



The Washington, DC region is great >> and it can be greater.

April 23, 2023

Budget testimony: Office of the Deputy Mayor for Planning and Economic Development

My name is Alex Baca and I submit this testimony on behalf of Greater Greater Washington, where I serve as D.C. policy director.

I testified at the April 10, 2023, hearing on the Deputy Mayor for Planning and Economic Development's budget specifically to oppose the \$41 million tax abatement for "housing in downtown" that Mayor Muriel Bowser's FY24 budget proposes for FY28. I also bemoaned how challenging it has been for me to offer an alternative policy that is as swift of an indicator that downtown D.C. is still a valuable investment, and that would as quickly encourage the conversion of commercial properties to residential use.

GGWash is fully supportive of people—lots of people—living downtown. That I share that interest with the executive, but do not agree with the administration's approach to bringing it to bear, has vexed me greatly. I know this testimony is late. The committee does not need to add it to the record, or take any cues from it. I appreciate any time spent on reading what I've written here, and hope that it is helpful and additive to the committee's consideration of the incentives being offered to downtown property owners.

Is capital flight real?

I don't like tax abatements because I don't believe they are good public policy. I offer a detailed critique of both abatements generally and the FY28 abatement specifically in subsequent sections. Arriving there requires you to join me on a significant detour.

In October 2022, the *Georgetown* ran a short piece by former Ward 2 Councilmember Jack Evans, predicting [budgetary doom and gloom](#) for the District. I drafted a response to it, which I never quite finished, and, thus, never published. I think what I wrote then has a home in this testimony:

Normally, I wouldn't pay much mind to such an argument, but what struck me about Evans' column is that it encapsulates a certain miasma that's particularly thick lately: The insistence that unless the feds and literally everyone else comes back to work in downtown D.C., five days a week, *right now*, downtown will die, and therefore the District is boned, because where are all your high earners *now*, huh?, because you taxed them all the way to Virginia and also the eastern shore of Maryland, *progressives*, and also they don't like crime, which is *obviously* rampant, and also they don't like the schools, and also, no, we gotta let them drive if they wanna drive because otherwise they won't *come* here and *the only way our economy works is if people who make a lot*

of money work here and spend it here OR ELSE IT WILL BE 1995 AGAIN, wherein, according to Evans, “the city faced just this situation...and the result was a Federal Control Board.”

The ridiculous inaccuracies in Evans’ rant are not particularly interesting: The District’s taxes are not the highest in the region, and in 1995 its population had been sliding precipitously downward for decades, arguably more deadly than a \$3 billion budget gap in a more populous, and growing, District. What’s notable is that rarely have I seen so linkable, so bite-sized, so stupidly, so *essentially* an example of—what, exactly, is this line of argument that we keep hearing?

It’s kind-of, sort-of something I ragged on [in a 2018 piece for CityLab](#) about how whether places are perceived as “cool” or not has no bearing on whether they are good places for the people who live in them, and kind-of, sort of what I termed “[corporate urbanism](#)” in a review of the peddling of truly snake-oil-esque “economic development” policies in Ohio, when I was living in Cleveland in 2017.

I was proud of those essays when I wrote them, and still am. Teasing out the implicit connections between economic development and housing, transportation, and land use (sectors that one could easily argue aren’t wielded for much more, in America, for economic development, anyhow) is something that I wish I did more of. Airtight counterarguments to prevailing narratives, of which I find Evans’ column to be handily representative, are hard to come by.

