





District of Columbia Fiscal Year 2016 Year-End Unified Economic Development Budget Report

Office of the Chief Financial Officer
Office of Economic Development Finance

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- ▶ The Report provides data on FY 2016 economic development dollars sorted by:
 - Type of incentive
 - Granting body/agency
 - The District's eight wards
 - Recipient

 - ▶ The report includes construction projects for DC Public Schools and DC Public Libraries.

 - ▶ The Unified Economic Development Budget Transparency and Accountability Act of 2010 mandated information on incentives including:
 - TIF & PILOT bonds
 - Revenue bonds
 - Grants
 - Tax abatements and exemptions
 - Tax credits
 - Contracts for services (e.g., construction)



Findings by Type of Incentive

- ▶ The District spent \$720M on economic development incentives in FY 2016.
- ▶ In addition, the report tallies almost \$1 billion of new incentives that did not impact the District's FY 2016 budget.

	AGGREGATE EXPENSES	ACTIVITY NOT IMPACTING THE FY 2016 BUDGET	NUMBER OF COMPANIES/ INDIVIDUALS
Total	\$720,632,004	\$984,146,706	1,424
Expenditures on Contracts	412,870,886	N/A	78
Grants	36,323,381	N/A	113
Land Price Subsidies	0	N/A	0
Payment in Lieu of Taxes (PILOT) Financing	15,193,012	N/A	5
Revenue Bonds	178,179,545	914,521,799	32
Tax Abatements and Exemptions	29,102,906	64,521,783	909
Tax Credits (District)	23,730,243	5,103,124	274
Tax Increment Financing (TIF)	25,232,031	N/A	13



Findings in Comparison to FY 2015

- ▶ Total FY 2016 spending on economic development incentives increased 15% over the prior fiscal year. Increased debt service payments for revenue bonds (Ballpark Bonds) represented the largest change. TIF debt service increased significantly while grants and tax credits decreased.
- ▶ For activity not impacting the FY 2016 budget, incentives decreased by 17%. Future tax abatements decreased and while there were two PILOT financing issuances in FY 2015, there were none in FY 2016.

Change in Economic Development Incentives: FY16 vs. FY15

% INCREASE (DECREASE)		FY 2016	FY 2015
15%	Total Expenses	\$720,632,004	\$624,884,616
3%	Expenditures on Contracts	412,870,886	401,431,059
(17%)	Grants	36,323,381	43,976,217
N/A	Land Price Subsidies	0	0
6%	Payment In Lieu Of Taxes (PILOT) Debt Service	15,193,012	14,299,960
99%	Revenue Bonds Debt Service	178,179,545	89,442,906
(3%)	Tax Abatements & Exemptions	29,102,906	29,863,349
(15%)	Tax Credits	23,730,243	28,050,770
42%	Tax Increment Financing (TIF) Debt Service	25,232,031	17,820,355
(17%)	Activity Not Impacting the Current Budget	\$984,146,706	\$1,190,415,688
70%	New Markets Tax Credit Investment	5,103,124	3,003,000
(100%)	PILOT Financing Issuance	0	180,245,000
1%	Revenue Bonds Issuance	914,521,799	908,833,392
N/A	Tax Increment Financing (TIF) Issuance	0	0
(34%)	Future Tax Abatements & Exemptions Enacted	64,521,783	98,334,296



Findings by Granting Body/Agency

- ▶ The District of Columbia Public Schools spent \$282M on contracts to modernize schools throughout the District, this represented 39% of the FY 2016 total expenses.

