

**COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
COMMITTEE REPORT**

1350 Pennsylvania Avenue, NW, Washington, DC 20004

TO: All Councilmembers

FROM: Chairman Phil Mendelson
Committee of the Whole



DATE: May 17, 2016

SUBJECT: Report on Bill 21-620, "*Homeless Shelter Replacement Act of 2016*"

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COUNCIL
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The Committee of the Whole, to which Bill 21-620, the "Homeless Shelter Replacement Act of 2016" (previously the "Homeward DC Omnibus Approval of Facilities Plan for Short-Term Housing for Persons Experiencing Homelessness Act of 2016") was referred, reports favorably thereon with amendments, and recommends approval by the Council.

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I. BACKGROUND AND NEED

Bill 21-620, the "Homeless Shelter Replacement Act of 2016," provides the Mayor with the authority she requested to move forward with a plan to close the D.C. General Family Shelter and replace it with smaller, better-run facilities throughout the District.¹ The Committee Print directs the Mayor to utilize District-owned sites to construct family shelters in Wards 3, 5, 6, 7, and 8. For Wards 1 and 4, the Committee Print directs the Mayor to acquire the sites identified in the introduced version of Bill 21-620 and authorizes the Mayor to utilize eminent domain to acquire each site, if necessary. Finally, the Committee Print authorizes funding levels for the acquisition and construction of the seven shelter sites.

¹ Except that the proposed Ward 1 facility is a replacement for apartment-style family shelter units currently located at 1433-1435 Spring Road, NW.

RESOLUTION OF ISSUES:

<u>Issue</u>	<u>Introduction</u>	<u>Print</u>
Funding in Financial Plan	Subject to Appropriations	Funded in FY17 budget to be adopted simultaneously
Lease Costs	Cheaper to own; Wards 1, 3, and 6 above-market	Eliminate leasing; all sites owned or to be acquired
Overall Costs²	\$511,018,687 (present value)	\$88,597,995 present value savings
Permanency of Solution	Leases expire in 10-30 years	Ownership = Permanency
Community Acceptance	Opposition great to Wards 3, 5, and 6 sites	Alternative, less objectionable sites for Wards 3, 5, and 6
Likelihood of Completion by Fall 2018	Doubtful	Possible

There is widespread agreement that D.C. General does not meet the needs of families experiencing homelessness and should be closed. The Mayor’s plan proposes to do so by building small shelters with 50 or fewer units in Wards 3, 4, 5, 6, 7, and 8. Her proposal would also replace apartment-style shelter units currently located at 1433-1435 Spring Road, NW with apartment-style units at 10th and V Streets, NW – both in Ward 1. In assessing the plan as originally proposed in Bill 21-620, the Committee closely examined its cost-effectiveness, its potential for complications due to zoning disputes, its long-term impact on the District’s ability to meet its obligation to shelter families experiencing homelessness,³ the adequacy of individual proposed sites for the intended purpose, and the overall feasibility of the plan to close D.C. General as rapidly as possible.

Overall, Bill 21-620 as amended adopts the Mayor’s proposal in concept. In specifics, it is similar, as shown on the following table. The Print is an improvement as to cost and permanency.

SIMILARITY OF PROPOSALS

	<u>Introduction</u>	<u>Print</u>
Close DC General	X	X
Replace With Small Shelters	X	X
Scatter Throughout 7 Wards	X	X
Sites Identified by Mayor	7	4
Permanent Replacements		X
Cheaper		X

² See, Committee Report for Bill 21-668, the “Fiscal Year 2017 Local Budget Act of 2016” (explaining the full cost of the Mayor’s proposed shelter plan versus the plan proposed in the Committee Print of Bill 21-620).

³ See, *Homeward DC: District of Columbia Interagency Council on Homelessness Strategic Plan 2015-2020* (noting that the District will continue to require emergency shelter for families experiencing homelessness on an ongoing basis, even at the conclusion of the Plan) (hereinafter “Strategic Plan”).

The Committee Print modifies the structure of the proposal in the introduced bill to direct the District to utilize, where available, District-owned land or to purchase the proposed shelter sites in order to maximize the value of the District's expenditures for each site and make certain that the District is able to meet its commitment to shelter families experiencing homelessness for future generations. In addition to addressing concerns related to the cost-effectiveness, permanency, and rapid implementation of the proposed plan, the Committee has worked with the City Administrator, Ward councilmembers, stakeholders, and community members to fully ascertain constituent concerns and to identify alternative shelter locations, where feasible. In considering what, if any, changes to make to the proposed measure, the Committee also sought to create a model that would enable the District to move rapidly to construct facilities that would be ready for occupancy by the fall of 2018, as proposed by Mayor Bowser, to ensure that the D.C. General Family Shelter can be replaced as quickly as possible.⁴

Bill 21-620 presents a clear plan for how the District will replace D.C. General and, notably, will be fully funded through Bill 21-668, the *Fiscal Year 2017 Local Budget Act of 2016*. Bill 21-620 is a strong statement of the District's commitment to making homelessness rare, brief, and non-recurring and that doing the right thing can be done in a manner that is both an effective and efficient use of the District's financial resources and capital assets. The District's strategy cannot be simply to close D.C. General, but to close and replace D.C. General with new facilities and a full complement of services and supports that truly meet the needs of families experiencing homelessness.

Today, significant systems change is underway with regard to how the District provides shelter and services to families and individuals experiencing homelessness.⁵ Replacement of D.C. General is one component of that systems change, albeit a very important one, as D.C. General is the District's primary family shelter facility. Though advocates have expressed concern about lowering the District's standard from apartment-style shelter units, consensus has developed that private rooms that meet some minimum standards can be sufficient to meet the needs of families experiencing homelessness while in shelter (especially if shelter stays are shortened from the current average). Following the Council's development of minimum shelter standards in Bill 21-352 during the fall of 2015, this plan is the next step for the District to fulfill its commitment to families experiencing homelessness as they stabilize and take the first necessary steps to secure and sustain permanent housing.

Homelessness in the District of Columbia

The District of Columbia has for decades faced challenges in providing adequate shelter and services to families experiencing homelessness, and has struggled to meet its legal obligation to place families in "apartment-style" shelters.⁶ After the Council passed legislation in

⁴ The Committee believes the completion of the seven shelters as proposed by the Mayor is doubtful in 2018, primarily because there is tremendous opposition to the sites in Wards 3, 5, and 6, the shelters require zoning approval (a PUD in Ward 6), and the Mayor is already behind her stated schedule.

⁵ See, *Strategic Plan*.

⁶ *Id.*

2010 permitting the Mayor to shelter families in private rooms, the District failed to comply.⁷ Ultimately, the District's placement of families in congregate shelter at recreation centers during January 2014 led to a class action lawsuit and a permanent injunction requiring the District to follow the requirements of the law.⁸

During the same period of time, while facilities in which the District sheltered homeless families met, in some cases, the letter of the law, they failed to meet the spirit of it by failing to provide shelter conditions that the District government considers safe and humane. Until 2007, the District sheltered homeless families at the D.C. Village shelter in conditions described as "overcrowded," "pest infested," and "inhumane."⁹ After the closure of D.C. Village, which was a former nursing home used to shelter homeless families, the District began sheltering families at D.C. General, a former hospital.¹⁰ Though D.C. General was intended to be a temporary shelter location, almost a decade later it remains the District's primary emergency family shelter, despite being beset by "vermin infestations, sexual predation by employees, and abuse among residents."¹¹ For these reasons, and many others, the both the Council and the Executive are anxious to replace D.C. General.