And my previous self didn’t peel back the layers of theory as much as I could have, so, over the past few years, I’ve been lacking work of my own to cite regarding what we’re talking about, which is, basically, Paul Peterson’s “city limits” theory, itself a riff on Charles Tiebout’s “sorting” theory. The output of the two, public choice theory, is described by a 2001 paper, “[Cities and Economic Development: Does the City Limits Story Still Apply?](#)” thusly:

“The city limits explanation for local economic development has dominated the literature for almost two decades (Wolman, 1996). This explanation offered by Paul Peterson (1981) asserted that local policy makers are single-minded in their policy objectives. They pursue developmental policies above all other interests, with economic strength as the sole objective. Peterson’s argument is based on an extension of public choice theory as presented by Tiebout (1956). From this perspective, residents and businesses seek the best tax-to-services ratio and will move from one locality to another to attain it. In other words, individuals are self-interested and possess mobility as a strategy to fulfill their preferences. City officials can discourage mobility of the population, specifically middle- to upper-income residents, by adopting policies that strengthen the local economy. Therefore, rational self-interest by cities compels local policy makers to favor economic development policies and leads to intercity competition for residents and businesses (Peterson, 1981; Schneider, 1989; Swanstrom, 1985; Tiebout, 1956).”

My favorite philosophical counter to all that is Richard Schragger’s *City Power*, which I’ve described as “The only plausible alternative I’ve seen offered is what legal scholar Richard Schragger argues in *City Power: Urban Governance in a Global Age*—that “efforts to use city policies to grow local economics through business attraction and corporate subsidies” is “an ultimately fruitless pursuit that diverts resources and attention from the more pressing goal of meeting the basic needs of residents.”

Basolo and Huang's paper puts its own stake through the whole thing: "Results from regression analyses using data from a sample survey of U.S. local economic development professionals reveal virtually no support for the city limits story," and comes to the same conclusion as Schragger: "Many cities have population needs that should be the central concern of economic development policy. Ultimately, the importance of planning rests with effectively serving those needs."

And, yet, those in charge of things have hardly shaken public choice theory at all. Evans' piece might be the silliest example that I can dredge up. But it's all over the place: XX, XX, and XX. Those same population needs, it seems, combine with "the support of elected officials, and the existence of formal economic development planning" to "influence support for economic development."

I know how to fill in those XXs now. The press has largely done it for me: ["Bowser offers bigger tax breaks for office-to-housing conversions in downtown, but critics question value"](#) (WAMU, April 5, 2023); ["Violence, downtown, Congress: Obstacles grow in Bowser's third term"](#) (*Washington Post*, April 7, 2023); the wack and dramatic charts at the end of this piece that I could devote another 10 pages to dissecting and correcting (*Washington Business Journal*, March 23, 2023); ["Bowser proposes major increase in downtown D.C. housing tax abatement as part of new budget proposal"](#) (*Washington Business Journal*, March 22, 2023); ["There's a path to revitalizing downtown D.C., ODA Architecture's Eran Chen says. Here's what it would take"](#) (*Washington Business Journal*, April 18, 2023).

But the pure, uncut version came from Mayor Bowser herself, in her [January 2023 inaugural address](#)—don't even bother with the [Comeback Plan](#) (emphasis mine):

*We must and we will win back our downtown because it is the economic engine that allows us to invest in our schools, our safety net, and our public works. It is the proverbial goose that lays the golden egg. We've modernized our schools **because of our growing downtown**. We've built the largest housing production trust fund in the nation **because of our growing downtown**. We've created new and better social programs **because of our growing downtown**. And all of that is at risk if we can't change the space, fill the space, and **bring the people back to our downtown**. The good news is that we are already taking on pandemic related challenges like population loss, revenue loss, and tourism recovery. But we know we need more and bolder action. We will reach for new heights – not just with our buildings but with a renewed commitment and resources to attract great employers and good paying jobs. Tools like our Vitality Fund, which attracts employers to our downtown, are just the start. Efforts like the Penn West Equity Initiative and Innovation District are a glimpse of what must happen.*

And, of course, converting office space into housing is the key to unlocking the potential of a reimagined, more vibrant downtown. Right now, 25,000 people call downtown home. Here's our goal: we will add 15,000 residents over the next five years, and 87,000 more before it's all said and done. So, that's right, we have a new 100,000 resident goal. That's a bold goal, but the fact is, no matter what we do, it won't be fast enough without the help of the White House. The federal government represents one quarter of DC's pre-pandemic jobs and owns or leases one third of DC's office space.

