For fiscal year 2020, the Department of Human Services ("Department") shall implement an Emergency Rental Assistance Program ("ERAP") pilot initiative for the purpose of providing assistance with payment of moving and storage costs after an eviction to all District residents (including non-elderly, non-disabled adults without minor children in their care) who would otherwise qualify for emergency rental assistance under Chapter 75 of Title 29 of the District of Columbia Municipal Regulations.

(2) No later than October 1, 2019, the Department shall submit to the Council a plan for the Moving and Storage Costs Pilot Initiative. The plan shall include the following information:

(A) An estimated number of clients that will be served by the initiative;
(B) A timeline for implementation of the initiative;
(C) Metrics or criteria for measuring the initiative's outcomes;
(D) A plan for outreach to inform District residents of the initiative, including but not limited to proving information to tenants with cases in the Landlord Tenant branch of D.C. Superior Court;
(E) Any cap or restrictions on the amount of assistance (e.g. monetary or number of months of storage the program will fund); and
(F) Any other information the Department believes would assist in analyzing the initiative's impact.

Ensure public housing repair funds are used for the most critical repairs and that public housing is preserved

When additional funds are dedicated to public housing repairs, we recommend that a BSA Subtitle accompany the funds in order to instruct DCHA on the Council's expectations for how the funds will be spent, the community engagement process that DCHA must employ, and regular reporting requirements to the public and the Council. A BSA Subtitle will ensure that the agency is using the funds in a way that is consistent with the Council's intent: to restore the health and safety of public housing and to preserve public housing units at the same level of affordability and access. We will work with the Housing Committee to fine tune that language.

Ensure that the redevelopment of 801 East men's shelter is done safely and transparently

The District is currently planning to build a replacement for the 801 East men's shelter. We strongly support the redevelopment of 801 East and we support doing it quickly. But we are very concerned that the District has decided to build the replacement shelter on a former fly ash landfill that is only a few hundred feet from the current shelter. Based on the environmental testing that has been done so far, the District is on notice that the soil at the site is contaminated with toxins that far exceed the safe level for residential areas. In short, the site is dangerous. However, no one knows just how dangerous. So far there has been only limited testing of the soil at the site that has failed to determine the full extent of the contamination and, as a result, it remains unclear whether the site can be safely developed in any circumstances.

This location for the shelter carries obvious and substantial risks, and while it is possible that the Administration is taking those risks seriously in private, there has been little public indication that that is the case. Given the lack of meaningful evidence that this project can be done safely, we recommend adding a BSA Subtitle that would tie funds for the project to conducting further environmental assessments of the site, installing proper engineering controls and full transparency for any environmental testing results or remediation plans. Without such protections, some of which may have a fiscal impact, the Council will remain in the dark about whether the site can be developed safely or whether DC is at risk of inadvertently poisoning hundreds of shelter residents.

Proposed language:

1. *Beginning on July 1, 2019 and weekly thereafter until the project is completed, the Mayor shall provide to the Council:*
    a. *Copies of any contracts for testing or monitoring of environmental conditions at the project site;*
    b. *Results of any soil or air tests conducted at the project site by the Department of General Services or a contractor; and*
    c. *Plans, assessments, analyses or reports done by the Department of General Services or a contractor relating to the environmental or geotechnical conditions of the project site, including, but not limited to, abatement or removal of contaminated soils, Volatile Organic Compounds ("VOCs") and dust control.*
2. *If the project proceeds on Parcel 2 of the St. Elizabeths campus, the Mayor shall conduct additional testing to determine the extent and significance of soil contamination at the project site, including, but not limited to, testing of soil in the center and eastern edge of the building footprint, as well as testing of soil immediately north and south of the building footprint.*
3. *If the project proceeds on Parcel 2 of the St. Elizabeths campus, the Mayor shall ensure that proper engineering controls for Volatile Organic Compounds ("VOCs") are installed, including, but not limited to, a vapor barrier in the subsurface and a sub-surface depressurization/venting system.*

Sources of Funding

We strongly believe that the budget is DC's most critical and compelling statement of its priorities. We are also intrigued by studies showing that a perception of economic scarcity "produce[s] racial bias in the distribution of economic resources."[1] This Council certainly expresses economic scarcity throughout the budget process, and I think the large gaps in programs that primarily serve black and brown DC residents such as healthcare and housing show that resources are not being equitably distributed to black and brown residents. Perhaps, though, it is even more apparent that our economic resources aren't being distributed equitably when we take a closer look at what, and how, DC is funding programs that do not primarily serve black or brown DC residents.