Aggregate Economic Development Dollars by Granting Body/Agency (in millions)

	None	DCHFA	DCPL	DCPS	DHCD	DMPED	DOES	DSLBD	DGS	DHCE	Misc. Funds
Total Expenses	\$52.8	\$0.0	\$17.9	\$282.4	\$21.9	\$33.0	\$3.3	\$3.9	\$86.9		\$218.6
Expenditures on Contracts			17.9	282.4	7.3	18.5			86.9		
Grants					14.6	14.5	3.3	3.9			
Land Price Subsidies											
PILOT Debt Service											15.2
Revenue Bonds Debt Service											178.2
Tax Abatements & Exemptions	29.1										
Tax Credits	23.7										
TIF Debt Service											25.2

Agency Key

None - No associated agency

DCHFA - District of Columbia Housing Finance Agency

DCPL - District of Columbia Public Libraries

DCPS - District of Columbia Public Schools

DHCD - Department of Housing and Community Development

DMPED - Office of the Deputy Mayor for Planning and Economic Development

DOES - Department of Employment Services

DSLBD - Department of Small and Local Business Development

DGS - Department of General Services

DHCE - District of Columbia Housing Enterprises

Misc. Funds - Tax transfer agencies in the District's budget



Findings by Granting Body/Agency

- ▶ The Office of the Deputy Mayor for Planning and Economic Development approved \$620M of new revenue bond issuances.
- ▶ Four future tax abatements were enacted, which will have a budget impact in future years.

Aggregate Economic Development Dollars by Granting Body/Agency (in millions)

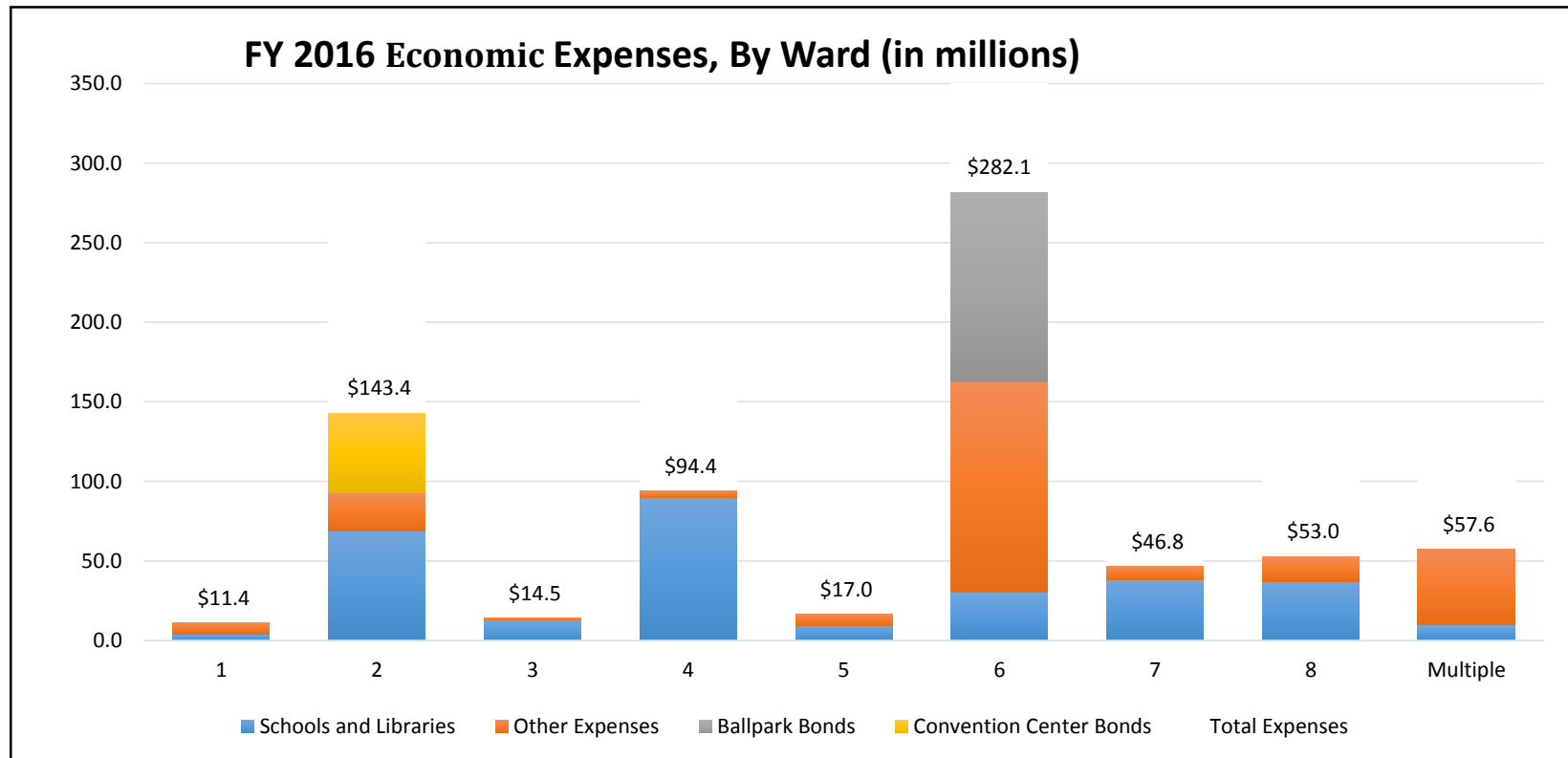
	None	DCHFA	DCPL	DCPS	DHCD	DMPED	DOES	DSLBD	DGS	DHCE	Misc Funds
Activity Not Impacting the FY16 Budget	\$64.5	\$294.7	\$0.0	\$0.0	\$0.0	\$619.8	\$0.0	\$0.0	\$0.0	\$5.1	\$0.0
Revenue Bonds Issuance		294.7				619.8					
PILOT Issuance											
Future Tax Abatements Enacted	64.5										
New Markets Tax Credits										5.1	