We need decisive action by the White House to either get most federal workers back to the office most of the time or to realign their vast property holdings for use by the local government, by non-profits, by businesses and by any user willing to revitalize it. America wins when the place where people come to join and change the world is buzzing. Buzzing with new graduates and interns, with the startup that has the big idea to meet with federal partners or the business travelers who are coming to Washington to get work done. And of course, with lobbyist on Capitol Hill. We've partnered with this White House successfully many times, I know we can do it again for what matters most.

I, frankly, don't think about the White House very much, because I'm very busy thinking about the District government, and how it has the power to do so many things that are more concrete than begging people to come back to somewhere that is a deeply unpleasant place to be. Downtown sucks. Fewer people live there than other District neighborhoods, there's no grocery stores, the streets are ultra-wide, and the national retail chains feel superfluous. I feel confident in saying all this because I have been downtown more frequently in the evenings than I ever was pre-pandemic, when I fled back to the relative safety of uptown, where we have *good bars*.

When I'm not having a beer at the bar down the street from my house, or working from home—because commuting, which involves lugging all your stuff and coordinating with your significant other about who is doing what housework, and when, *also* sucks—I work with my colleagues at the WeWork at 80 M St. SE, in Navy Yard. Incidentally, the District has a legitimate mixed-use downtown in Navy Yard, which has the benefit of a waterfront; I wrote a substantial part of this testimony at a brewery there, looking at the water, and thinking, when I left, that I would have rather done that at Franklin Square, but, well, I was in Navy Yard *anyway* because my friends live there, and I went to their apartment for brunch. My friends don't live in Franklin Square.

Again, I get the need to stimulate residential units.

But do we have to do it like this?

Admittedly, all of my genius ideas are slower-moving, or have not been taken seriously up to this point. I wish we had in place already the policies I'm confident could relieve some of the "tax" of the regulatory environment to get private actors—developers, property owners, whomever—to do the things we want to do without giving them free money, even though some conversions are

happening without free money: bumping up the Height Act, by-right permitting of projects that meet certain criteria, legalizing apartments in low-density neighborhoods so that we would have



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...

Anyone living in America over the last few years has gotten used to parallel information realities, but rarely is it as concrete as the apocalyptic doom about Chicago and especially downtown in the midst of continuing investment and activity (and, yes, challenges)

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more residents who could more greatly contribute to the District's budget, low-interest loans offered by the District, instituting parking maximums to eliminate the \$25,000-\$35,000 cost that comes with building a space for someone's car.

I wish I had convinced the council of the veracity of those ideas sooner; I wish more members believed me now. I wish I had finished the drafts of the many zoning text amendments that I have started and stopped, and submitted them to the zoning commission, before the mayor's budget dropped. I wish, despite the many advancements I and GGWash have made in endorsing candidates and moving legislation, that everyone believed what we believed, which is that more people should live here, in homes that are maybe smaller than those people wished they were, and those people didn't drive, and that the District's regulatory environment actively supported—perhaps even subsidized—that sort of lifestyle.

Anyway, I didn't. So, we have a short little city with mostly stable neighborhoods and a downtown that is futzing and crabbing and ailing and scrabbling in a way that reminds me of *distressed* neighborhoods, because downtown *is* a distressed neighborhood—it's just more special than all the other neighborhoods because it has historically supported *the whole entire District*, a claim that I just cannot believe in full. But whether or not I do, my experience is that distressed neighborhoods don't benefit from expending their energy chasing capital, and my interpretation of tax breaks is that they are the most essential capital-chasing policy of them all.

To sort out my own thoughts about the fracas around downtown's future, I've spent the past few months relying on another text, Charles N. Stone's *The Politics of Urban Governance*. Stone, in his introductory essay, describes Peterson's public-choice theory as concluding that "cities are limited by the necessity of competing economically":

"In his *City Limits*, Peterson argues that the city is analogous to a business firm. Peterson maintains that cities, like businesses, seek to maximize the economic return on the resources they control. For cities these resources consist mainly of controls over land use. Peterson contends that in making decisions about land use, cities are limited by the necessity of competing economically. As competitors in a market economy, cities are driven to make the development policies that will most enhance their economic position."