A New Approach to Sheltering Families Experiencing Homelessness

The problems with D.C. General as a shelter are myriad. It currently shelters nearly 300 families. The size of this facility has proven difficult to manage. Moreover, the building is old and outdated with basic systems that work poorly and are costly to maintain, including its heating, cooling, electrical, and water systems.¹² In addition, the facility has been reported to be infested with pests and vermin.¹³ Also, outbreaks of scabies and reports of filthy communal bathrooms have been made.¹⁴ Further, reports of drug dealing and fights in and around the facility are rampant.¹⁵ Beyond these issues, numerous complaints of staff misconduct, including the video recording of residents while showering, have been made.¹⁶ Many of these issues came to the public's attention following the disappearance of Relisha Rudd, a child tragically abducted by a staff member at the facility in 2014.¹⁷ Formerly a hospital, D.C. General was not intended to be

⁷ *Id.*

⁸ See, Order for Permanent Injunction, July 21, 2015, Reid v. District of Columbia, Civil Action 2014 CA 001238, Judge Robert Okun.

⁹ See Washington Post, October 23, 2007, "District Closing 'Inhumane' DC Village".

¹⁰ See Washington City Paper, Housing Complex, October 22, 2014, "Shelter Skelter: Why Shuttering D.C. General Won't Be Easy".

¹¹ *Id.*

¹² See Washington Post, October 23, 2007, "DC family homeless shelter beset by dysfunction, decay," available at: https://www.washingtonpost.com/local/dc-family-homeless-shelter-beset-by-dysfunction-decay/2014/07/12/3bbb7f50-f739-11e3-a3a5-42be35962a52_story.html.

¹³ See *id.*

¹⁴ See *id.*

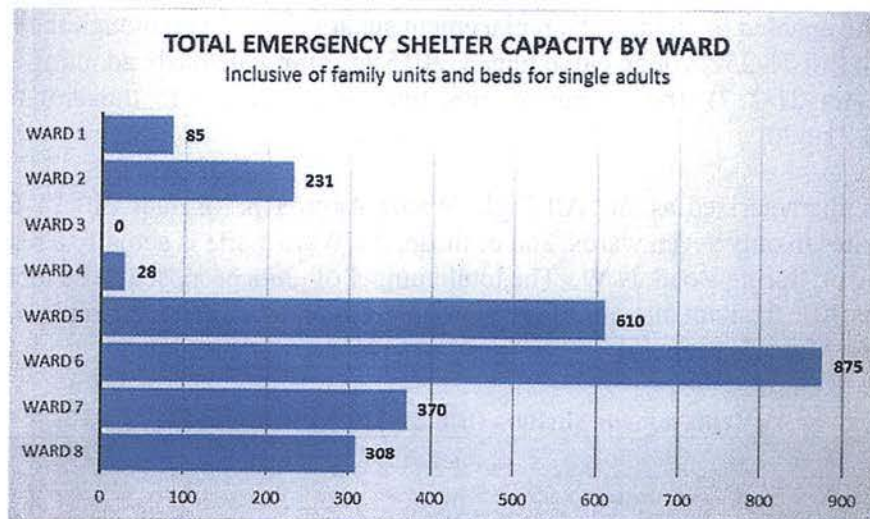
¹⁵ See "Fox 5 Investigates: Drug market at DC General homeless shelter," available at: <http://www.fox5dc.com/news/1532192-story>.

¹⁶ See Washington Post, October 23, 2007, "DC family homeless shelter beset by dysfunction, decay."

¹⁷ See Washington City Paper, Housing Complex, October 22, 2014, "Shelter Skelter: Why Shuttering D.C. General Won't Be Easy".

used for the purpose of sheltering families. Rather than being used for one or two patients during short stays, units within D.C. General are used to shelter families with an average size of four persons and an average stay of nine months.¹⁸

The Council, the current and previous mayors, advocates, stakeholders, and District residents from across the city, have, since it first opened as a shelter, sought to have D.C. General closed and a more humane shelter or system of shelters established for District families experiencing homelessness. In recent years, the District has allocated unprecedented dollar amounts to homeless services and permanent housing for individuals and families experiencing homelessness.¹⁹ Though in the past some residents and councilmembers have voiced opposition to the prospect of having shelter facilities in their neighborhoods due to unfounded concerns, consensus has developed within the Council and across the city that sheltering families experiencing homelessness in small, service-enriched facilities in each of the wards is the best approach.²⁰ Spreading shelters throughout the city also helps to discourage the creation of large concentrations of poverty in just a few wards. And although residents and councilmembers have raised important concerns about various aspects of the plan as proposed in the introduced version of the Bill, the Committee agrees that the developing smaller, better run shelters throughout the city is the right approach. Currently, shelter capacity is distributed unevenly among the wards:



Replacement of D.C. General with a similar number of new family units, but in smaller facilities purposely designed with the intention of housing families experiencing homelessness will immediately eliminate some of the most pressing problems that exist at D.C. General. The new facilities will have reliable heating, cooling, electrical, and water systems. In addition, smaller facilities with fewer families will likely be easier to manage. Replacement of

¹⁸ See *Strategic Plan*.

¹⁹ See Bill 20-157, the “Fiscal Year 2016 Budget Request Act of 2015” and Bill 20-158, the “Fiscal Year 2016 Budget Support Act of 2015)

²⁰ See *Strategic Plan*.

D.C. General offers the District a unique opportunity to design a system of shelter facilities with a focus on prioritizing the needs of clients and takes into account lessons learned over decades of providing shelter and services in inadequate facilities.

However, while some issues that plague the current facility are resolved by moving to newer, smaller facilities, other issues remain and require the District to establish and enforce minimum standards for service providers and to provide greater oversight over management of and services provided within shelters. The Committee expects that service providers selected to operate and work within each new facility will meet the highest standards of service, and the Council will review the relevant contracts and perform necessary oversight to ensure that the standard is met.

Bill 21-620 As Introduced

Last fall the Council adopted Bill 21-352, the “Interim Eligibility and Minimum Shelter Standards Amendment Act of 2015,” which the Executive characterized as necessary before shelter sites could be identified to replace D.C. General.²¹ Indeed, DHS Director Laura Zeilinger testified on behalf of the Executive that “This legislation ... enables our community to finally close DC General...”²² It was explained that by deciding minimum design standards for the family units, the city would be enabled to identify the replacement shelter sites. Even though the Council acted quickly to adopt Bill 21-252, voting November 3, 2015 and simultaneously adopting an emergency version (D.C. Act 21-217), the Executive took over three months to transmit the follow-up legislation, Bill 21-620.

Although characterized as an “All Eight Wards Approach,” in fact Bill 21-620 identifies family shelter sites in only seven wards, and of those, the Ward 1 site is actually a replacement for a shelter closing on Spring Road, N.W. The total number of units proposed to be located pursuant to Bill 21-620 is 301; the total number of units proposed to replace D.C. General is 272. The table below details the Mayor’s proposal:

Replacement Shelters (Bill 21-620 As Introduced):

<i>Ward</i>	<i>No. of Units</i>	<i>Land Area</i>	<i>Building Area</i>	<i>Number of Stories</i>	<i>Height</i>	<i>Zone District</i>	<i>Relief</i>
1	29	9,403	47,668	6		C-2-B	Unknown
3	38	19,113	35,000	3	40'	R-1-B	Special Exception only
4	49	8,722	24,752	5	59'2"	C-2-A	Variances: 3 area re. height

²¹ D.C. Law 21-75

²² See Director Laura Zeilinger’s October 13, 2015 written testimony on Bill 21-352 at page 2.

