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OFFICE OF THE  
SECRETARY

VINCENT C. GRAY  
MAYOR

NOV 25 2014

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
1350 Pennsylvania Avenue, N.W.  
Washington, DC 20004

Dear Chairman Mendelson:

Enclosed for consideration by the Council is a proposed resolution entitled the "New Communities Initiative Timeline Redevelopment Plan Reform Approval Resolution of 2014."

The New Communities Initiative ("NCI") is a District government program designed to redevelop communities plagued with concentrated poverty, high crime, and economic segregation. The four neighborhoods under NCI are Barry Farm in Ward 8, Lincoln Heights/Richardson Dwellings in Ward 7, Northwest One in Ward 6 and Park Morton in Ward 1.

In 2006 and 2008, the Council approved Redevelopment Plans through a community driven charrette process for all four neighborhoods (the "Redevelopment Plans"). Despite the above mentioned progress, numerous challenges continue to exist in the implementation of the NCI program, causing concerns that the pace of the program had not kept up with the original timelines within the Redevelopment Plans adopted in 2006 and 2008.

NCI is a priority of my administration. During my administration, 1,006 units of rental housing have come online under the program or are currently under construction, 75% of those units are affordable and will help serve residents with financial barriers to stable housing. In addition to the creation of affordable housing, the human capital component of NCI is a critical element of the initiative and focuses on providing supportive services to residents to help households achieve self-sufficiency.

Even with such accomplishments, we recognized the challenges of the program and commissioned a team of affordable housing experts led by Quadel Consulting and Training, LLC who partnered with The Communities Group and CSG Advisors. The team was tasked with completing a comprehensive review of NCI to assess challenges, opportunities, and recommendations for policy changes.

The report, submitted to the Council in September of 2014, concluded that NCI has generated significant numbers of new housing units and neighborhood facilities, and has provided important social support. It also analyzed why the timelines outlined in the original plans have not been met. The consultants concluded that the 2006 and 2008 Redevelopment Plans were only conceptual and lacked critical elements required for success. The Redevelopment Plans also did not accurately estimate the amount of public funds required to subsidize the projects.

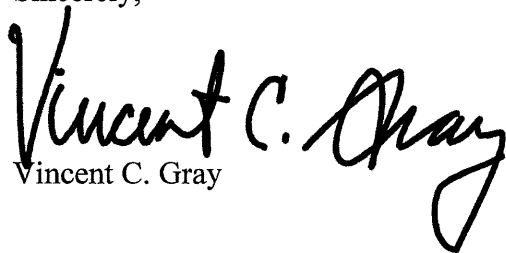
Through significant modifications to the NCI program's overall timelines and development of accurate and realistic financial planning, NCI can achieve its goals.

The proposed resolution updates each of the conceptual Redevelopment Plans to allow the establishment of realistic timelines and financing plans. Once the District of Columbia Housing Authority ("DCHA"), in conjunction with the Office of the Deputy Mayor for Planning and Economic Development ("DMPED"), selects a master developer, the master developer can guide the process of updating the conceptual plans into fully realized master development plans in partnership with the community stakeholders. DCHA will, in coordination with DMPED, select a master developer for each NCI neighborhood by December 31, 2015. Redevelopment timelines will be established within 120 days of master developer selection.

The District, through DMPED and our partners at the DCHA, remain fully committed to creating economically diverse communities with quality affordable housing and opportunities for residents to thrive.

As always, I am available to discuss any questions you may have regarding this resolution and look forward to favorable action by the Council.

Sincerely,

  
Vincent C. Gray



Chairman Phil Mendelson  
at the request of the Mayor

A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To approve an amendment to the Redevelopment Plans for the New Communities Initiative to clarify the redevelopment timelines and financing requirements.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the “New Communities Initiative Timeline Redevelopment Plan Reform Approval Resolution of 2014”.