Are we this, or are we of another order? Peterson is not the only popularly accepted scholar with a theory about urban policy, as Stone details:

John Mollenkopf offers, not so much a direct challenge to Peterson, as a substantial amendment. Mollenkopf discards the notion of a neutrally operating market and invites us to consider the ways in which national policy decisions have tilted the market process toward greater suburbanization within metropolitan areas and have facilitated regional growth in the Sun Belt at the expense of the Frost Belt. National policies on taxes and capital expenditures, as well as more direct forms of subsidy, confer enormous advantages on some locations and give direction and intensity to the processes through which development occurs. In Mollenkopf's account, these consequences of national policy are not necessarily intended. Instead, they are side effects that come from the jockeying by national political entrepreneurs seeking partisan advantage in the game of coalition-building.

Just as Mollenkopf challenges the notion of a neutral market as the allocator of locational

advantages, others challenge the notion of a neutral political process. They see the formation of alliances against a background of class and factional struggle. Whereas Peterson talks about a unitary city interest in economic growth, class analysis focuses on the conflicts that pervade development policy. Any given decision, they remind us, may be less concerned with the general welfare than the group or class advantage. Struggle and contradiction, they argue, are built into a capitalist order.¹

More critical and more interesting to me is how abatements are signifiers of a particular way of thinking about cities that occupies a prized perch in urban theory, one driven by an assumption that GGWash fundamentally disagrees with: that capital flight is real. If you believe Peterson, you believe in capital flight—you believe that the people with the money are the ones who prop up your city, and that when they are uncomfortable, they will leave, and that, then, you are screwed.

But that ignores the people who live here, and who want to be here. When I organize people to show up in support of candidates, policies, or funding decisions that GGWash thinks are good, I don't spend my time on the people who talk to me constantly about how they just aren't super-comfortable with those candidates, policies, or funding decisions. I can't rely on them, because I know they will need more time and energy than I or my organization can offer to get them on board. I prefer to address the concerns of our consistent supporters, and work with people who are legitimately curious about why we believe what we do.

So, I do not dispute that we need more housing in downtown Washington, D.C. I do not dispute the gravity of the fact that commercial properties are not as valuable as they were prior to the pandemic, and that that devaluation has severe implications for our budget.² What I am

¹ He doesn't name them, but Stone is referring to Harvey Molotch, Susan Fainstein, and David Harvey.

² I have long requested the exploration of a land-value tax in the District, especially in concert with expanded land-acquisition powers for District agencies. As I wrote in 2020,

Downturns should be expected, and we should plan for them. One thing that governments can do during downturns is acquire land for a little bit less than it might cost during a boom time and then, when the financial outlook is sunnier, encourage the development of that land—while still holding onto it, either in a [land bank](#) (a governmental entity or nonprofit corporations focused on the conversion of vacant, abandoned, and tax delinquent properties into productive use) or the Detter/Folster-preferred [sovereign wealth fund](#) (a state-owned investment fund or entity which comprises of pools of money derived from a country's reserves, funds from which are set aside for investment to benefit the country's economy and its citizens).

A reorientation of our development focus to the value of land and its potential future use could also result in a land value tax, which would much more sensibly tax the value of the land itself rather than the improvements to the land.

At the very least, future developments could be tied to ground leases for private entities that build and manage housing. If social housing, cooperatively owned housing, community land trusts, or other schemes that remove housing from the private market is the goal, then publicly owned land is key to building them at scale.

skeptical of is the narrative that tax revenue from our central business district is funding literally—*literally!*—everything else.

I follow Mollenkopf and Fainstein more than I follow Peterson. I would hope the committee might also think about its decisions in the terms laid out by urban theorists, whose philosophizing illuminates the fact that all of our policy choices are downstream of just a handful of easily identifiable schools of thought.