5	50	55,098	*52,587	2	44'	C-M-2	Variance: Area (near trash)
6	50	16,644	35,000	7		R-4	PUD
7	35	11,061	26,267	4	49'6"	R-5-A	Variances: height, lot occupancy, FAR
8	50	47,668	39,000	6	67.0'	R-5-A	Variances: height & loading
	301						

*includes a clinic

Issues and Concerns with the Proposal as Submitted to the Council:

The Committee's initial review of the Mayor's plan and corresponding Letters of Intent (LOIs) raised five basic concerns: 1) permanency, 2) cost-effectiveness, 3) adequacy of the selected sites, 4) zoning, and 5) the Council's role in review of related contracts. The Committee moved quickly to hold a hearing on the bill. During the Committee's hearing on March 17, 2016, witnesses expressed broad support for the concept of closing D.C. General and replacing it with small, service-enriched shelters across the city, but many expressed concerns regarding the cost and structure of the proposed deals, environmental concerns related to the Ward 5 site, a lack of community engagement during the site selection process, and zoning.

As proposed by the Mayor, each shelter in Wards 3, 4, 5, and 6 would be built by a private developer according to specifications provided by the District, then leased to the District for varied initial terms, with renewals, for up to a total of 20 years in Wards 3, 4, and 5 and 25 years in Ward 6. At the conclusion of each lease, the property – and all improvements paid for by the District through the lease, along with any improved zoning rights – would revert to the private developer. In Ward 1, the District would spend \$14 million to develop the site, and, through a ground lease, would lease the site for 30 years. At the conclusion of the lease, as in Wards 3, 4, 5, and 6, the property, improvements paid for by the District, and zoning rights would revert to the developer. Each LOI for the proposed leased sites includes individualized escalation terms of up to 10 percent. In Wards 7 and 8, however, the proposal in the bill calls for the District to construct the shelters on District-owned land – no leases, no reversion.

1. Permanency

The shelter proposal embodied in Bill 21-620 is intended to replace existing units at D.C. General as well as Spring Road. Given that the need for housing for families experiencing homelessness is unlikely to go away, it makes sense that the 301 units authorized by this legislation should be permanent. Indeed, besides units available at D.C. General, there are approximately 120

existing family shelter units in the District's family shelter stock. Meanwhile, the current number of families in shelter, including motel rooms, exceeds 1,000.

A drawback to Bill 21-620 as introduced, is that all of the replacement units are temporary, while the District's need is not. Because they are leased, the city will lose control of each site at the expiration of each lease, which range from 10 to 30 years. On the other hand, the Committee Print requires that the shelter sites be on city-owned land. This provides permanency to the shelter plan.

2. *Cost and Structure*

After the Committee's initial review of the Mayor's proposal and the Committee of the Whole hearing on the Bill, the Committee remained quite concerned about the proposed cost of the plan and whether it represented a reasonable approach to closing D.C. General in a cost-effective manner. Bill 21-620, as introduced, proposes structuring each deal in Wards 3, 4, 5, and 6 as a lease that would incorporate the development costs for each site. Rather than the District incurring the development costs up front, the developer would do so. The developer would recoup those costs, including interest and profit, within the cost of the rent. This structure is appealing because it allows the District utilize operating dollars for lease costs, to avoid borrowing, and to avoid any conflict with the District's debt cap. However, the financial structure raised concern for the Committee because the total cost of all leases amounts to hundreds of millions of dollars *and* leads to no asset for the District at the conclusion of each lease.

Following a preliminary analysis by the Council's Office of the Budget Director and comments from concerned citizens with real estate expertise, the Committee engaged Integra Realty Resources (IRR), a real estate valuation and consulting firm, to analyze the proposed terms of each deal and assess the reasonableness of each.²³ IRR had worked previously with the Council to perform an analysis of the proposed soccer stadium deal. Ultimately, IRR's analysis determined that most of the proposed deals are above-market and that purchase of each site would be more cost-effective, rather than the District spending over \$265 million over the course of all of the analyzed leases, excluding the District's own operational and service costs.

A brief summary of IRR's findings for each site is below.

Ward 1: The proposed Ward 1 site is located at 2105 10th Street, NW. In addition to the \$14 million the District would spend to develop 29 two- and three-bedroom apartment-style shelter units at the site, under the Mayor's Ward 1 proposal the District would lease from the developer the land on which the improvements have been made at an initial cost of \$770,000 per year, or \$81.89 per square foot of land area for a term of 30 years.²⁴ According to the terms of the LOI, the annual rent would increase by 2 percent each year

²³ The Mayor also retained a financial consultant to assess the reasonableness of each deal. That analysis, however, has not been provided to the Council.

²⁴ See Integra Realty Resources Consulting and Real Property Appraisal Report: Proposed Short-Term Family Housing Sites and Facilities Lease Study, pages 2-5 (hereinafter IRR Report).

for the first five years, then at CPI annually, except that beginning in the sixth lease year and every five years thereafter, rent would increase by 10 percent, instead of CPI.

IRR's analysis concluded that the proposed lease "would be above-market to a rather extraordinary degree."²⁵ That conclusion was driven by IRR's finding "that the initial rental rate for the site represents 10.13% of the fee simple value of the site," which IRR assessed at \$7.6 million.²⁶ This means that the proposed initial annual ground lease cost, excluding the extraordinarily high contemplated escalations, is approximately 10 percent of the cost to purchase the site outright. IRR also explained that the proposed lease term is "atypically" and "extraordinarily" short for a ground lease, which "most commonly [would] have a term of 99 years, or (at a minimum) options to extend the lease for that length of time."²⁷ IRR found that the result of these terms would be "a windfall profit to the property owner/landlord on the order of \$14,700,000."²⁸ Therefore, IRR recommended acquisition of the site by the District via negotiation or eminent domain.²⁹

Ward 3: The Mayor's proposed Ward 3 site is located at 2619 Wisconsin Avenue, NW. Under the terms provided in the LOI, the District would pay an annual rent of \$2,066,400 (or \$4,400 per unit, per month) to build 38 units of dormitory-style shelter, with annual rent escalations of 3 percent, and some property management services provided by the landlord for an initial term of 15 years, with one 5-year renewal option.³⁰

IRR's analysis determined that the "as is" market value of the property is \$2.5 million.³¹ However, IRR also found that the "as if leased" market value of the proposed site is \$6.1 million, meaning that, based on the lease terms, the property would be valued at nearly \$4 million more than "as is." This indicates that the result of these terms would be a "windfall" profit to either the current property owner or landlord.³² Furthermore, IRR determined that the proposed rental rate "is above market by approximately \$366,400 per year, or \$10.47 per square feet."³³ Therefore, IRR recommended either renegotiation of the rent for a longer term or acquisition of the site by the District to lower overall costs.

Ward 4: The Mayor's proposed Ward 4 site is located at 5505 Fifth Street, NW. Under the terms provided in the LOI, the District would pay an annual rent of \$1,344,000 (or \$2,286 per unit, per month) to build 49 units of dormitory-style shelter, with annual rent

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.*

²⁹ See *id.* at page 4.

³⁰ See *id.* at pages 6-10.

³¹ *Id.*

³² See *id.* (To whom the windfall profit would fall cannot be determined based on the available information – the proposed landlord has not yet finalized acquisition of the proposed site and the terms of the acquisition have not been disclosed to the Council or IRR.)

³³ See *IRR Report* at page 9.

escalations of 3 percent, and some property management services provided by the landlord for an initial term of 10 years, with two 5-year renewal options.³⁴

IRR's analysis determined that the "as is" market value of the property is \$2.9 million, though it was recently purchased for \$3.35 million.³⁵ However, IRR also found that the "as if leased" market value of the proposed site is \$3.1 million, indicating that these terms may be only "slightly above-market."³⁶ IRR's analysis determined that the proposed rental rate "is essentially at market."³⁷ IRR did, however, recommend either renegotiation of the rent for a longer term or acquisition of the site by the District to lower overall costs.