Sec. 2. The Council finds that:

(1) The New Communities Initiative (“NCI” or “New Communities”) was established in 2005 as a local response to neighborhood redevelopment in the wake of federal budget cuts to housing revitalization programs and increasing crime and poverty in District neighborhoods.

(2) NCI, administered by the Office of the Deputy Mayor for Planning and Economic Development (“DMPED”) is designed to revitalize severely distressed subsidized housing and redevelop communities plagued with concentrated poverty, high crime, and economic segregation.

(3) The initiative targets four neighborhoods in the District of Columbia, including Barry Farm in Ward 8, Lincoln Heights/Richardson Dwellings in Ward 7, Northwest One in Ward 6 and Park Morton in Ward 1.

1 (4) Conceptual Redevelopment Plans were developed in 2006 and 2008 through a  
2 community driven charrette process for all four neighborhoods.

3 (5) The Council of the District of Columbia approved the Redevelopment Plans  
4 pursuant to:

5 (a) Northwest One/Sursum Corda Affordable Housing Protection,  
6 Preservation and Production Act of 2006, effective July 25, 2006 (D.C. Law 16-188; 53 DCR  
7 6750)

8 (b) Lincoln Heights/Richardson Dwellings New Communities Initiative  
9 Revitalization Plan Approval Resolution of 2006, effective December 19, 2006 (Res16-0923; 54  
10 DCR 38)

11 (c) Barry Farm/Park Chester/Wade Road Redevelopment Plan Approval  
12 Resolution of 2006, effective December 19, 2006 (Res16-922; 54 DCR 35)

13 (d) Park Morton Redevelopment Initiative Plan Approval Resolution of 2008,  
14 effective February 19, 2008 (Res 17-538; 55 DCR 1881) (collectively, the “Redevelopment  
15 Plans”)

16 (6) The NCI program design consists of three elements: housing, community  
17 amenities and human capital. Human capital includes comprehensive case management,  
18 health/wellness programs and youth programming.

19 (7) The four conceptual Redevelopment Plans identified approximately 1,500 units of  
20 distressed housing for demolition to be rebuilt within approximately 4,500 units of mixed-  
21 income housing.

22 (8) Through community stakeholder recommendations, four guiding principles were  
23 developed to support the framework of the Redevelopment Plans:

- 1 (a) Mixed-Income to eliminate the concentration of poverty;
- 2 (b) One-for-one replacement to ensure that there is not loss of affordable housing;
- 3 (c) Opportunity to Return/Stay to provide a priority to residents who wish to
- 4 return to the community; and
- 5 (d) Build First to minimize displacement.

6 (9) The Housing Production Trust Fund (“HPTF”) was initially approved as a source  
7 of financing to securitize bond issues.

8 (10) Pursuant to the Fiscal Year 2014 Budget Support Act of 2013, effective  
9 February 7, 2014 (D.C. Law 20-61; D.C. Official Code § 42-2801 *et seq.*) the Council shifted  
10 funding for NCI from HPTF to Income Tax Secured Bonds.

11 (11) To date, the NCI program has implemented the following:

- 12 (a) 250 units have been demolished.
- 13 (b) 1,070 units have been created, of which, 817 are affordable.
- 14 (c) Additional neighborhood investments by the District government include:
  - 15 i. The Walker Jones Education Campus;
  - 16 ii. HD Woodson;
  - 17 iii. The Barry Farm Recreation Center; and
  - 18 iv. Other community amenities including renovations to community space,
  - 19 public green space and recreational space.
- 20 (d) The Human Capital program, established since 2007, provides

21 comprehensive case management to over 500 households annually.

22 (12) Despite the above mentioned progress, numerous challenges continue to  
23 exist in the implementation of the NCI program, causing concerns that the pace of the program

1 has not kept up with the original timelines within the Redevelopment Plans adopted in 2006 and  
2 2008.

3 (13) In response to the concerns, Mayor Gray commissioned a team of  
4 affordable housing experts to evaluate the NCI program and produce a report to identify the  
5 reasons for the implementation challenges and make recommendations to strengthen the NCI  
6 program going forward (“Report”). The team was led by Quadel Consulting and Training, LLC  
7 who partnered with The Communities Group and CSG Advisors.