GGWash is *the* organization advocating for the production of more housing in the District. In the 15 years that we’ve been around, we’ve not just written about building more housing, and more affordable housing, on ggwash.org, we’ve actively worked to change the zoning code and the Comprehensive Plan to make that housing, and affordable housing, legal in places where it isn’t currently. I have repeatedly argued before the council for a more consistent and predictable environment to enable developers to build more income-restricted, subsidized (“affordable”) housing and market-rate housing, and not just in years of tight budgets. Regulations *are* a tax, and over the four-plus years I’ve held my position, I’ve pushed the District to change its rules for what kind of housing gets built, and where that housing gets built. I, personally, hold the view that Shaw would not have gentrified as intensively as it did if it were feasible to build housing downtown decades back.

On tax abatements

, generally:

I am hesitant about tax abatements as a general matter; even [an extraordinarily clinical assessment](#) of property tax incentives to enable economic development, from the Lincoln Institute of Land Policy, contains more caveats than commitments:

Goal	Goal May be Reached if Incentives:	Goal May Not be Reached if Incentives:
Increase Income or Employment	<ul style="list-style-type: none"> Attract facilities that export goods or services out of the area Promote industry clusters that increase productivity in the area 	<ul style="list-style-type: none"> Have little impact because property taxes account for a small share of total business costs Create jobs that largely go to in-migrants or commuters Create jobs that are low-wage or part-time Require government to effectively “pick winners”
Improve Fiscal Health	<ul style="list-style-type: none"> Obtain partial property taxes from firms that would have located elsewhere without tax breaks Attract suppliers paying full taxes by providing tax breaks for anchor firms Obtain other taxes or fees from the firm that offset forgone property taxes 	<ul style="list-style-type: none"> Are given to firms that would choose the same location even without tax breaks Are given to facilities that require costly infrastructure investments by the jurisdiction Extend for a longer time period than the lifespan of recipient plants
Promote Urban Revitalization	<ul style="list-style-type: none"> Redirect business investment within a metro area to distressed areas Offset lower business costs in wealthier areas 	<ul style="list-style-type: none"> Have little impact on relative tax burdens due to widespread use of tax breaks Are utilized aggressively by wealthy areas Require very large tax breaks per job created to attract investment to distressed areas

More than that, however, is the fact that a land-value tax would eliminate the distinction between commercial and residential property by taxing our land on the merits of its overall value rather than what it is zoned as.

It's hard to understand whether tax abatements do what they're supposed to do. Most research examines abatements granted with the intent to stimulate employment. Though plenty of tax abatements for residential development exist in the United States, I can't find much about an abatement for housing in a targeted area that is sufficiently disentangled from attempts to stimulate jobs. Nonetheless, the general picture is not a rosy one. The most [comprehensive and recent paper](#) on the matter, [from February 2020](#), finds:

While incentives may draw in more economic growth, they also pull resources from the government's coffers and may commit future funding for public services that benefit the incentivized business. ... After controlling for the governmental, political, economic, and demographic characteristics of a state, we find that incentives draw resources away from the state. Ultimately, the results show that financial incentives negatively affect the overall fiscal health of a state.

Frankly, the particulars of whether or not abatements work matter to me less than what they are seemingly set up to do, which is attract—not capture, but simply attract—capital that is perceived as mobile. You have to believe in mobile capital to believe that tax abatements will solve the ailment that you perceive.

, *this one*, specifically:

Whether the committee believes in mobile capital, and the perceived flight of that mobile capital, is what your decisions will hinge on. The executive clearly does; I'm skeptical.

I wish I had thought of this question in time during the April 10 hearing, but I didn't, which is unfortunate. I would've liked someone from Carr Properties to answer it. If the choice was between an abatement and a TOPA exemption, or between an abatement and the exemption of first-source requirements, which would property owners prefer? I *suspect* the abatement, which, being operating dollars in FY28, is barely real money, may actually be less important TOPA and first source, which drive developers absolutely nuts because they require slightly more legwork and do, indeed, impact their returns. An answer to this would have revealed, at least in some way, how sticky the capital that Carr Properties represents actually is.

