

**TESTIMONY OF DAVID CORTIELLA,  
CAPPER CARROLLSBURG HOPE VI PROJECT COORDINATOR IN  
THE OFFICE OF PLANNING AND DEVELOPMENT FOR  
THE DISTRICT OF COLUMBIA HOUSING AUTHORITY**

**IN SUPPORT OF BILL 18-475, THE “ARTHUR CAPPER/CARROLLSBURG PUBLIC  
IMPROVEMENTS REVENUE BONDS AMENDMENT ACT OF 2009”**

NOVEMBER 12, 2009

COUNCIL OF THE DISTRICT OF COLUMBIA

COMMITTEE ON FINANCE AND REVENUE

JOHN A. WILSON BUILDING,

1350 PENNSYLVANIA AVENUE, N.W. WASHINGTON, D.C. 20004

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GOOD MORNING.

ON BEHALF OF THE BOARD OF COMMISSIONERS OF THE DISTRICT OF COLUMBIA HOUSING AUTHORITY I AM HERE IN SUPPORT OF COUNCIL BILL 18-475, A BILL AMENDING THE AUTHORIZATION OF A PILOT FOR THE ARTHUR CAPPER/CARROLLSBURG HOPE VI COMMUNITY TO SUPPORT THE CONSTRUCTION OF A PORTION OF THE PUBLIC INFRASTRUCTURE AT THE SITE.

ARTHUR CAPPER CARROLLSBURG IS LOCATED IN THE SOUTHEAST QUADRANT OF THE DISTRICT, BOUNDED BY THE SOUTHEAST-SOUTHWEST FREEWAY, M STREET SE, 8<sup>TH</sup> STREET SE AND 3<sup>RD</sup> STREET SE. THE CAPPER CARROLLSBURG AREA IS ALSO LOCATED IN ONE OF THE FASTEST GROWING NEIGHBORHOODS IN THE DISTRICT WHICH INCLUDES THE NEW WASHINGTON NATIONALS STADIUM, MANY RENTAL UNITS, LUXURY AND AFFORDABLE CONDOS, THE SOUTHEAST FEDERAL CENTER, THE NAVY YARD AND ANCILLARY SERVICES, MANY

COMMERCIAL BUILDINGS AND NUMEROUS PARKS AND OTHER COMMUNITY AMENITIES.

IN 2002, DCHA RECEIVED A HOPE VI GRANT IN THE AMOUNT OF \$34.9 MILLION FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD). AT THE TIME OF THE PROPOSAL, CAPPER WAS A SEVERELY BLIGHTED NEIGHBORHOOD WITH AN OVER-CONCENTRATION OF POVERTY AND CRIME. THE UNITS THEMSELVES WERE OBSOLETE AND UNMANAGEABLE. OUR HOPE VI PROPOSAL CALLED FOR THE DEMOLITION OF THE THEN-EXISTING 707 PUBLIC HOUSING COMMUNITY CALLED ARTHUR CAPPER CARROLLSBURG (CAPPER) AND REPLACEMENT WITH A MIXED INCOME/MIXED USE COMMUNITY CONSISTING OF RENTAL AND HOMEOWNERSHIP UNITS AFFORDABLE HOUSEHOLDS AT ALL INCOMES, AND COMMERCIAL AND RETAIL SPACE. A HALLMARK OF THIS DEVELOPMENT IS THE REPLACEMENT OF EVERY ONE OF THE 707 PUBLIC HOUSING UNITS WITHIN THE FOOTPRINT OF THE CAPPER SITE.

AS OF TODAY, WE HAVE BUILT IN EXCESS OF 300 PUBLIC HOUSING UNITS IN A SENIOR ONLY BUILDING AND A MULTIFAMILY RENTAL BUILDING ON M STREET. IN MAY 2008 WE COMMENCED LAYING THE FOUNDATIONS FOR THE 160 ROW HOUSES THAT WILL BE BUILT IN THIS COMPONENT WHICH INCLUDES 39 PUBLIC HOUSING RENTAL AND 121 HOMEOWNERSHIP ROW HOUSES FOR MARKET, MODERATE AND LOW-INCOME HOUSEHOLDS.

