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$82 Million Subsidy for Developers in Union Market Area Would Be a Giveaway

DC should spend economic development resources in communities that need it most, and should create good jobs and affordable housing, analysis concludes

Washington, D.C.- A proposed $82 million subsidy to developers in the Union Market area is ill-advised, according to an analysis by the DC Fiscal Policy Institute. The subsidy proposal, which the DC Council will vote on in early November, would support an already gentrifying area that doesn't need city support. And the city's subsidy offer doesn't ask the developers to provide good quality jobs or affordable housing.

A recent DCFPI analysis shows that with the District now thriving economically, and neighborhoods across DC developing at a rapid pace, development subsides are unnecessary and potentially harmful to DC residents, if they don't seek to create better jobs and affordable housing for DC residents.

DCFPI's analysis argues that:

- **The District does not need to offer money for development projects in the rapidly gentrifying Union Market area.** DC's Chief Financial Officer testified that a subsidy "is not necessary for the redevelopment of the site to move forward."
- **The District should not put in money before developers do**. The Union Market subsidy is particularly unnecessary at this point, because developers haven't committed money themselves or sought traditional bank financing.
- **Economic development should create good jobs and affordable housing.** When the District subsidizes private development, it should expect something in return. Yet the $82 million proposed for Union Market would come with no strings attached. Developers would not be required to meet any wage or benefit standards for the jobs created there, or to provide affordable housing beyond what all private developments must do. A recent DCFPI analysis of The Wharf found that DC did not set wage standards there, resulting in many construction jobs paying around just $15 an hour, without benefits.
- **Economic development should not come at the expense of public needs.** A large subsidy to developers through DC's TIF program would count against DC's debt limit and could impact borrowing to build schools and other crucial infrastructure for DC residents.

Read the analysis: https://www.dcfpi.org/all/lets-get-better-jobs-affordable-housing-union-market-development/

"Giving generous subsidies to developers is reminiscent of a time before DC's economic boom, when the city offered generous subsidies to bring more development," **said Ed Lazere, Executive Director of the DC Fiscal Policy Institute**. "Now that the District is thriving, we should focus economic development where it is needed most—like improving access to fresh food in Wards 7 and 8, not in already-gentrifying areas."

The DC Fiscal Policy Institute proposes that any subsidies given to developers come with an agreement to meet prevailing wage and benefit standards, and require that more affordable housing be included in the development. "The DC government shouldn't be giving away money to developers without getting anything in return," said **Ed Lazere.** "We have to ensure that economic development is good for *all* DC residents—not just the developers and the people who live in the penthouse suites."

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