It is always hard for advocates whose expertise lies in housing or human services to really know whether there are inefficiencies in other areas of the budget. In housing and human services, we are constantly asked to look for those inefficiencies, constantly asked to prove the effectiveness of every dollar spent on the lowest income residents of DC. At the same time, we are told by this Council repeatedly that they have found every dollar they could for affordable housing or, sometimes, that we must further restrict eligibility in emergency shelter because of our scarce resources. Having spent just a little time doing a deep dive into a few programs outside of housing, I cry foul.

We support the Mayor's proposed commercial property and commercial deed tax increases. Bot those resources are not enough. We also support the additional revenue increases and diversion of current funding/enhancements from the programs listed in the attached document in order to ensure that DC residents who are struggling the most have a safe place to call home.

Workforce housing: $20M one-time

The $20M in one-time funds devoted to the Mayor's new initiative to create "workforce housing" for District housing making between 60-120% of Area Median Income (AMI) should instead be devoted to public housing repairs and/or eviction prevention. The majority of the District's workforce would be left out of this program entirely, as the majority of our workforce makes below 50% of AMI.[2] Calling this fund a "workforce housing" fund demonstrates either an ignorance of the true demographics of DC's workforce or a belief that teachers, police officers, and others making up to $140K are somehow more critical to our workforce than the thousands of low-wage workers who keep this city running. Because the District's racial income inequality gap leaves most Black households out of this income range, this fund will also almost exclusively serve non-Black households,.[3] Finally, very few households in this income range are severely rent burdened,

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[1] *See e.g.* https://www.ncbi.nlm.nih.gov/pubmed/28910122

[2] Greater Greater Washington and the Coalition for Smart Growth advocate for workforce housing to be focused on those who make less than 50% of AMI. https://ggwash.org/view/71352/where-dc-needs-to-focus-its-workforce-housing-subsidies

[3] According to the DC Fiscal Housing Policy Institute's recent report: "The "Workforce Housing" program in the proposed FY 2020 budget would support development of housing for families earning between 60 and 120 percent of the area median income, or up to $140,000 for a family of four. Given that the Black median household income is approximately $42,000, the program will exclude most Black District residents. While Asian and Latinx households are more likely to benefit than Black households (with median household incomes respectively at $96,394 and $84,728), the program will primarily benefit white households whose median household income is far higher at $134,000." https://www.dcfpi.org/all/budgeting-for-equity-how-to-advance-opportunity-for-people-

particularly as compared to households at below 50% of AMI or those below 30% AMI.[4] This money would be far better, and far more equitably, spent on repairing public housing units or preventing evictions—both of these programs only serve very low income residents, the majority of whom are Black.

Events DC: $65M recurring, up to $206M one-time

Until this year, Events DC was under the Finance and Revenue Committee. Now it has moved to the Committee of the Whole. As many of you probably know, Events DC is responsible for the District's sports arena, stadiums, conventions, festivals, etc. It is funded partially by a dedicated revenue stream from a portion of DC's hotel and restaurant taxes.

I've taken a look at the last 7 fiscal years, and here is what I learned:

- In FY12, Events DC received $101M in dedicated revenue, but only spent $70.6M. **$30.4M** was swept into an "investment" account. That year 45 DC residents died while homeless.
- In FY13, Events DC received $104.1M in dedicated revenue, but only spent $76.1M. **$28M** was swept into an "investment" account. That year 20 DC residents died while homeless.
- In FY14, Events DC received $105.5M in dedicated revenue, but only spent $68.8M. **$36.7M** was swept into an "investment" account. That year 53 DC residents died while homeless.
- In FY15, Events DC received $116.4M in dedicated revenue, but only spent $71.4M. **$45M** was swept into an "investment" account. That year 41 DC residents died while homeless.
- In FY16, Events DC received $123.6M in dedicated revenue, but only spent $70M. **$53.6M** was swept into an "investment" account. That year 51 DC residents died while homeless.
- In FY17, Events DC received $138.1M in dedicated revenue, but only spent $67.4M. **$70.7M** was swept into an "investment" account. That year 45 DC residents died while homeless.
- In FY18, Events DC received $135.3M in dedicated revenue, but only spent $71.8M. **$63.5M** was swept into an "investment" account. That year 54 DC residents died while homeless.

