





# **District of Columbia Fiscal Year 2018 Year-End Unified Economic Development Budget Report**

Office of the Chief Financial Officer  
Office of Economic Development Finance

1350 Pennsylvania Avenue, NW  
Suite 203  
Washington, DC 20004  
[cfo.dc.gov](http://cfo.dc.gov)

March 2018

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- ▶ The Report provides data on FY 2018 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 over \$695 million in aggregate economic development incentives expenditures in FY 2018.
- ▶ In addition, the report tallies \$1.3 billion in economic development incentives that does not impact the District’s FY 2018 budget that includes \$1.2 billion in Revenue Bonds.

	AGGREGATE EXPENSES	ACTIVITY NOT IMPACTING THE FY18 BUDGET	NUMBER OF COMPANIES/ INDIVIDUALS
<b>Total</b>	<b>\$695,231,543</b>	<b>\$1,317,956,380</b>	<b>1,437</b>
Expenditures on Contracts	422,458,798	N/A	108
Grants	54,153,520	N/A	163
Land Price Subsidies	0	N/A	0
Payment in Lieu of Taxes (PILOT) Financing	16,988,544	N/A	5
Revenue Bonds	116,029,960	1,236,522,577	34
Tax Abatements and Exemptions	26,287,602	74,210,703	978
Tax Credits (District)	33,780,945	7,223,100	140
Tax Increment Financing (TIF)	25,532,174	N/A	10



# Findings in Comparison to FY 2017

- ▶ Total FY 2018 spending on economic development incentives increased by less than 1% over FY 2017 spending. An increase in Grants was offset by decreases in both Expenditures on Contracts and Tax Abatements & Exemptions attributed to the slight increase in total expenses for FY 2018.
- ▶ For activity not impacting the FY 2018 budget, incentives increased by 25%. Revenue Bond Issuances increased as future tax abatements also increased. There were no PILOT or TIF issuances in FY 2018.

% INCREASE (DECREASE)		FY 2017	FY 2018
<b>0%</b>	<b>Total Expenses</b>	<b>\$691,408,206</b>	<b>\$695,231,543</b>
(1)%	Expenditures on Contracts	427,645,345	422,458,798
20%	Grants	44,977,531	54,153,520
(100%)	Land Price Subsidies	5,069,425	0
8%	Payment In Lieu Of Taxes (PILOT) Debt Serv.	15,788,888	16,988,544
0%	Revenue Bonds Debt Service	115,660,285	116,029,960
(16%)	Tax Abatements & Exemptions	31,454,604	26,287,602
(3%)	Tax Credits	27,722,903	33,780,945
11%	Tax Increment Financing (TIF) Debt Service	23,089,226	25,532,174
<b>25%</b>	<b>Activity Not Impacting the Current Budget</b>	<b>\$1,048,098,370</b>	<b>\$1,317,956,380</b>
(11%)	New Markets Tax Credit Investment	8,189,764	7,223,100
N/A	PILOT Financing Issuance	0	0
22%	Revenue Bonds Issuance	1,017,042,870	1,236,522,577
N/A	Tax Increment Financing (TIF) Issuance	0	0
325%	Future Tax Abatements & Exemptions	22,865,736	74,210,703



## Findings by Granting Body/Agency

- ▶ The District of Columbia Public Schools spent approximately \$287 million on contracts to modernize and renovate schools throughout the District, this represented an estimated 41% of the FY 2018 total economic development incentive expenditures by agency.

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

	None	DCHFA	DCPL	DCPS	DHCD	DMPED	DOES	DSLBD	DGS	DCHE	Misc. Funds
<b>Total Expenses</b>	<b>\$60.1</b>	<b>\$0.0</b>	<b>\$61.7</b>	<b>\$286.7</b>	<b>\$23.0</b>	<b>\$77.5</b>	<b>\$3.4</b>	<b>\$5.6</b>	<b>\$18.8</b>	<b>\$0.1</b>	<b>\$158.6</b>
Expenditures on Contracts			61.7	286.7		55.2			18.8	0.1	
Grants					23.0	22.3	3.4	5.6			
Land Price Subsidies						0					
PILOT Debt Service											17.0
Revenue Bonds Debt Service											116.0
Tax Abatements & Exemptions	26.3										
Tax Credits	33.8										
TIF Debt Service											25.5

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

DCHE - 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 \$911 million and DC Housing Finance approved \$325 million of new revenue bond issuances.
- ▶ Four future tax abatements were enacted, which will have a budget impact in future years of \$74.2 million. The largest future tax abatement, was \$50 million for the National Community Reinvestment Coalition in Ward 2.