GGWash opposes the TOPA exemption because TOPA is a right, not an amenity to be negotiated. Either tenants have the right of first refusal to purchase their building, or they don't. Yes, duh, we are likely to end up with a scenario in which one entity acquires a building downtown, flips it or demolishes and rebuilds it, and is then caught up in TOPA drama when it tries to sell it after it's leased it up. Deeply irritating, I know, to have *tenants* exercise a *right*. But we give that to tenants in the District of Columbia, and just because the tenants downtown might make more than the downtrodden, community-oriented, social-justice-focused tenants that we imagine as the arbiters of TOPA deals doesn't mean that they don't deserve the right of first refusal. In fact, excluding them is the top of a slippery slope leading to TOPA exemptions for whomever is the most castigated, annoying, or prohibitive social or geographic class. TOPA is the *Tenant* Opportunity to Purchase Act. All tenants deserve it.

I dislike that projects whose developers claimed the Low-Income Housing Tax Credit are exempt from TOPA. I dislike even more the fact that LIHTC projects are exempt from TOPA is being used by both developers and the administration as a reason to enact a TOPA exemption for downtown, tax-abated properties. The LIHTC exemption is presumably conscionable because LIHTC enables income-restricted, subsidized units, and in some cases can change the terms by which the buildings in which those units exist are financed. So, which is it: Income-restricted, subsidized housing is so expensive and precariously financed because its residents are kinda poor that it should be exempted from TOPA, or the redevelopment of downtown buildings is so expensive and precariously financed (even though those redevelopments are *already* exempt from inclusionary zoning requirements) that its residents, who will be kinda rich, should be exempt from TOPA?

I know that nothing can match the speed of saying to an investor—[to the TIAAs, to the Alaska Permanent Fund Corporations, to the AFL-CIO Housing Investment Trust](#)—“In any given year, I won’t owe the District any money for the assessed value of the property I own, so I’m a reliable investment.” I know that such investors, and lenders, are chiefly interested in returns, and I *also* know that the Tenant Opportunity to Purchase Act drives anyone who is touched by it utterly mad. So, I *know* that when the people who might convert the commercial properties that they own downtown to housing, or the people who might consider building housing downtown, were consulted, they said to remove the things that they perceive as making their deals difficult.

It’s not their job to consider the philosophies of urban governance, but it is mine. Abatements aren’t just something in a budget: They’re representative of what I find most compelling is the philosophy and ideology running in the background of nearly all discussions of abatements, because it’s about what cities are for, and who thinks what about what cities are for.

Capital takes flight in its cars

I am very confident, though, that redeveloping downtown for people who want to get in and out of the District with as little friction as possible is not likely to deliver much, fiscally speaking. People who take transit, walk, and bike [spend more money](#), especially locally, than people who drive, but getting people to take transit, walk, and bike means building dedicated space for buses and bikes, and expanding sidewalks—all of which requires taking space away from people who drive and park their cars.

In some places, this would be a nonstarter. There are plenty of neighborhoods in D.C. where residents do need to drive, because of prolonged disinvestment, or because the jobs those residents work aren’t near where they live. Those neighborhoods don’t have a Metro station or a bus line every few blocks, or a bevy of public and private micro-mobility options for rent, or even the ability to walk with confidence and safety. Downtown does. That density, walkability, and concentration of access—what public transit represents—is an asset that the District should build upon, not undermine.

So, if downtown is not Fairfax Village, or Woodridge, or, even, Forest Hills—where I have been led to believe that even very wealthy residents, who surely benefit from senior positions and flexible schedules, cannot possibly get where they need to go without driving—we cannot simultaneously grant an ambiguous tax break *and* let everyone move around in a way that allows them to easily evacuate *the place that we are granting a tax break*.