Fiscal Year	Dedicated revenue	Amount of dedicated revenue used	Underspending	% of Ded $ unspent	Surplus Balance	# Died Homeless
12	101M	70.6M	30.4M	30%		45
13	104.1M	76.1M	28M	26.9%		20
14	105.5M	68.8M	36.7M	34.7%		53
15	116.4M	71.4M	45M	38.7%		41
16	123.6M	70M	53.6M	43.3%		51
17	138.1M	67.4M	70.7M	51.2%	176.3M	45
18	135.3M	71.8M	63.5M	46.9%	206M	54
19Q1	34.6M	20.4M	14.2M	41%	n/a	n/a

It is unconscionable, and fiscally irresponsible, for the DC government to let these tax dollars go unspent while District residents are literally dying on the street, living in tents, and becoming sick

of-color-in-dc/?fbclid=IwAR0vfT6_ZlrNZAQC_FRKcgXL7D-ZSPJQOplFJbMfEzD7fiw85xd6jW515VQ

[4] See https://www.dcfpi.org/wp-content/uploads/2019/04/FY20-P-Housing-05.png

from the horrible conditions in public housing. Events DC has underspent its budget by up to $70.7M per year, amassing an unobligated surplus over the years of **$206M**. $206M sits in the bank while we are told that there isn't enough money for critical repairs to public housing. Instead thousands of DC residents, many of them seniors or children, must risk their health and safety by living in units full of lead, mold, and crumbling infrastructure while the Mayor "studies" the DCHA's finances for another year. If the Mayor or Council had swept the $30M in underspending in FY12, 1500 households could have received a voucher that year, and thereafter. Instead, because DC Housing Authority determined that there was little to no hope of ever meeting the need, they closed the waitlist 6 years ago.

Every single person who died on the street from 2012-2018, all 309 people, could have been housed with a small fraction of the money that Events DC failed to spend. The Council can sweep half of their dedicated revenue ($63M per year) and a good part of their surplus (up to $206M) into housing needs without impacting a single activity of Events DC. The city could still continue to spend undisclosed amounts of local money on things like the sponsorship of a Welsh soccer team[5], as it did this year. However, unless and until the Council redirects this unspent money to increase the housing stability of DC residents, any references to how tight this budget is or how the Council can't find the funds we need for affordable housing should cease.

Qualified High Technology Company (QHTC) incentive: $40M recurring

Every year the DC government fails to adequately fund affordable housing, shrinking away from mere mention of a right to housing. It enforces time limits in rapid re-housing regardless of ability to afford rent without a subsidy. It continues to whittle away at the right to shelter, forcing families to meet more and more onerous burdens to get emergency shelter. Meanwhile, DC operates a program in the District on the complete opposite end of the spectrum. This program is an entitlement program—no matter how many people apply, all eligible applicants are assured participation. It has no time limits—benefits will be provided as long as the participant likes, regardless of need. The burden is on the *government* to prove *ineligibility*, not on the applicant to prove eligibility, a benefit our homeless residents would also appreciate. It requires very little of the applicant in the way of proving District residency, and continues serving the participant even after the participant moves out of the District. In fact, for all eligibility factors, it merely requires "self-certification"— showing implicit trust in the applicant's truthfulness. There is also no "redetermination of eligibility"—once you're in, you're in.

What is this magical low barrier entitlement program? It's the Qualified High Technology Company incentive. It costs $40 million a year in foregone revenue and, according to a report by the CFO, there is no evidence that it is doing what it was intended to do: incentivize tech companies to do business in DC.[6] According to the DC Fiscal Policy Institute: "The report also found that many of the companies claiming the tax incentives were already engaged in the same business in the same location before they started claiming tax subsidies. This means the incentive gave away millions in tax breaks to companies for activities they likely would have undertaken anyway, without necessarily generating growth. Because the QHTC tax subsidies are not targeted to new businesses or to businesses that are expanding—and because no DC agency has gathered information to assess the program's effectiveness—the CFO was 'not able to reasonably identify what new actions were

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[5] https://www.bizjournals.com/washington/news/2019/01/04/events-d-c-signs-on-as-sponsor-of-welsh-football.html

[6] https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/2017%20Economic%20Development%20Tax%20Expenditures%20111418.pdf

taken due to the incentives' or 'what economic benefits are attributable to the incentives.' The CFO also concluded that the gains in DC's high-tech sector 'cannot be attributed to QHTC incentives.'"[7]

Unless and until this Council and this Mayor take a hard look at its double standard for verifying the eligibility of tech companies and stops handing out millions in tax breaks for no demonstrable benefit while also maintaining one of the worst affordable housing crises in the country, I cry foul on any declaration or implication that DC does not have enough resources to end homelessness.