	None	DCHFA	DCPL	DCPS	DHCD	DMPED	DOES	DSLBD	DGS	DCHE	Misc Funds
<b>Activity Not Impacting the FY17 Budget</b>	<b>\$74.2</b>	<b>\$325.4</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$7.2</b>	<b>\$911.1</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Revenue Bonds Issuance		325.4				911.1					
PILOT Issuance											
Future Tax Abatements Enacted	74.2										
New Markets Tax Credits					7.2						

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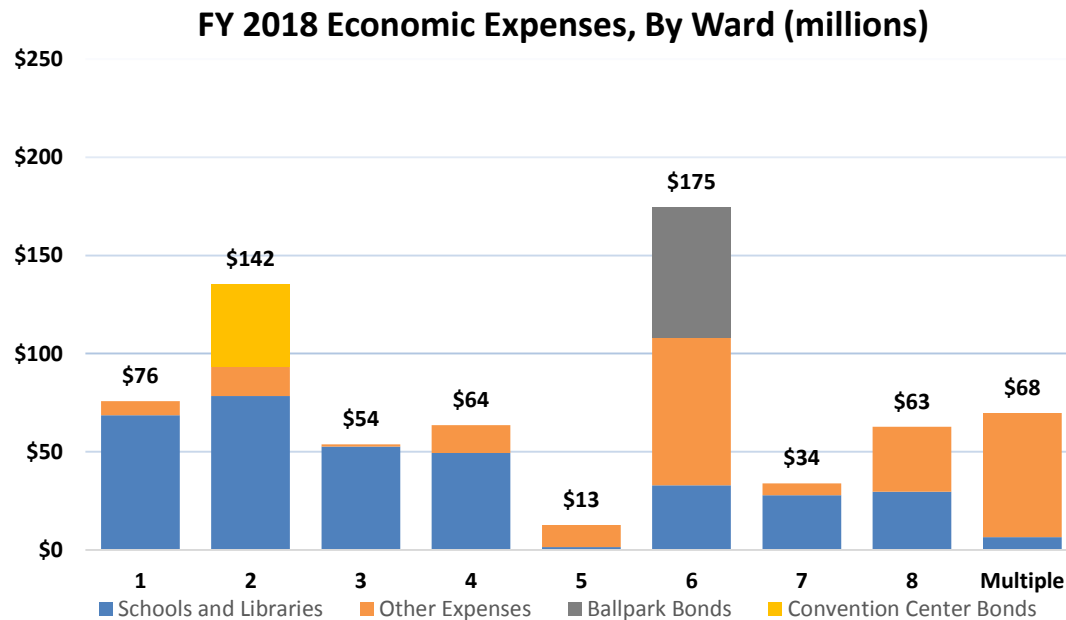
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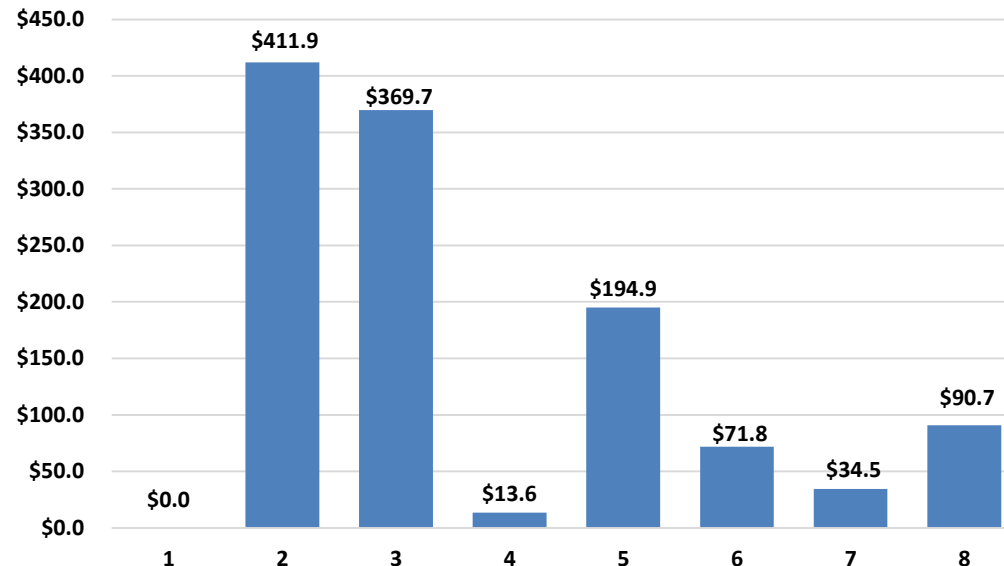
- ▶ The highest levels of economic development spending occurred for projects located in Wards 6, 2, 1 and 4.
- ▶ In Ward 6, much of the spending was attributable to prepayment of the Nationals Ballpark Bonds, in Ward 2 a significant amount of spending was attributable to payment of the Convention Center bonds which includes the Convention Center and Hotel bonds.