Ward 5: The Mayor's proposed Ward 5 site is located at 2266 25th Place, NE. Under the terms provided in the LOI, the District would pay an annual rent of \$2,250,000 (or \$3,404 per unit, per month) to build 50 units of dormitory-style shelter, with annual rent escalations of 2.5 percent, and some property management services provided by the landlord for an initial term of 15 years, with one 5-year renewal option.³⁸

IRR's analysis determined that the "as is" market value of the property is \$4.6 million, though it was purchased in 2014 for \$5 million.³⁹ However, IRR also found that the "as if leased" market value of the proposed site is \$4.4 million, indicating that the proposed rental rate "is at or slightly below market."⁴⁰ IRR did, however, recommend either renegotiation of the rent for a longer term or acquisition of the site by the District to lower overall costs.

Ward 6: The Mayor's proposed Ward 6 site is located at 700 Delaware Avenue, SW. Under the terms provided in the LOI, the District would pay an annual rent of \$2.25 million (or \$3,750 per unit, per month) to build 50 units of dormitory-style shelter, with annual rent escalations of 3 percent, and some property management services provided by the landlord for an initial term of 15 years, with two 5-year renewal options.⁴¹

IRR's analysis determined that the "as is" market value of the property is \$1.8 million.⁴² However, IRR also found that the "as if leased" market value of the proposed site is \$6.6 million, meaning that, based on the lease terms, the property would be valued at nearly \$5 million more than "as is." This indicates that the result of these terms would be a "windfall" profit to either the current property owner or landlord.⁴³ Therefore, IRR recommended

³⁴ See *id.* at pages 11-12.

³⁵ See *id.* at page 13.

³⁶ *Id.*

³⁷ See *id.* at page 9.

³⁸ See *id.* at page 16.

³⁹ See *id.* at page 17.

⁴⁰ See *id.*

⁴¹ See *id.* at pages 19-20.

⁴² See *id.* at page 21.

⁴³ See *id.* (To whom the windfall profit would fall cannot be determined based on the available information – the proposed landlord has not yet finalized acquisition of the proposed site and the terms of the acquisition have not been disclosed to the Council or IRR.)

either renegotiation of the rent for a longer term or acquisition of the site by the District to lower overall costs.

SUMMARY OF IRR FINDINGS

Ward	Monthly Rent per Unit	Initial Lease Term	Number of Renewal Terms	Length of Renewal Terms	"As if Leased" Market Value
1	n/a	30 Years	None	n/a	Above market to a rather "extraordinary" degree
3	\$4,400	15 Years	One	5 Years	Windfall profit
4	\$2,286	10 Years	Two	5 Years	Slightly above market
5	\$3,404	15 Years	One	5 Years	At or slightly below market
6	\$3,750	15 Years	Two	5 Years	Windfall profit

Overall, the structure of the proposed deals is also of concern, relative to cost. "Structure" refers to the fact that after a period of 10 to 30 years (depending on the particular lease), and after substantial financial investment by the city, the leaseholds revert to the property owners. Not only are the rents for several of the proposed sites above-market, and not only does the District plan to pay for construction (e.g. Ward 1) with the effect of enhancing the value of the asset, but then the city has nothing to show for its investment at the end of the leases.

3. Adequacy of the Selected Sites

The Executive has explained that it assessed various sites' suitability as a location for a temporary shelter for families experiencing homelessness on the basis of several key factors, including:

- Size – approximate 30,000 square feet per site
- Access to public transportation
- Access to "services and amenities"
- Economic feasibility
- Locations "across all 8 wards"
- Able to be developed within 24 to 30 months

Ultimately, the package presented in Bill 21-620 proposes to build D.C. General replacement units in 6 wards – 3, 4, 5, 6, 7, and 8. In Ward 1, the proposed units would replace apartment-style shelter units at 1433-1435 Spring Road, NW, which is currently operated as part of the District's family shelter system pursuant to a contract with The Community Partnership (TCP). No site was identified in Ward 2 for a family shelter. The Committee believes that, where possible, D.C. General replacement facilities should be built on District-owned land. Nonetheless, aside from their economic feasibility and the time they would take to develop, the Committee believes the sites selected – both in the Mayor's proposal and the Committee Print – are adequate to meet the health and safety needs of would-be residents based on the criteria presented by the Executive – except the Mayor's proposed location in Ward 5.

The proposed location in Ward 5 has been identified by concerned citizens across the city – including Ward 5 residents, members of faith-based groups, and a variety of homeless advocates – as unsuitable for use as a family shelter due to environmental concerns.⁴⁴ Unlike the other proposed sites, the Ward 5 site is not located in or adjacent to a residential neighborhood. Instead, it is located in an industrial district on a dead end street. The shelter site is adjacent to railroad tracks, directly across from a Metrobus depot where more than 260 buses park, one block away from a concrete facility,⁴⁵ and within 1,000 feet of a trash transfer station. Numerous medical professionals have expressed concern about the site’s potential to have a detrimental impact on shelter residents, especially because children experiencing homelessness have a higher incidence of asthma than the general population.⁴⁶ Also of concern is the fact that residents’ access to fresh food would be limited, as the nearest grocery store is more than a mile away from the proposed site. In addition, the closest bus lines are more than a half-mile away from the would-be shelter site, and the closest Metro station is nearly two miles away.⁴⁷ These factors and the lack of support for the site from homeless advocates and the Ward 5 councilmember lead the Committee to the conclusion that the proposed Ward 5 site is unsuitable for use as a family shelter.

4. Zoning

Based on information provided thus far, it appears that each proposed site will require zoning relief of various types.⁴⁸ The Committee is concerned that, especially with vigorous community opposition to the various proposed shelter locations, the Mayor’s proposed timeline for closure of D.C. General will be unachievable. Generally, as the complexity of the request for zoning relief increases, more time will be required for the zoning process to be completed.

In the introduced version of the Bill, the Mayor proposed that the Council adopt a “sense of the Council” statement (section 3 of the introduced version) that “The Council supports the approval by the Board of Zoning Adjustment of such special exceptions and variances as needed for each of the projects referenced in ... this act.” Subsequently, a number of councilmembers expressed discomfort with such a broad statement. Indeed, the role of the Board of Zoning Adjustment is to solicit public comment on such questions as adverse impact and mitigation. As a general proposition, it is not appropriate for the Council, as a body, to unconditionally support zoning applications – especially without knowing the particular issues that will be raised before the Board.

⁴⁴ See Report on Bill 21-620, “*Homeward DC Omnibus Approval of Facilities Plan for Short-Term Housing for Persons Experiencing Homelessness Act of 2016*” Attachment 2

⁴⁵ See Washington Post, April 23, 2016, “DC shelter plan boosts fears about asthma cases.”

⁴⁶ *Id.*

⁴⁷ See Letter from City Administrator Rashad Young to Chairman Phil Mendelson, April 11, 2016.

⁴⁸ See Board of Zoning Adjustment Cases No. 18723 (Ward 1), 19285 (Ward 3), 19289 (Ward 4), 19290 (Ward 5), 19287 (Ward 7), 19288 (Ward 8) (Though no zoning case has been filed for the proposed Ward 6 site, the Executive has indicated that a PUD is necessary for the proposed Ward 6 site).

Although the Committee has asked for months what zoning relief would be required for the Mayor's proposed sites, and although the Executive promised that the zoning applications would be filed by mid-April, it was not until May 5th that the Committee received any information – the day after the applications were actually filed. It is still unclear, however, what relief, if any, is necessary for the Mayor's proposed sites in Wards 1 and 6.

To the extent that public purpose is a mitigating factor in the consideration of zoning relief, the Committee asserts that there is a difference whether the shelters are publicly or privately owned. Public shelters to house homeless families is a public benefit. This benefit is enhanced if there is no private profit associated with it. The Committee's requirement that the shelters be owned, not leased, by the government is helpful to the need for zoning relief.