[7] https://www.dcfpi.org/all/revenue-revealed-its-time-to-amend-dcs-tax-expenditure-programs/#_edn3

April 26, 2019

DC Council: Show Your Commitment to Equity in the FY 2020 Budget

We've all seen the data: between 2000 and 2013, DC had the most intense gentrification in the country, displacing over 20,000 black residents, many of them native Washingtonians.

Today, if you walk through our city, you can see and experience DC through two different lenses: the first, as of one of the fastest growing cities in the country, with an expanding population and tax base, home to scores of new restaurants, housing developments, and gathering spaces; the second, as one of concentrated poverty, lacking critical access to food, health care, and stable housing, with friends and families often having to move out of the city due to violence and rising costs of living. Those who see the city through the first lens are mostly high-income and to a much lesser degree black and brown. Those who see the city through the second lens are mostly low-income and black and brown. DC has the greatest racial income inequality in the country, and that inequality is starkly represented by the way in which our residents experience and participate in our city.

In a city like ours with widening income inequality, the government has a primary role in remedying racial and income inequities. We often hear from the Council that a fair budget should provide programs, services, even tax breaks for all District residents. If everyone had the same opportunities for success, the same investments in their education, the same quality of housing, the same access to jobs and wealth accumulation, such an approach might be fair. But in DC, where many Black and brown residents have not been afforded the tools and opportunities needed to thrive, such an approach is not equitable, and therefore, doesn't meet that principle of fairness. We are asking you to use an equity lens when assessing the fairness of this budget: Does every DC resident have what they need to be successful? Does this budget equitably address the needs and concerns of DC's people, specifically our low-income and black and brown families? Our review of the proposed FY 2020 budget finds it falling short of achieving equity—or even working toward it—in many ways.

To elevate the voices and outcomes for low-income District residents, we have come together in the hope that you, as our elected officials and policymakers who have the power to reimagine the status quo and rectify inequities, will ensure that our current budget reflects an equitable budget. On the signature page, you can see that we represent a wide variety of "issue areas" and budget asks, but we are united by our ask that the District ensure that the critical needs of low-income, primarily black and brown, residents, such as housing, education, healthcare, food, childcare, and violence interruption are met. *To assist you in finding resources to equitably address the needs of our residents, we have identified potential sources of funding laid out in the attached document.*

We believe that if DC ensures that our budget goes to making for a better life for each of our residents, that the past 20 years of displacement of our people will not be repeated in the next 20. We look forward to seeing a Fiscal Year 2020 budget passed by the DC Council that reflects our city's motto: Justitia Omnibus, Justice for All.

Birth to Three DC

dc's Children's Law Center

DC Fiscal Policy Institute

Fair Budget Coalition

Jews United for Justice

PAVE Parents Amplifying Voices in Education

SPACEs Safe Places for the Advancement of Community & Equity

The Washington Legal Clinic for the Homeless

FINDING REVENUES TO ENHANCE EQUITY IN THE DC FY 2020 BUDGET
April 26, 2019

As the DC Council works to finalize the FY 2020 budget, it should work to address major gaps in funding for programs and services that are important to building an equitable city, where all residents can thrive. The proposed budget falls far short in funding for schools, student mental health, early childhood education, housing, homelessness, immigrant health care, and more. The Council can preserve and find additional resources for these needs in three ways, as detailed below.

- **We encourage the Council to maintain the revenue increases in the proposed budget.** The revenue increases are sound proposals, and any effort to scale them back would make it harder to fund needed services.

- **We encourage the Council to eliminate budget proposals that work against equity, and to identify other budget savings.** This includes, for example, eliminating the proposed so-called "workforce housing" program for families with incomes up to $140,000. Funds for this and other proposals can be shifted into services that promote equity.

- **We encourage the Council to find smart ways to raise new revenues.** This includes raising property and deed taxes on high-value homes—a "mansion tax."

Maintain Proposed Budget's Revenue Increases

The primary revenue increases in the proposed FY 2020 budget are in the commercial property tax and deed recordation/transfer taxes for commercial properties.

