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**TESTIMONY OF JESSICA FULTON, OUTREACH DIRECTOR
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**At the Public Hearing on the FY 2013 and FY 2014
Performance Oversight Hearing on
The Office of the Deputy Mayor for Planning and Economic Development
District of Columbia Committee on Economic Development
February 11, 2014**

Chairman Bowser and members of the Economic Development Committee, thank you for the opportunity to testify today. My name is Jessica Fulton and I am the Outreach Director at the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on how policies impact low- and moderate- income families.

I am here today to testify on the performance of the New Communities Initiative, headed by the Deputy Mayor for Planning and Economic Development (DMPED). The program aims to revitalize four public housing sites in DC, Barry Farms, Northwest One, Park Morton, and Lincoln Heights/Richardson Dwellings, while adhering to principles minimizing displacement and increasing neighborhood sustainability. Since February 2013, DMPED has made significant progress in improving transparency. And that improved transparency brings to light concerns about future plans for the New Communities Initiative.

The sites selected for the New Communities Initiative were chosen because they contained some of the most distressed public housing in the District, and because they were in neighborhoods where affordable housing was likely to be lost. Unfortunately, to date, the New Communities Initiative has made little progress in revitalizing these sites and improving the economic circumstances of their residents. While DMPED has made progress by selecting someone to oversee the initiative, the DC Fiscal Policy Institute believes that the current New Communities Initiative is not financially viable as structured. The redevelopment plans should be reconsidered to ensure that needed renovations at these sites takes place.

**Little Progress Has Been Made In the Construction of New Units and Affordable Housing
Creation Lags**

The New Communities Initiative requires that all of the original, deeply subsidized public housing units be replaced. It also requires that new construction include equal parts of market rate, moderately affordable, and deeply subsidized units.

However, production in the New Communities Initiative lags far behind schedule. Just 149 of 1,500 needed replacement units have been completed thus far. Market-rate units have not been developed in three of four

sites. Yet across all four areas, the units that have been completed or are being constructed are dominated by market-rate units and thus, are not reflective of the desired final ratio of units.

In Northwest One, a rapidly gentrifying neighborhood, the creation of market-rate housing far exceeds the creation of deeply subsidized and moderately affordable units. In each of the other communities, no market rate housing has been constructed at all, and the creation of affordable housing is moving slowly. One goal of New Communities was to have interest in market-rate units help generate financing to support the affordable housing, but this has not happened at three of the four sites.

Table 1:
Housing Creation in New Communities Initiative Lags

Site	Deeply Subsidized		Moderately-Affordable		Market Rate	
	Built/Under Construction	Needed	Built/Under Construction	Needed	Built/Under Construction	Needed
Barry Farms	100	444	246	444	0	444
Lincoln Heights/Richardson Dwellings	32	630	102	630	0	630
Northwest One	137	280	117	280	253	280
Park Morton	27	174	56	174	0	174

The New Communities Initiative Needs a New Plan

In its pre-hearing responses, DMPED notes that it is following the New Communities Initiative plans adopted some years ago with updates for phasing and timing. Yet the data on units completed indicates that the existing plans have become outdated, not just because of the timelines, but because of market realities. Some New Communities neighborhoods, like Northwest One, are attractive to developers interested in building high-end housing and not lower-cost units. Plans in Lincoln Heights/Richardson Dwellings and Park Morton are barely moving forward.

In the past fiscal year, DMPED has move forward in choosing a Master Planner for Barry Farms, but it is yet to be seen how the planning process will move forward there, given financial challenges, or for the other three developments.

The Committee on Economic Development Should Look to DMPED to Come Up With New Realistic Plans

Early last year, the DMPED hired a Director to oversee all aspects of the New Communities Initiative. This important addition to DMPED staff helped to increase transparency in the project and created a contact for DC residents inquiring about the Initiative. The creation of the position also creates an opportunity for DMPED to better create a more realistic and updated plan for the revitalization of housing at these four sites.

I appreciate your time, and I'm open to answering any questions you may have.