It is disturbing, however, that apparently the Executive chose many of the Mayor's proposed sites without careful consideration of the zoning limitations – e.g., the warehouse site in Ward 5 near a trash transfer facility and adjacent to a large WMATA bus garage. The Committee has sought alternative sites that should be less difficult with regard to zoning.

It is also disturbing that the Executive's site selection process ignored publicly owned sites in every ward except East of the River. Presumably the Executive wishes to save government-owned sites for economic development, with the collateral result that the Mayor's shelter proposal is substantially more expensive than necessary. There may be an economic benefit to developing with affordable housing city-owned parcels at 809 and 813 Kennedy Street, NW, but that benefit is hardly greater than the economic benefit to developing the same site with a shelter for homeless families at the bottom of the affordability ladder. The alternative to lease (as proposed by the Mayor) or purchase (as set forth in the Committee Print) a smaller site at 5505 5th Street, NW (two blocks away) is a more expensive option for the city.

In short, the Executive has treated too lightly the zoning issue, but the city's zoning cases are improved by the Committee Print.

5. Council Review of Underlying Contracts

The Council's initial review of Bill 21-620 and the Mayor's introductory letter accompanying the bill raised serious concerns for the Council about the procurement process. The Mayor's letter suggested that Bill 21-620 would alleviate the need for Council review by giving pre-authorization to the contracts to lease and construct the proposed facilities. In addition, the bill as introduced would have exempted the contracts from portions of the Procurement Practices Reform Act (PPRA). The Council takes seriously its role in review of contracts, particularly for projects of this importance. The Committee Print removes any reference to PPRA exemptions. Further, the Committee Print specifies that all underlying contracts must come to the Council for review. This is required pursuant to the Home Rule Act and cannot be waived by Council Act.

Committee's Comprehensive Approach to Close and Replace DC General:

After considering the various concerns raised across the city and reviewing the objective analysis provided by IRR, the Committee concludes that, while it fully supports the concept of the Mayor's proposal to open small, service-enriched shelters across the city, the plan can be improved. It is clear that the overall cost of the plan to close D.C. General can be lowered dramatically by, where available, utilizing District-owned land to locate shelter facilities. Therefore, working with councilmembers in the respective affected wards, the Committee identified various District-owned parcels that might be feasible as potential alternative sites. After some discussion with the Mayor, the Committee identified alternative sites for Wards 3, 5, and 6. The Mayor's proposed locations in Wards 7 and 8 met all criteria for suitability, including being District-owned parcels. Ultimately, the Committee concurred with the councilmembers in Ward 1 and Ward 4 that the sites proposed in their respective wards were suitable. It should be noted that an early draft of the Committee Print initially proposed two sites in Ward 4 – one the Mayor's proposed site and the other city-owned land nearby. However, the Print states only one site at the request of the Executive and the Ward 4 councilmember.

The Committee Print, therefore, directs the Mayor to utilize the District-owned sites in Wards 3, 5, 6, 7, and 8, and to acquire the sites identified in the introduced version of Bill 21-620 for Wards 1 and 4. The Committee Print also authorizes the Mayor to utilize eminent domain to acquire each privately owned site, if necessary. Finally, the Committee Print authorizes funding for the acquisition, where applicable, and construction of each of the seven shelter sites.

Though the utilization of District-owned land dramatically decreases the cost of the shelter plan, the plan as articulated in the Committee Print authorizes \$125 million in capital funding, of which \$40 million in capital funds had previously been allocated for the closure of D.C. General.⁴⁹ In order to find additional potential funding sources, the Committee worked with councilmembers Cheh and Grosso and the Council's Office of the Budget Director to identify available capital funds. The Committee on Education, in its Fiscal Year 2017 budget report identified one school modernization project that was fully funded, but not "shovel ready."⁵⁰ The report from the Committee on Education explains:

The Committee has serious reservations about the timing of the Coolidge HS project. During the budget hearing, the Committee asked several questions about the timeline. Due to the size of the Coolidge facility, DCPS is conducting a feasibility study to determine what to do with one half of the building. For years, community members in Ward 4 have been advocating for another middle school in that area of the Ward. This would align with the recommendations from the Advisory Committee on Student Assignment and School Boundaries. DCPS stated that the feasibility study would not be complete until June 2016. At that time, DCPS would share the information with the community and make a decision on how to proceed. Until this process is done, DGS would not be able to move forward on

⁴⁹ See D.C. Law 21-27, the Fiscal Year 2016 Budget Request Act of 2015.

⁵⁰ See Committee on Education, Report and Recommendations of the Committee on Education on the Fiscal Year 2017 Budget for Agencies Under Its Purview at page 31.

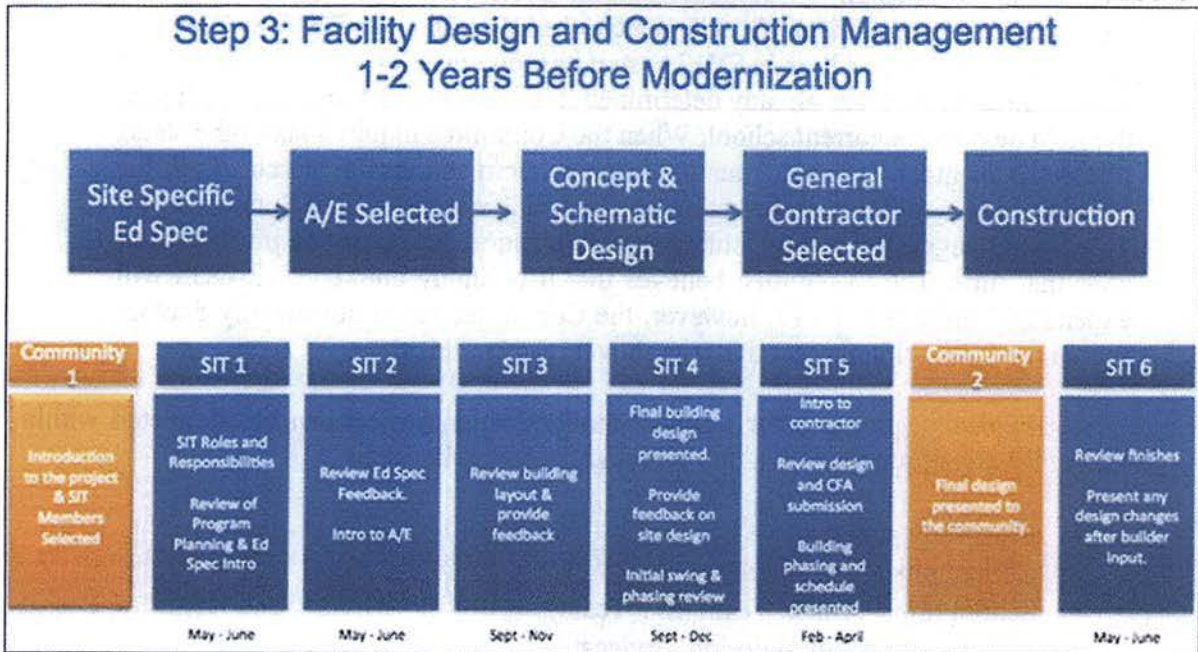
contracting for design or actually putting a shovel in the ground to start construction. In comparison, Orr Elementary had \$4 million in FY16 for planning and design and \$28.3 million in FY17 to start its modernization. No feasibility study was required as DGS has already determined it is cheaper to build a new facility on the field next to the current school. When the Committee inquired about the status of Orr Elementary during a roundtable on modernizations in March 2016, the Committee was told that construction on Orr would not begin until Summer 2017. This would suggest that the Coolidge modernization would not begin until well after that time. The Committee believes that it is highly unlikely that DGS will expend \$59 million in FY17; however, the Committee could not identify another school modernization project that was shovel ready at this time.