Maintain Commercial Property Tax Increase: The proposed FY 2020 budget reinstates the commercial property tax increase that the Council adopted in FY 2019, setting a higher rate on properties worth $10 million or more. The tax was included in the FY 2019 budget adopted by the DC Council, as part of the effort to fund Metrorail improvements. (The Council then used new online sales tax revenue later to scale back the Metro tax increases.) Improving Metro is critical to DC's economy and has been a top priority of the business community. It therefore makes sense for business taxes to be part of the effort to support Metro. The tax increase totals $40 million, less than one-fourth of the nearly $180 million in new funds dedicated to Metro. Given the importance of Metro to DC businesses, asking them to shoulder a small share of the costs is reasonable. Rolling back the tax increase would inappropriately reduce this share even further. The Council should have not tried to reverse it and it makes sense that the Mayor reinstated the Council's initial decision to raise this tax.

Maintain Commercial Deed Tax Increase: The proposed budget raises deed transfer and deed recordation taxes to 2.45 percent, up from 1.45 percent, on commercial property sales above $2 million. This means combined transfer and recordation taxes would grow from 2.9 percent to 4.9 percent on these properties. This is a one-time tax when a property is bought or sold. A review of DC's deed taxes for the 2014 Tax Revision Commission concluded that that it is "an attractive source of revenues" because commercial properties are often owned by national or global increases and that it is unlikely to have a notable impact on economic development.

- Since the properties are owned by national and global interests, the impacts of the tax would be exported and not paid by DC residents or businesses.

- DC's commercial property market is one of the strongest in the world, and investors will still want to invest. The DC Tax Revision Commission study concluded that "taking fuller advantage of national and global interest in the District's office market by augmenting taxes for such properties could provide enhanced revenues with little downside impact."

Eliminate New Budget Proposals That Work Against Equity, and Find Other Savings

Advocates seeking more funds to invest in services and programs are often asked to identify where resources to support those increases can be found. The following is a list of ways to find savings in the FY 2020 budget that could be re-directed to higher-priority, more equitable, and more effective purposes.

Redirect funds from new "Workforce" Housing proposal: The proposed budget includes $20 million in one-time funding for the "Workforce Housing" program which would support the development of housing for families earning between 60 percent and 120 percent of the area median income (AMI), or up to $140,000 for a family of four. While a wide range of DC families undoubtedly face challenges with rising rents and home prices, prioritizing families with above-average incomes over extremely low-income families is a questionable allocation of resources. Given that the Black median household income is approximately $42,000 and the "Workforce Housing" program's lower income limit is $70,000, it will exclude most Black District residents. Further, 40 percent of DC's most common occupations pay 50 percent AMI or less and yet none of these workers will benefit from the program (CSG).

The $20 million should be redirected towards other efforts such as public housing repairs that benefit residents with the most need.

Eliminate Child Tax Credit: The proposed budget would make permanent a $1,000 tax credit for child care expenses that was included on a one-time basis in the FY 2019 budget. The tax credit covers children up to three years old attending a licensed facility, at a cost of $2.5 million per year. With a maximum income eligibility of $750,000, it is not targeted to families who need it the most. In Tax Year 2018, over half of the claimants made over six-figures. The District spent half a million dollars on tax credits for families making over $300,000 a year. At the same time, less than a quarter of claimants earned under 30 percent AMI or $35,000 a year.

The Council should eliminate the tax credit and invest those resources in the child care subsidy program that targets low- and moderate-income families, as included in the "Birth to Three" legislation.

Eliminate "Free Circulator" Proposal: The proposed budget includes $3 million in one-time funding to make the Circulator, DC's standalone bus system, free of charge. The Circulator currently serves a relatively privileged group of DC residents that is whiter and wealthier than the District as a whole. The median income of the census tracts served is higher than the District's median income. And the average census tract served is 59 percent white while the District's population is 41 percent white. Adding a route in Ward 7 will bring the average census tract served closer to the District's overall population but the effect is likely small.

We recommend repurposing this funding to meet the needs of families with lower incomes. The District has a growing number of students experiencing homelessness or housing instability who need transportation assistance to get to school. And while Kids Ride Free provides free Metrobus, DC Circulator, and Metrorail rides to kids so they can get to school, it does not cover fares for parents who need to accompany young children.

Eliminate Police Force Increase: The proposed FY 2020 budget continues to grow the DC police force, sticking to a longstanding belief that public safety requires having 4,000 or more police officers, even though there is strong evidence that Black communities in DC are over-policed. Meanwhile, the budget fails to adequately fund crucial components of the NEAR Act, which is intended to use public health approaches to improving community safety and stability.