TO OFF-SET THE DRAMATIC EFFECTS THAT THE NATION'S ECONOMIC DOWNTURN HAS HAD ON THIS PROJECT, IN SEPTEMBER THE DC HOUSING AUTHORITY RECEIVED A STIMULUS GRANT FROM HUD. THE \$9.5M GRANT WILL PERMIT US TO JUMPSTART THIS OTHERWISE STALLED PROJECT AND PROVIDE 47 PUBLIC HOUSING UNITS AND 116 HOME OWNERSHIP UNITS. OUR DEVELOPMENT PARTNERS ARE CURRENTLY NEGOTIATING WITH EYA FOR THE FINANCING OF THIS COMPONENT AND WE EXPECT TO CLOSE EARLY NEXT YEAR.

WE ARE ALSO WORKING WITH HUD TO EXPLORE THE USE OF A FINANCING OPTION MADE AVAILABLE UNDER THE PRESIDENT'S STIMULUS LEGISLATION. IF WE RECEIVE THE NECESSARY FEDERAL GOVERNMENT SUPPORT, WE WILL BE ABLE TO FINANCE THE CONSTRUCTION OF UP TO 189 RENTAL UNITS BEFORE THE END OF THE THIRD QUARTER OF NEXT YEAR.

MOREOVER, WE ARE WORKING WITH THE CANAL PARK DEVELOPMENT ASSOCIATION TO SUPPORT THE CONSTRUCTION OF THE NEW CANAL PARK IN THIS NEIGHBORHOOD.

TO COMPLETE ADDITIONAL COMPONENTS BEYOND THE SECOND PHASE OF THE TOWN HOMES, WE NEED TO PROVIDE THE PUBLIC INFRASTRUCTURE THAT WILL TRANSFORM THESE EMPTY LOTS INTO PARCELS READY FOR DEVELOPMENT. PASSAGE OF **BILL 18-475** WILL PERMIT THE HOUSING AUTHORITY TO ISSUE BONDS TO SUPPORT THE CURRENT AND FUTURE PHASES OF NEEDED PUBLIC INFRASTRUCTURE AT THE CAPPER CARROLLSBURG SITE.

THE PROCEEDS OF THE CAPPER BOND WILL ACCOMPLISH THE FOLLOWING:

- 1) TAKE OUT SHORT-TERM DEBT THAT THE DC HOUSING AUTHORITY HAS INCURRED TO FINANCE A PORTION OF THE FIRST PHASE OF THE INFRASTRUCTURE THAT IS CURRENTLY NEARING COMPLETION;
- 2) REIMBURSE DCHA FOR EXPENDITURES THAT IT HAS INCURRED TO SUPPORT A PORTION OF THE PHASE ONE INFRASTRUCTURE AND LAND PREPARATION COSTS;
- 3) ASSIST WITH THE RELOCATION OF THE DPW STAFF AND EQUIPMENT THAT ARE CURRENTLY HOUSED AT THE WASTE TRANSFER STATION LOCATED WITHIN THE CAPPER PILOT MAP;

- 4) BUILD OUT THE INFRASTRUCTURE TO SUPPORT THE FUTURE DEVELOPMENT PARCELS; AND
- 5) SUPPORT THE INFRASTRUCTURE IN DCHA PARCELS ADJACENT TO THE CANAL PARK THAT SHOULD COMMENCE CONSTRUCTION EARLY NEXT YEAR.