Agency Key

- None - No associated agency
- DCHFA - District of Columbia Housing Finance Agency
- DCPL - District of Columbia Public Libraries
- DCPS - District of Columbia Public Schools
- DHCD - Department of Housing and Community Development
- DMPED - Office of the Deputy Mayor for Planning and Economic Development
- DOES - Department of Employment Services
- DSLBD - Department of Small and Local Business Development
- DGS - Department of General Services
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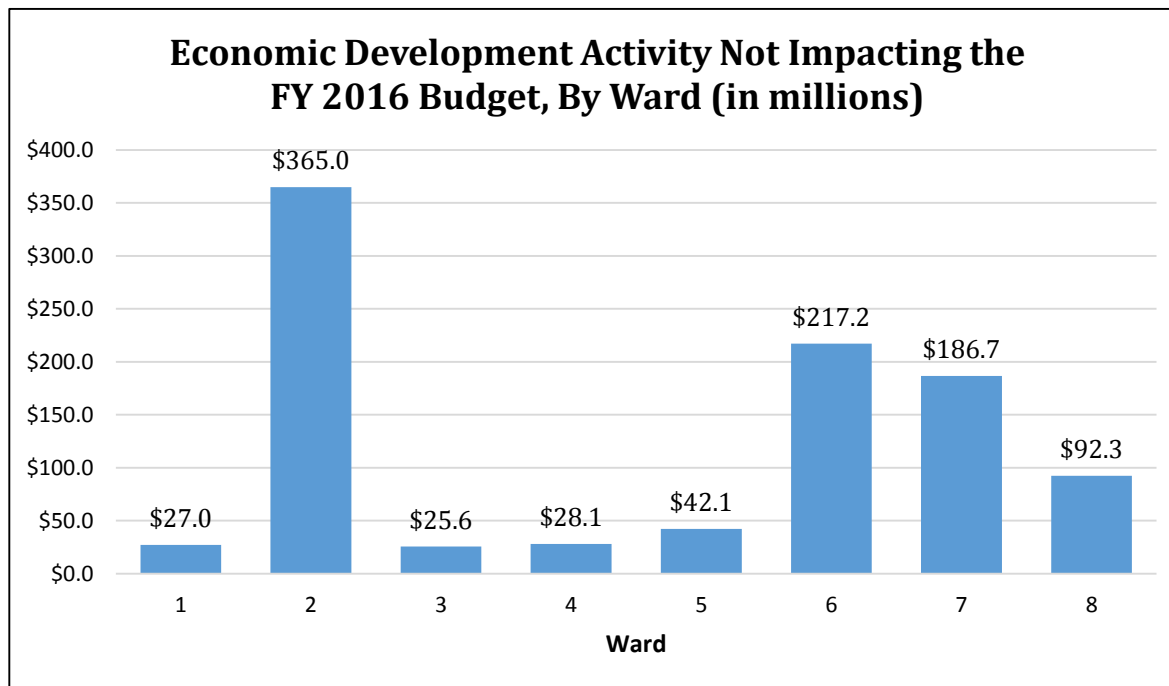


