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Several Projects Planned for the “Community Investment Fund” Do Not Appear Well Designed to Meet Community Needs

By Ed Lazere

The baseball stadium financing bill that the D.C. Council will consider on November 30 includes a provision to establish a “community investment fund.” This fund is intended to address concerns raised by many residents that funding of a baseball stadium should not come before funding of community needs.

The legislation would allow the fund to support a wide variety of needs, but it also identifies several specific uses that the fund would support. Generally, these set-asides were requested by individual DC Council members. A review of these set-asides finds some of them do not appear to be targeted on what would be considered community investment needs, while others that would support disadvantaged communities may not receive significant funding for some time. (A previous DC Fiscal Policy Institute report raised concerns about the overall design of the community investment fund. See <http://www.dcfpi.org/11-8-04tax.htm>.)

The set-asides for the community investment fund include the following:

- **\$50 million for infrastructure near the stadium.** Nothing in the bill requires this set-aside, the largest in the legislation, to be used to address needs of residents living near the stadium. Instead, it appears to be intended to support improvements related to the stadium, such as expansion of nearby Metro stations or improvement of roads leading to the stadium.
- **\$10 million for unspecified projects in Wards 6 and 7.** The legislation would set aside \$5 million each for Ward 6 and Ward 7 for “future allocation to projects” in the wards. The bill does not specify when the funds would be available or what process would be used to determine the actual use of the funds.
- **\$10 million for hospital feasibility study.** The stadium legislation would set aside funds to assess the feasibility of, and begin planning for, the National Capital Medical Center on the grounds of the former D.C. General Hospital.” It is not clear, however, that these funds are needed. The Williams administration already is working with Howard University to build a new hospital on the former

grounds of D.C. General Hospital. Even if a feasibility study is needed, it is not clear why it would cost \$10 million. No documentation has been provided to demonstrate the need for a study or to justify its cost.

- **Uncertain funding for commercial development in Ward 8.** The bill would set aside 10 percent of all resources in the community investment fund for this purpose. While this set-aside appears to meet a critical need in a low-income community, the legislation does not guarantee that significant resources will be dedicated to it. This is because revenues for the community investment fund would come from a Tax Increment Financing (TIF) district around the stadium. In effect, all new property and sales tax revenues generated in that area in the future would go into the community fund. But economic research suggests that a stadium alone is unlikely to generate much new activity in the surrounding area. The TIF district thus may not generate much revenue for the community investment fund or for commercial development in Ward 8.

Some set-asides for the community investment fund appear to be more closely tied to meeting identified community needs. These set-asides include the following:

- **\$5 million for a Learning and Sports Center in Ward 8.**
- **\$5 million for school-based athletic facilities.**
- **\$2 million for equipment at McKinley Technology High School.** The funds would be used to support the school's "specialized curriculum in biotechnology, information technology, and broadcast technology."
- **\$45 million for library facilities.**