8 (14) To perform their evaluation, the team:

9 (a) Conducted interviews with residents, housing advocates, government  
10 partners and Advisory Neighborhood Commissioners;

11 (b) Reviewed each of the neighborhood plans;

12 (c) Toured the neighborhoods; and

13 (d) Analyzed progress to date and actual expenditures and development costs  
14 for completed projects.

15 (15) The Report, submitted to the Council in September of 2014, concluded  
16 that NCI has generated significant numbers of new housing units and neighborhood facilities,  
17 and has provided important social support. It also analyzed why the timelines outlined in the  
18 original plans have not been met. The consultants concluded:

19 (a) The 2006 and 2008 Redevelopment Plans were originally presented as  
20 ready for implementation when they were in fact only conceptual outlines lacking critical  
21 elements required for success such as site control, partnership agreements, master developers,  
22 and financing commitments. In addition, there was insufficient market and feasibility analysis .

1 (b) The 2006 and 2008 Redevelopment Plans did not accurately estimate the  
2 amount of public funds required to subsidize the projects. The estimated gap for public funding  
3 of housing construction, based on today's market, is between \$324 million and \$394 million  
4 depending on various financing executions and tax abatements.

5 (c) In addition, funding for public infrastructure was not included in any of  
6 the original plans. The cost of the needed public infrastructure is estimated to be \$80 million.

7 (d) Through significant modifications to the NCI program's overall timelines  
8 and development of accurate and realistic financial planning, NCI can achieve its goals.

9 (e) Each of the conceptual Redevelopment Plans must be updated as master  
10 developers are selected for each site. Once the District of Columbia Housing Authority  
11 ("DCHA"), in conjunction with DMPED, selects a master developer, the master developer can  
12 guide the process of updating the conceptual plans into fully-realized master development plans  
13 with realistic timelines and financing plans in partnership with the community stakeholders.

14 (16) DCHA shall, in conjunction with DMPED, select a developer for each  
15 NCI neighborhood no later than December 31, 2015. In the event a developer is selected and  
16 terminated, a replacement team must be procured within 180 days from the date of termination.  
17 DCHA shall notify the Council when a master developer is selected.

18 (17) To ensure that new redevelopment timelines and financing plans for NCI  
19 are informed by the final master plan as determined by the development team, redevelopment  
20 timelines shall be established within 120 days of developer selection. Such policy will ensure  
21 that the programming and timelines are clearly communicated to all stakeholders, and informed  
22 by the market conditions and financing requirement for each site. DCHA shall notify the Council  
23 when the redevelopment timelines have been established.

1           (18)       DCHA shall provide DMPED with quarterly reports on the status of each  
2 NCI neighborhood in conjunction with DMPED policies and procedures.

3  
4           Sec. 3. Pursuant to the Redevelopment Plans, the Council hereby approves the  
5 amended process to establish new redevelopment timelines and financing requirements for each  
6 New Community site.

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8           Sec. 4. The Council adopts the fiscal impact statement in the committee report as the  
9 fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule  
10 Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

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12          Sec. 5. This resolution shall take effect immediately.



GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE ATTORNEY GENERAL



Legal Counsel Division

**MEMORANDUM**

**TO:** Lolita S. Alston  
Director  
Office of Legislative Support


**FROM:** Janet M. Robins  
Deputy Attorney General  
Legal Counsel Division

**DATE:** November 21, 2014

**SUBJECT:** New Communities Initiative Timeline Redevelopment Plan Reform Approval  
Resolution of 2014  
(AE-14-749)

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**This is to Certify that** this Office has reviewed the resolution entitled the "New Communities Initiative Timeline Redevelopment Plan Reform Approval Resolution of 2014" and found it to be legally unobjectionable. If you have any questions, please do not hesitate to call me at 724-5524.

  
Janet M. Robins