BY PASSING **BILL 18-475** THE COUNCIL WILL BE SUPPORTING ITS OWN STIMULUS BILL FOR THE CAPPER PROJECT. NOT ONLY WILL HUNDREDS OF JOBS BE CREATED OR PRESERVED, BUT MUCH NEEDED AFFORDABLE HOUSING WILL BE ADDED TO THE DISTRICT'S HOUSING STOCK. MOREOVER, LEVERAGED FUNDS ARE MUCH MORE EFFECTIVE AND TIMELIER THAN APPROPRIATED FUNDS. IT IS GOOD FISCAL POLICY FOR THE DISTRICT TO GUARANTEE A BOND ISSUANCE THAT NOT ONLY HAS THE STRONG ECONOMIC PROJECTIONS THAT THIS PROJECT HAS, BUT THAT ALSO SUPPORTS SOCIAL GOALS THAT THIS BODY STRONGLY SUPPORTS.

I RECALL THAT WHEN THE COUNCIL FIRST PASSED THE CAPPER PILOT LEGISLATION IN 2006 MARKET CONDITIONS WERE CONSIDERABLY DIFFERENT THAN THEY ARE TODAY. AT THAT TIME, WE PROJECTED THAT RESIDENTIAL AND COMMERCIAL DEVELOPMENT WOULD CONTINUE TO BE BUILT OUT AT THE PACE SEEN IN THE DISTRICT DURING THE FIRST HALF OF THIS DECADE. UNFORTUNATELY, THE ECONOMIC DOWNTURN, THE REDUCED ACCESS TO CAPITAL AND THE FAILURE OF THE MUNICIPAL FINANCE MARKET HAVE CHANGED THE CONDITIONS UNDER WHICH THE REMAINING COMPONENTS OF THE CAPPER CARROLLSBURG PROJECT ARE BUILT.

THE CAPPER PILOT AREA HAS COMMENCED TO PRODUCE PILOT REVENUES FROM THE SALE OF THE ROW HOUSES. WE EXPECT THAT PHASE ONE WILL PRODUCE APPROXIMATELY \$500,000 IN ANNUAL PILOT REVENUES. AS STATED EARLIER, THE STIMULUS FUNDS WILL PERMIT US TO BUILD OUT THE SECOND

PHASE OF THE TOWN HOMES WITH PROJECTED ANNUAL PILOT PAYMENTS OF APPROXIMATELY \$500,000. AND WITH THE PROJECTED CONSTRUCTION OF A MULTIFAMILY RENTAL BUILDING ON SQUARE 882, WE PROJECT THAT BY 2012 THE DEVELOPED PARCELS AT CAPPER WILL BE GENERATING APPROXIMATELY \$1.2M IN ANNUAL PILOT REVENUES.

AS THE MEMBERS OF THIS COMMITTEE WELL UNDERSTAND, UNRATED MUNICIPAL BOND DEALS, NO MATTER HOW STRONG THE UNDERLYING REVENUES MAY BE, ARE NOT BEING FUNDED BY THE MARKET. AS A RESULT, DCHA WILL NEED THE GUARANTEES THAT THIS BILL PROVIDES. WITH THE SUPPORT PROVIDED BY THE DOWNTOWN TIF, WE WILL BE ABLE TO RELY ON THE EXCELLENT CREDIT OF THE DISTRICT TO ISSUE BOND ANTICIPATION NOTES. THIS GUARANTEE WILL REDUCE THE COST OF ISSUANCE AND MAKE THE ISSUANCE OF THE BONDS A POSSIBILITY.

WE STRONGLY URGE YOU TO PASS THIS LEGISLATION, **BILL 18-475**, ON AN EMERGENCY BASIS SO THAT WE CAN TAKE ADVANTAGE OF A STRONG BOND MARKET IN DECEMBER OR IN THE HISTORICALLY STRONG MARKET OF EARLY JANUARY.

THANK YOU FOR YOUR CONSIDERATION OF THIS VERY IMPORTANT LEGISLATION AND YOUR PAST SUPPORT FOR OUR REDEVELOPMENT PROPOSALS IN THE FORMER ARTHUR CAPPER CARROLLSBURG NEIGHBORHOOD.