Typically, planning for a school modernization project can be completed within two years, but usually requires at least one year and the following steps:

- Feasibility study;
- Community engagement;
- School Improvement Team (SIT Team);
- RFP for architectural design services;
- Architectural design in collaboration with SIT Team;
- RFP for construction services;
- Award of contract and authorization to proceed.

Per the Committee on Education, DCPS has indicated that it is currently working in collaboration with the District's Office of Planning on a feasibility study that it expects will be completed in June of 2016. After the feasibility study is complete, DCPS will engage with the community to receive feedback about what a modernization at Coolidge should include. One issue that will likely be discussed is whether to co-locate a middle school in the same building as the high school, which is currently severely under enrolled. Only after the community engagement process has concluded will DCPS convene a SIT Team, comprised of parents and community stakeholders, which will stay involved through ribbon-cutting, to make decisions regarding building and programmatic design. Per the Committee on Education, assuming an optimistic timeline, a SIT Team could be convened by the fall of 2016. Even so, the decision making process that would lead to an RFP for architectural design services would not likely be completed until the end of 2016. The Committee on Education then expects that design approval through the SIT Team could be finalized by May of 2017 and an RFP for construction services issued in June of 2017. Following award of a construction contract, the project would not be ready to break ground until the start of Fiscal Year 2018 – even on this very optimistic timetable.

DCPS TIMELINE FOR SIT AND COMMUNITY ENGAGEMENT IN MODERNIZATIONS



As a result, and as noted by the Committee on Education, because the Coolidge project has not yet reached the planning and design phase, the \$59 million allocated for this project in Fiscal Year 2017 will likely go unused. Instead, the Committee on Education believes that a planning budget of \$9 million is more appropriate for the project in Fiscal Year 2017. With Coolidge’s existing unspent allotment, an additional \$5 million would provide the needed planning funds for the project. Therefore, \$54 million would be available for other capital projects, such as homeless shelters.

In accordance with principles of responsible budgeting, this Committee believes that funds – particularly borrowed funds – should not sit idle while important projects, like the plan to close D.C. General, go unfunded. Therefore, working with the Council’s Office of the Budget Director and the City Administrator, \$49 million allocated for Coolidge in FY 2017 are to be redirected to enable the District to close D.C. General once and for all. This leaves \$15 million in existing and FY 2017 allotment for Coolidge planning and design. The funds taken from Coolidge in FY 2017 are restored in Fiscal Years 2018 and 2019 through savings from other projects. All of the dollars sought by the Mayor for completion of Coolidge in 2019 (although unrealistic) are still available.

Conclusion

Closure of D.C. General is an important step, and while this plan addresses one crucial area of need within the homeless services system, many pressing issues remain to be addressed at great expense. Though this plan will ensure that D.C. General is closed, it does not

address the hundreds of families that remain sheltered in motel rooms in the District and elsewhere, or the additional investments needed to address deficiencies in the single, adult shelter system. Nor does this plan address the costs necessary to continue to move ahead to address the District's affordable housing crisis.

As the District continues critical systems transformation in the area of homeless services and throughout its social services systems, it is essential that the District deploy its resources wisely in order to address other pressing needs. Utilizing District-owned land and capital dollars to ensure that the District is able to meet its future obligations is the right approach. It frees hundreds of millions of operating dollars over the course of the next 20 to 30 years for other purposes while ensuring that the needs of families in crisis are met in an appropriate way.

By closing and replacing D.C. General with small, supportive, well-run shelters across the District, the Committee believes the District has an opportunity to become a national model for humane and effective homeless services. The Committee believes that this step will allow the District to move to a higher standard of service that begins with new facilities, but does not end there. Starting with the creation of a more humane standard for shelter facilities to protect the health, safety, and dignity of families and using what has been learned over decades of dysfunction, the Committee is confident that with this and other essential investments, the Department of Human Services will continue to improve the provision of shelter and services for families and individuals experiencing homelessness in the District.

II. LEGISLATIVE CHRONOLOGY

September 18, 2015	Bill 21-352, the "Interim Eligibility and Minimum Shelter Standards Amendment Act of 2015," is introduced at the request of Mayor Bowser.
November 3, 2015	Committee of the Whole approves Bill 21-352 with amendments. Emergency version approved same date (D.C. Act 251).
February 11, 2016	Bill 21-620, "Homeward DC Omnibus Approval of Facilities Plan for Short-Term Housing for Persons Experiencing Homelessness Act of 2016" is introduced by Chairman Mendelson at the Request of the Mayor.
February 19, 2016	Notice of Intent to Act on Bill 21-620 is published in the <i>District of Columbia Register</i> .
February 19, 2016	Notice of a Public Hearing on Bill 21-620 is published in the <i>District of Columbia Register</i> .
March 17, 2016	The Committee of the Whole holds a public hearing on Bill 21-620.

May 17, 2016

The Committee of the Whole marks-up Bill 21-620.

III. POSITION OF THE EXECUTIVE

Bill 21-620 was submitted to the Council by the Executive. Rashad Young, City Administrator; Brenda Donald, Deputy Mayor for Health and Human Services; Laura Zeilinger, Director of the Department of Human Services; and Christopher Weaver, Director of the Department of Human Services, all testified on behalf of the Executive in support of Bill 21-620 at the March 17, 2016 public hearing.

Each of the four explained that the Executive believes Bill 21-620 reflects a well-conceived plan that requires no revision. Mr. Young, Ms. Donald, Ms. Zeilinger, and Mr. Weaver each testified that the plan is cost-effective, that the lease costs are reasonable, and that each location is appropriate for the intended purpose.

IV. COMMENTS OF ADVISORY NEIGHBORHOOD COMMISSIONS

Andy Litsky, Chairman, ANC 6D, testified in partial support of Bill 21-620, noting a need to act, but decrying a lack of transparency in the process that led to the selection of the proposed Ward 6 site and formulation of the overall proposal. Mr. Litsky asked that the Council refrain from moving the legislation on an emergency basis.

Jackie Blumenthal, Chairman, ANC 3B, testified in partial support of Bill 21-620, raising concerns about a lack of transparency in the site selection process and legislative introduction to the community. Further, Ms. Blumenthal noted that the community surrounding the Mayor's proposed Ward 3 site has concerns about overcrowding at Stoddert Elementary that might be exacerbated by an influx of additional students. In addition, she raised concerns about any zoning change required to accommodate the facility, asking that any change expire once the facility ceases to operate as a shelter. Finally, Ms. Blumenthal asked that the Council refrain from acting on an emergency basis to pass this legislation.

Brian Turmail, Commissioner, ANC 3B-05, testified in partial support of Bill 21-620, but highlighted concerns about potential increased overcrowding at Stoddert Elementary as a result of placement of a shelter at the proposed Ward 3 site.

Stacy Cloyd, Commissioner, ANC 6D-02, testified in opposition to Bill 21-620 due to concerns that the proposed Ward 6 site would be difficult to build due to neighboring buildings and that, if built, the design is not conducive to a shelter, particularly due to the functions of the neighboring Blind Whino space and the lack of private bathrooms. Ms. Cloyd also expressed concern about how to ensure that any future shelter would be well-run. Ms. Cloyd suggested several alternative sites within the Ward.

Kathy Henderson, Commissioner, ANC 5D-05, testified in support of Bill 21-620.

The Committee is also aware of opposition formally adopted by ANCs 3C, 5C, and 6D to the Mayor's proposed shelter sites in their commission areas.

V. SUMMARY OF TESTIMONY

The Committee of the Whole held a public hearing on Bill 21-620 on Thursday, March 17, 2016. The testimony summarized below is from that hearing. Copies of some of the written testimony are attached to this report.