The Council should eliminate the increased funding for police—taking at least $3 million from the proposed MPD budget—and increase funds for core elements of the NEAR Act.

Scale Back "High Tech" Tax Incentives: The District offers several economic development tax incentives that cost the city millions in lost revenue each year yet fail to contribute to economic growth or more jobs. The Qualified High Technology Company (QHTC) incentive provides generous tax subsidies to companies that self-identify as "high tech," based on a loose definition. Many companies claiming these tax breaks, which total $40 million per year, are headquartered in Northern Virginia and maintain just a small DC office. Many others were in DC before the tax incentive program was created, calling into question whether the incentives have made any difference at all. Some of the QHTC subsidies are permanent tax cuts, meaning some businesses have been claiming tax breaks for almost 20 years. DC's Chief Financial Officer concluded that they were "not able to reasonably identify what new actions were taken due to the incentives" or "what economic benefits are attributable to the incentives."

The Council should cap tax benefits at 5 years, including current recipients. And following the CFO recommendations, the Council should cap how much a company can get in one year at no more than $250,000.

Transfer Surplus funds from, Events DC. Events DC manages and attracts conventions, sporting events, and other special events to the District. They own and manage the Convention Center, RFK Stadium and Nationals Park. Events DC is in part funded through dedicated taxes on hotel rooms, restaurant meals, alcoholic beverages, and auto rentals. In Fiscal Year (FY) 2018, this dedicated revenue brought in $135 million but Events DC only spent $72 million. This is part of a larger pattern of underspending that has occurred every year since FY 2012 that has led to a surplus of $206 million.

The Council should redirect some of the dedicated, recurring tax revenue and the one-time surplus.

DO NOT Fund Short-term rentals legislation: The legislation to limit short-term rentals that was adopted in 2018 has a cost, since it will eliminate commercial use of Airbnb and therefore reduce hotel taxes. (That said, there is some evidence that limiting Airbnb doesn't limit how many people visit DC; they just find other accommodations, in which case the cost really should be close to zero). In developing a fiscal impact statement, the DC Chief Financial CFO determined that short-term rentals are not allowed at all in DC, and so the FIS assumed all short-term rentals would disappear, with costs of over $20 million a year. The DC Council has asked the Zoning Commission to rule that short-term housing is allowed, so that the law can go into effect without fully banning short-term rentals, but the Zoning Commission has not acted yet.

The DC Council should not fund this legislation until the Zoning Commission rules, which will limit the fiscal impact. The Council also should encourage the CFO to reduce the fiscal impact based on evidence that limiting inappropriate use of short-term rentals will lead visitors to use other accommodations, rather than not staying in DC at all.

Scale Back K Street Streetscape Improvement: The proposed capital budget includes $122 million to improve an 11-block stretch of K Street, NW in downtown DC. While aspects of this project may be justified, including improvements in pedestrian and bicycle safety, it is an extravagance in a budget that fails to invest any new resources in repairing DC's dilapidated housing, which needs $340 million in urgent repairs.

The DC Council should scale back the K Street project and reinvest those capital funds in public housing or other urgent capital needs affecting low-income residents of color.

Raise Revenues in Smart Ways

Beyond the savings ideas identified above, the District can explore ways to raise new revenues in economically sound and equitable ways.

Higher Taxes on High Value Homes ("Mansion Tax"): The DC and national economies have been marked for decades by an increasing concentration of wealth in a few hands, a sign that our economy is not creating equal opportunities for everyone. The barriers to opportunity for residents of color are evident in our wealth gap, with the average wealth of white households now 81 times the average wealth of Black households. The District can tackle this inequality by better taxing extreme wealth – particularly by levying taxes on DC's highest-value housing, according to a recent report from the Center on Budget and Policy Priorities. A property tax surcharge of 1 percent on homes worth at least $2 million and 2 percent on homes worth at least $5 million would raise $74 million yet only affect 1.4 percent of homes.

Recapture Federal Income Tax Cuts for High-Income Residents and Businesses: The federal tax cuts adopted in 2017 provided over $250 million in tax breaks to households with incomes above $500,000. Tax cuts for businesses in DC totaled $460 million. This means that the District could increase taxes on high-income residents and on businesses while still leaving them better off in combined federal-DC taxes.

Marijuana Tax: Annual revenue from a fully functioning and regulated recreational marijuana market are estimated to exceed $20M annually.