Choose one: We stimulate the production of market-rate housing in downtown D.C., *or* we redouble the existing status quo of driving in places where people don't need to. It might be easy to write off driving, but I refer again to Stone, whose introductory essay to the book I am repeatedly quoting here gave me much pause when I arrived at this section:

Since virtually anything that local government does has at least a remote effect on land use, it seems appropriate to talk about activities that have a reasonably direct and appreciable impact. Even so, the question of directness and size of impact remains as one of judgment. My aim, though, is not one of precise delineation, but of identifying a general area of inquiry. Zoning; transportation and other infrastructure investments; convention centers and exhibit halls; tax abatements, or, inversely, allocations of the revenue burden; development bonds; governmental subsidy of business activities; the use of eminent domain to assemble parcels of land for resale or leasing; social and amenities requirements attached to development permissions—all are widely recognized examples of development policy. Even such practices as selective law enforcement can have an effect, for example, on whether a given area remains a vice district or assumes a more wholesome character.”

Here's the margin comment I wrote after I read that:

“Education, etc., excluded, sensibly—this is the GGWash agenda. Too often, all this stuff is considered marginal when it's actually foundational, or a side issue when it is actually *the* issue. How did we lose sight of urban development policy as its own entity and conscript it to being the downstream effect of other issue blocs (education, health, safety, housing)? Probably because it's seemingly too big and in practice is watered down to just “economic development”—too diffuse to be real and too complex and dissatisfying for most people to want to wrangle with it on its face. Easier to castigate bike stuff or white urbanists than locate their place in urban development policy (minor) and analyze accordingly. What a luxury it is for me to read and think about this book.”

I have...*feelings* after over a decade of doing my job. But what I mean is that a public-policy regime that prioritizes driving and parking just prioritizes mobile capital, and that a successful politics of the built environment—which necessarily require the consideration of how people move between where they are and where they need to be—are incumbent upon understanding that cars detract from people, who vote and spend and, ultimately, make neighborhoods what they are.

Asks of the committee

- Wind back the tax abatement to \$2.5 million per year, or \$6 million per year, or something that is not \$41 million kicking in in FY28. Either we will be doing relatively well

in 2028, and we could use that money for something else, or we will be doing very, very badly, and we will not have the money to give the developers what we said we would turn over.

- Remove the Tenant Opportunity to Purchase exemption from any tax relief for downtown properties. TOPA is a right, not a benefit to be negotiated. I, and GGWash, are more flexible on the inclusion of first-source requirements.
- Ban cars—or at least embrace the spirit of a downtown whose residents are not tempted to drive places, whose amenities are catered to those who live there, and whose physical space is safe and enjoyable.
- Don't operate from a place of fear. We are the best city in the world. I don't echo the mayor facetiously. The people who live here want to be here, and we should enable them to live full and dignified lives. They will return the investment.

The specter of decline is already hovering. The District's gadflies are in full austerity mode, and the *Business Journal* is studiously documenting their bloviating. And, you know? Enough. The District needs to recognize its own power. It's the region's urban core, with the ability to agglomerate people—and, therefore, jobs and capital and energy and power—like nothing else around it, because of its history and density and the proximity of things within it to its residents.

I only picked up Charles Stone after I finished Eloghosa Osunde's gorgeous and funny *Vagabonds!*, which tells of those who are considered deviant by the god, Èkó, who manipulates them within a deeply mystical version of Lagos, Nigeria. It's so good, it's so queer, it's so romantic, and I can't stop thinking about passages like this:

"But more than wanting to be good, Èkó wants to be seen, to be revered, to be worshiped, to be peerless. He needs to be called beautiful, needs to feel secure. This is his thinking: Let them call us the poverty capital of the world if they want. How can that harm us if, when they visit us, they can see no proof of that? ... 'Forget what you know. It doesn't matter what's underneath,' Èkó used to say. 'What matters is what it looks like. Appearance over truth. Perception over actuality.'"

Or, vibes. When the mayor says she's more anxious in the District than she was in the 1990s, and when her administration asks the National Park Service to sweep camps in which people live, and when certain councilmembers fret visibly over capital flight, I can, like, physically *feel* the above excerpt. The comeback plan talks about retaining residents more than attracting them, with which I agree, but, to do so, the public sector must show a future, not fear.