Amber Harding, Staff Attorney, Washington Legal Clinic for the Homeless, testified in partial support of Bill 21-620, expressing support for the concept of closing D.C. General with "smaller, healthier, and safer shelters" across the District. Ms. Harding encouraged "greater privacy protections and disability rights compliance" in the design of each shelter, including the maximization of private bathrooms at each site. In addition, Ms. Harding highlighted health and safety concerns for the proposed Ward 5 location, particularly environmental concerns related to the site's location in an industrial zone.

Monica Kamen, Advocacy Coordinator, Fair Budget Coalition, testified in partial support of Bill 21-620, noting that, while the Fair Budget Coalition (FBC) supports the concept of closing D.C. General and replacing it with smaller shelters dispersed throughout the city, the organization encourages the Executive to continue to engage stakeholders regarding facility design. Further, Ms. Kamen stated that FBC opposed the proposed Ward 5 site and encouraged selection of an alternative site.

Louvenia Williams, Executive Director, Edgewood/Brookland Family Support Center, testified in opposition to Bill 21-620. Ms. Williams proposed that D.C. General replacement shelter sites house fewer than 20 families each.

Deborah Shore, Executive Directors, Sasha Bruce YouthWork, testified in support of Bill 21-620, but asked that an air quality test be performed at the Ward 5 site as well as abatement as necessary, depending on the results of such a test.

M. Beverly Hunter, Public Witness, testified sharing her thoughts about the homeless services and rental housing systems in the District.

Eric Sheptock, Public Witness, testified in partial support of Bill 21-620, but spoke of the need to improve human services in the District.

Susie Cambria, Public Witness, testified in partial support of Bill 21-620. She encouraged the Committee to include provisions requiring background checks for grantees, staff, and volunteers by MPD.

Melissa Rohan, Public Witness, testified recommending that provisions requiring screening of all shelter staff and residents be added to the bill.

Charles A. Parker, Senior Pastor, Metropolitan Memorial United Methodist Church, testified in support of Bill 21-620.

Michael D. Wilker, Senior Pastor, Lutheran Church of the Reformation, testified in support of Bill 21-620.

William H. Lamar, IV, Pastor, Metropolitan AME, testified in support of Bill 21-620.

Rev. Monte Hillis, Washington Interfaith Network, testified in support of Bill 21-620.

Robin Diener, President, Dupont Circle Citizens Association, testified in support of Bill 21-620.

Andy Litsky, Chairman, ANC 6D, testified in partial support of Bill 21-620 as summarized above.

Judith Sandalow, Executive Director, Children's Law Center, testified in support of Bill 21-620, though she expressed a desire to ensure that health and welfare concerns for children related to any of the proposed sites would be "addressed by a clear and transparent stakeholder engagement process" and that neighbors in each of the proposed sites' respective neighborhoods should be "actively engaged at all phases of the process to ensure that the new shelters meet the needs of residents in the shelter and their neighbors."

Jackie Blumenthal, Chairman, ANC 3B, testified in partial support of Bill 21-620 as summarized above.

Brian Turmail, Commissioner, ANC 3B-05, testified in partial support of Bill 21-620 as summarized above.

Anita Livia Mitra Crabtree, Public Witness, testified in opposition to Bill 21-620, citing the costs of the proposal and questions about the RFP process that led to the selection of many of the proposed sites. In particular, Ms. Crabtree requested that, prior to any Council action, the RFP be reissued to reflect the Mayor's actual proposal, that provisions be added to prevent the sale or assignment of any of the leases, and that any potential conflicts of interest related to the proposed deals be examined.

Robert McDiarmid, Public Witness, testified in opposition to Bill 21-620, emphasizing that the proposed Ward 3 site is inconsistent with "long standing zoning protections," which prohibit a facility as large as that proposed in the Bill. Mr. McDiarmid asked, specifically, that the Council reject the proposed Ward 3 site and remove the "Sense of the Council" section of the legislation.

Malia Brink, Public Witness, testified in opposition to Bill 21-620, noting inconsistencies in the Letters of Intent provided to the Council for each proposed site and the representations made to the community by the Bowser Administration. Ms. Brink also highlighted the inconsistency between the existing zoning at the proposed Ward 3 site and the design of the proposed site. Ms. Brink also discussed the seemingly exorbitant costs of the proposals and the fact that the District would have no asset at the conclusion of each proposed lease, resulting in the District engaging in a similar effort in order to meet its legal requirement to shelter families experiencing homelessness in a mere 20 years.

Ron Del Sesto, Public Witness, testified in opposition to Bill 21-620, citing a lack of transparency in the process that led to the selection of each proposed site, inconsistency in the information being provided about the proposed Ward 3 site, and opposition to any zoning change that would be needed to allow the proposed site to be built. Mr. Del Sesto also noted the potential for additional overcrowding at Stoddert Elementary.

William W. Chip, Public Witness, testified in opposition to Bill 21-620, asserting that the Massachusetts Avenue Heights neighborhood would account for a disproportionate share of Ward 3's shelter beds. He highlighted that, should the proposed Ward 3 site move forward, the neighborhood would "have four shelters within a three-block radius."

Ed Lazere, Executive Director, DC Fiscal Policy Institute, testified in support of Bill 21-620, though he asked that the District perform an environmental impact study to determine "whether the [Ward 5] site is environmentally healthy."

Virginia James, Public Witness, testified in partial support of Bill 21-620.

Regina James, Public Witness, testified in support of closing D.C. General, but asserted that the proposed Ward 5 site is "not an environment conducive for children." Further, Ms. James noted that using District-owned or leasing existing vacant buildings would be a more cost-effective means of achieving the plan's goals.

Gabriel Serrato, Public Witness, testified in partial support of Bill 21-620.

Amiee Aloï, Public Witness, testified in opposition to Bill 21-620, noting that the cost of the plan is "enormous," that the community has not been adequately engaged by the Bowser Administration, and that the zoning, site design, and other factors make the proposed Ward 3 site unsuitable.

Jason Higley, Public Witness, testified in opposition to Bill 21-620, asserting that the cost of the proposed Ward 3 site is too high, especially in comparison to available apartment rentals in the surrounding neighborhood.

Faye Halloran, Public Witness, testified in partial support of Bill 21-620.

John Hisle, Executive Director, Good Faith Communities Coalition, testified in partial support of Bill 21-620, noting general support for the plan, but recommending that the proposed Ward 5 site be removed from the proposal due to environmental concerns.

Micah Bales, Communications & Outreach Manager, Homeless Children's Playtime Project, testified in partial support of Bill 21-620, expressing support for all except the proposed Ward 5 site due to its location in a non-residential neighborhood with health, access, and safety concerns.

Young Soon Diokno, Public Witness, testified in support of delaying action on Bill 21-620 to allow for consideration of potential alternative sites and further engagement with the Bowser Administration. Ms. Diokno noted that the proposed Wards 4, 5, 7, and 8 sites are "somewhat disconnected from their communities." She also encouraged that the District government not be led by an arbitrary timeline and engage with communities to address issues related to safety and shelter operations. Finally, Ms. Diokno asserted that the plan was not cost-effective.

Benjamin Thomas, Public Witness, testified in support of Bill 21-620, but expressed concern about the process that led to the selection of the proposed Ward 7 site. He noted that the neighborhood has numerous liquor stores, a great deal of crime, and no grocery store.

Nancy MacWood, Commissioner, ANC 3C, testified expressing reservations about Bill 21-620. She stated that the size of the proposed Ward 3 site is too large and encouraged the Council to explore the feasibility of developing two to three Ward 3 family shelters. Ms. MacWood also criticized the inconsistency in the information that community members have received regarding the site. She encouraged a more thorough review of the costs associated with the plan. Finally, Ms. Macwood encouraged the Council to remove from the bill the "Sense of the Council" provision regarding zoning approval.

Daniel James Crabtree, Public Witness, testified in opposition to Bill 21-620, explaining that many questions remain about the proposal, including: the process that led to selection of the proposed Ward 3 site; whether the proposed Ward 3 site is conducive to the operation of a shelter facility; and the ability of the District to ensure that the proposed sites will be operated in a manner that will prevent them from becoming "mini-DC General[s]."