- ▶ The highest levels of economic development spending occurred for projects located in Wards 2, 4, and 6.
- ▶ In Ward 6, much of the spending was attributable to prepayment of the Nationals Ballpark Bonds as well as spending to support the development of the DC United Soccer Stadium.





- ▶ The chart below summarizes FY 2016 non-expense activity.
- ▶ Revenue bond issuances managed by DMPED represented a majority of the activity for non-expense expenditures (\$620 million).
- ▶ Ward 2 saw multiple education-based issuances in FY 2016. A future tax abatement of \$60 million through the Local Jobs and Tax Incentive Act is also in Ward 2.





Largest Expenditures by Ward

- ▶ **Ward 1:** \$4.1 million for modernization/renovation of Bancroft Elementary School.
- ▶ **Ward 2:** \$50.7 million for debt service on Washington Convention Center bonds which supported the Convention Center and the Convention Center Hotel developments.
- ▶ **Ward 3:** \$7.3 million for the modernization/renovation of Murch Elementary School.
- ▶ **Ward 4:** \$52.1 million for modernization/renovation of Lafayette Elementary School.
- ▶ **Ward 5:** \$6.6 million for capital expenditures for Woodridge Library.
- ▶ **Ward 6:** \$119.7 million (inclusive of prepayment) for debt service for Nationals Ballpark Revenue Bonds.
- ▶ **Ward 7:** \$30.6 million for the Ron Brown Empowering Males High School.
- ▶ **Ward 8:** \$15.5 million for the modernization/renovation of Ballou High School.



- ▶ Economic development incentives were received by more than 1,400 entities and individuals.
- ▶ Contracts for services went to 78 entities. The largest expenditures were:
 - \$86.9 million for expenses associated with the development of DC United Soccer Stadium (Ward 6)
 - \$51.9 million to Skanska USA Building for construction at Lafayette Elementary School (Ward 4)
 - \$48.2 million to GCS LLC for the modernization project at Duke Ellington School of the Arts (Ward 2)
- ▶ The District provided grants to 113 recipients. The largest grants were:
 - \$3 million to the Far Southeast Family Strengthening Collaborative (Ward 8)
 - \$3 million to Georgetown Heritage (Ward 2)
 - \$2 million to Phyllis Wheatley YMCA, Inc. (Ward 2)
- ▶ The District paid TIF & PILOT debt service to bondholders for 18 projects. The largest was \$10.5 million for the US DOT/Waterfront Park Project (Ward 6)



- ▶ The District paid revenue bond debt service of \$50.6M for Convention Center Bonds (Ward 2) and \$119.7M for Nationals Stadium (Ward 6).
- ▶ The District granted tax abatements & exemptions in FY2016 to 909 properties (including individual condominiums). The largest were:
 - \$5.0 million to The Freedom Forum Inc. (Ward 2)
 - \$2.0 million to The American Psychological Association (Ward 6)
 - \$1.8 million to 151 Q Street Residential LLC (Ward 2)
- ▶ The Council provided an estimated \$60M in future tax abatements through The Local Jobs and Tax Incentive Act for the Advisory Board Company.
- ▶ \$23M in tax credits went to 272 entities claiming Qualified High Technology Credits.
- ▶ The largest activity outside of the FY16 budget was:
 - \$115 million Revenue Bond issuance to Georgetown University (Ward 2)
 - \$103 million Revenue Bond issuance to the National Law Enforcement Officer's Memorial (Ward 6)
 - \$79 million Revenue Bond issuance to Friendship Public Charter School (Ward 7)



- ▶ The complete Report and Appendices can be accessed through the [EDF Unified Economic Development Reports page](#) on the OCFO website.