"Finally, I saw the city for what it was; I saw Èkó's imperfect body naked. What I thought was a festoon was really just festering. The grounds weren't level at all; all people weren't equal. Some were more necessary than others, some were more useful than

others, some were more powerful than others, and none of that was random, but all of it was random. What was their crime, apart from trying? ...

Our unquestionably progressive electorate has done this more successfully, voting again and again to be represented by policymakers who have worked to improve economic conditions and create universally beneficial outcomes. Making childcare cheaper, instituting better worker protections, and building more housing of all types will be more successful than demanding that people stop working remotely; squabbling over the criminal code; or focusing on a loss of commercial property tax revenue while proposing abatements that will cost us money, not make it.

It dawned on me that the ones who needed the city the most were the ones Èkó could not stand. The ones who came to him bare-faced and prideless were the ones who made him itch uncontrollably. They had the most profound effect on him, so he needed to cast them away. I realized how much of a hazard they were, because what would happen if one day, they all refused to move? If some day, they insisted on being seen by force? My heart pounded with a knowing. I didn't need to be told: We'd all be finished. Èkó would fall down fast. ... When I looked closely, I saw that the outsiders, the vagabonds, the ones we were fond of uprooting from the ground were the people the city couldn't do without, the people whose backs Èkó's throne stood on.

But of course, Èkó couldn't say any of this to us. And why would he? He was scared we might worship them instead, that we might see them and love them in full, that we would undivine him by withdrawing our love; that for them, we could gather and peel the beauty off his face."

It's 2023, not the '70s, '80s, or '90s. The District's policymaking doesn't need to convince people that they want to live in a city, where it's harder to drive and homes might not have yards and, yes, there's *other people*, whom you may find unfamiliar because they sound differently, or live differently. I want to live in a place that gives them the ability to do so for as much of their lives as they'd like. We are so close to recognizing our own power and using it for the good of our own vagabonds, who, by virtue of being here, are, and have been, the consistent supporters of the District's economy and growth.

My concern is less with the FY24 budget than those that will follow. I actually believe DMPED when its staffers and directors say that what they've heard from downtown's players is that they need a tax abatement, and a TOPA exemption, and a first-source exemption and, that, therefore, *that* is what the *District* needs, because then *things* will happen downtown, and then we will have the revenue that we need. I'm on the record not just this year, but in many instances prior, opposing abatements. But, if I squint, I can swallow this one. It's an emergency, after all. Maybe the tax revenue from our CBD really *does* fund everything else; maybe residential property taxes, and sales taxes, and income taxes don't mean as much as I think they mean. If so, OK. I will put away my protests this time.

But what about next time? I cannot fathom that downtown will be in much better shape this time next year, and I cannot believe that the parties who are asking for property-tax abatements, who are asking for a \$9-million-plus park renovation, who are begging to tear up a road and replace it with *the same road, effectively*, for \$128 million, are good-faith, patient actors.

Questions

- Does the tax revenue from the CBD *truly* fund everything else?
- Is it possible to put aside TOPA's very evident flaws and accept that the right-of-first-refusal that the District grants to all tenants is a good thing?
- What is the metric by which we can understand that the current development regime for downtown—incentivizing office-to-residential conversions or new residential construction—is working?
- Are office-to-residential conversions occurring without tax abatements? If so, why or why not? Based on the conclusions we can draw from any existing office-to-residential conversions, are tax abatements needed?
- Do we know that office-to-residential conversions downtown, or more residential construction, is more substantially stimulating the economy—and attracting people to live here—than paid family leave, baby bonds, Birth-to-Three, and other social programs? If we don't, what would we need to answer that question?
- If the people who are asking for a tax abatement this year are granted a tax abatement for FY28 via this budget, will they ask for an abatement in the FY25 budget? Will we grant it because they asked for it?
- Does the committee have any suggestions for making downtown property more viable than it is currently that is not a tax abatement?

I don't think that this is easy. I appreciate any time you have spent with my comments and am grateful for the opportunity to work with the Committee on Business and Economic Development on ensuring that there is a virtuous, non-exploitative cycle of property tax income and spending in the District.

Thank you,
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