- ▶ The chart summarizes FY 2018 non-expense economic development activity by ward.
- ▶ Revenue bond issuances totaling over \$911 million, managed by DMPED, represented the majority of the activity for non-expense economic development related expenditures.
- ▶ Ward 2 saw multiple education-based issuances in FY 2018. The largest non-expense issuance was \$52.7 million for the National Academy Sciences or NAS in Ward 2.

**Economic Development Activity Not Impacting the FY18 Budget, By Ward (in millions)**







## Largest Expenditures by Ward

- ▶ **Ward 1:** \$46 million for modernization/renovation of Bancroft Elementary School.
- ▶ **Ward 2:** \$43 million for modernization/renovation of Martin Luther King Jr Library.
- ▶ **Ward 3:** \$30 million for the modernization/renovation of Murch Elementary School.
- ▶ **Ward 4:** \$42 million for modernization/renovation of Coolidge High School.
- ▶ **Ward 5:** \$4 million for economic development financing of DC Water facility.
- ▶ **Ward 6:** \$66 million (inclusive of prepayment) for debt service for Nationals Ballpark Revenue Bonds.
- ▶ **Ward 7:** \$14 million for modernization/renovation of Kimball Elementary School.
- ▶ **Ward 8:** \$27 million for modernization/renovation of Orr Elementary School.



- ▶ Economic development incentives were received by 1,437 entities and individuals.
- ▶ Contracts for services went to 108 entities. The largest expenditures were:
  - \$46 million to Coakley and Williams Construction for the modernization project at Bancroft Elementary School (Ward 1)
  - \$42 million to Turner Construction for the modernization at Coolidge High School (Ward 4)
  - \$39 million to MCN Build, Inc. for the modernization project at Murch Elementary School (Ward 3)
- ▶ The District provided grants to 163 recipients. The largest grants were:
  - \$9 million to DC United (Ward 6)
  - \$5 million to Local Initiatives Support Corporation (Ward 2)
  - \$5 million to NCB Capital Impact (Multiple)
- ▶ The District paid TIF & PILOT debt service to bondholders for 14 projects. DOT/Waterfront Park Project (Ward 6) had the largest debt service payments, over \$10.5 million, in FY 2018



- ▶ The District paid revenue bond debt service of \$42 million for Convention Center and Hotel Bonds (Ward 2) and \$66 million for Nationals Stadium (Ward 6).
- ▶ The District granted tax abatements & exemptions in FY 2018 to 978 properties (including individual condominiums). The largest were:
  - \$5.3 million to The Freedom Forum Inc. (Ward 2)
  - \$1.6 million to The American Psychological Association (Ward 6)
  - \$1.5 million to The American College of Cardiology Foundation (Ward 2)
- ▶ \$33.7 million in tax credits went to 140 entities claiming Qualified High Technology Credits.
- ▶ The Council provided an estimated \$50.2 million in future tax abatements for the National Community Reinvestment Coalition (Ward 2) and the University of the District of Columbia \$23.5 million (Ward 5).
- ▶ The largest activity outside of the FY 2018 budget was:
  - \$141 million Revenue Bond issuance for Georgetown Day School (Ward 3)
  - \$130.6 million Revenue Bond issuance for KIPP DC (Multiple)
  - \$99.9 million Revenue Bond issuance for American University (Ward 3)



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