Ericka Taylor, Executive Director, Fair Budget Coalition, testified in support of Bill 21-620, expressing support for steps the Bowser Administration has taken to provide a higher level of privacy for bathroom accommodations in the proposed sites. Ms. Taylor reiterated her colleague, Monica Kamen's, reservations regarding the proposed Ward 5 site. She also encouraged greater transparency as the process moves forward.

Stacy Cloyd, Commissioner, ANC 6D-02, testified in opposition to Bill 21-620 as summarized above.

Ilsabe Urban, Public Witness, testified in support of Bill 21-620.

Rev. Ben Roberts, Director of Social Justice Ministries, Foundry United Methodist Church, testified in support of Bill 21-620, though he recalled the poorly-run Randall School shelter site formerly located in Ward 6 and encouraged the City to avoid recreating similar issues. Rev. Roberts also expressed concern about ensuring that appropriate services be provided to families at the proposed shelter sites once built.

Kathy Henderson, Commissioner, ANC 5D-05, testified in support of Bill 21-620, as noted above.

Jessica Wasserman, Public Witness, testified in support of Bill 21-620.

Kurt Runge, Director of Advocacy, Miriam's Kitchen, testified in support of Bill 21-620.

Carol Dostert, Public Witness, testified in support of Bill 21-620.

Marie-Louise Murville, Public Witness, testified in opposition to Bill 21-620, noting that there are other, more cost-effective and suitable ways to shelter families and close D.C. General than what has been proposed in the Bill.

Jennifer Speight, Public Witness, testified in support of Bill 21-620, noting the terrible conditions at D.C. General and that new facilities must be better run.

Frances E. Francis, Public Witness, testified in opposition to Bill 21-620, highlighting the zoning issues, costs, and a lack of transparency with regard to the selection of the proposed Ward 3 site.

Carlos Davis, Public Witness, testified in support of Bill 21-620, though he noted that changes to the proposed Ward 5 site are necessary, including efforts to mitigate industrial impacts within a 2-mile radius of the site, additional street lighting, additional transportation, including a new Circulator route, and incentivizing quality retail development in the area.

Joseph Gavrilovich, Senior Policy Analyst, DC Alliance of Youth Advocates, testified in support of Bill 21-620, though he noted issues with the proposed Ward 5 site, including environmental issues. Mr. Gavrilovich also expressed strong support for the proposed Ward 1 site.

Rhys Gerholdt, Public Witness, testified in partial support of Bill 21-620.

Hannah Hasefnu, Public Witness, testified in support of Bill 21-620.

Mina Marefat, Public Witness, testified in partial support of Bill 21-620.

Marie Mann Bibbs, Public Witness, testified in opposition to Bill 21-620 due to the costs of the plan and a lack of transparency. Ms. Bibbs suggested using the District's limited resources to permanently house families experiencing homelessness.

Brandon J. Bortner, Public Witness, testified in opposition to Bill 21-620, asserting that the costs of the plan are exorbitant.

Sarah Novick, Jews United for Justice, testified in partial support of Bill 21-620, noting that the proposed Ward 5 site is unacceptable due to a lack of adequate public transportation and its distance from schools and grocery stores.

William Jordan, Public Witness, testified in opposition to Bill 21-620, asserting that reworking the District's approach to housing and economic development would allow the District to house all families experiencing homelessness without needing to build any emergency shelter.

Jay Gazlay, Vice-President, Capitol Park IV Condo, testified in partial support of Bill 21-620.

Dan Balotescu, Public Witness, testified in opposition to Bill 21-620, particularly the proposed Ward 6 site.

Gordon Brown, Public Witness, testified in partial support of Bill 21-620, though he suggested building permanent community housing or permanent supportive housing instead of temporary emergency shelters.

Dr. Francis Xavier McGuigan, Public Witness, testified in opposition to Bill 21-620, particularly due to the zoning changes that would be required to proceed with the proposed Ward 3 site.

Kevin Sampson, Public Witness, testified regarding the need to thoroughly address the needs of persons experiencing homelessness in the District and the reform the District's homeless services system.

Dr. Melissa Clarke, Black Mental Health Alliance, testified in support of Bill 21-620. She suggested comprehensive healthcare services for families sheltered in the proposed facilities.

Dr. Edwin Chapman, American Board of Addiction Medicine, testified in support of Bill 21-620, encouraging the provision of comprehensive healthcare for families sheltered at each of the proposed sites.

Judge Arthur Burnett, National African American Drug Policy Coalition, testified in support of Bill 21-620, recommending that provisions be included to encourage community participation and provision of comprehensive services to persons experiencing homelessness sheltered at the proposed sites.

Peter Bishop, Public Witness, testified in support of Bill 21-620, encouraging councilmembers and his fellow Ward 5 residents to see the positive aspects of the location of the proposed Ward 5 site and to use their imagination to determine what would be needed to make the

Ward 5 location workable. Mr. Bishop also encouraged the Department of Human Services to release any air quality study it has obtained to support the feasibility of the proposed site.

Donya Williams, Public Witness, testified in partial support of Bill 21-620 and detailed her own experiences in shelter at D.C. General. Ms. Williams emphasized the need for access to public transportation and services while in shelter.

Kevin Mullone, President, Langdon Park Community Association, testified in partial support of Bill 21-620, but opposed the Ward 5 location as unsuitable to meet the needs of families experiencing homelessness.

Rashad Young, City Administrator, testified on behalf of the Executive. His testimony is summarized in Section III above.

Brenda Donald, Deputy Mayor for Health and Human Services, testified on behalf of the Executive. Her testimony is summarized in Section III above and is attached.

Laura Green Zeilinger, Director, Department of Human Services, testified on behalf of the Executive. Her testimony is summarized in Section III above and is attached.

Christopher Weaver, Director, Department of General Services, testified on behalf of the Executive. His testimony is summarized in Section III above and is attached.

VI. IMPACT ON EXISTING LAW

Bill 21-620 adds new provisions in the D.C. Official Code to authorize the Mayor to acquire land and construct emergency family shelters at seven specified sites across the District. The Bill also authorizes the appropriation of funds for these purposes.

VII. FISCAL IMPACT

The attached May 27, 2016 fiscal impact statement (FIS) from the District's Chief Financial Officer states that funds are sufficient in the FY2017 through FY2020 budget and financial plan to implement the bill.⁵¹ An April 14, 2016 FIS on the bill as introduced is also attached, stating that "Funds are not sufficient" on that bill.

VIII. SECTION-BY-SECTION ANALYSIS

Section 1 States the short title of Bill 21-620.

⁵¹ The FIS refers to two alternative Ward 4 sites in the Print – based on a draft that ultimately was revised to cite only one site, at the request of Councilmember Todd and the Executive.

Section 2 States findings for purposes of eminent domain.

Section 3

Subsection (a) Authorizes the Mayor to use designated funds to acquire family shelter facilities, including D.C. General Family Shelter replacement units and for the replacement of apartments at the Spring Road Shelter.

Paragraph (1) Authorizes the Mayor to use capital funds for a 29-unit Ward 1 shelter at 10th and V Streets, NW.

Subparagraph (A) Authorizes the Mayor to acquire the designated Ward 1 shelter site.

Subparagraph (B) Authorizes the Mayor to contract for the development of the Ward 1 shelter site with 29 units.

Paragraph (2) Authorizes the Mayor to use capital funds for a Ward 3 shelter with 38 units on District-owned land at 3320 Idaho Avenue, NW and to contract for development of the designated site.

Paragraph (3) Authorizes the Mayor to use capital funds for a Ward 4 shelter with 49 units at 5505 Fifth Street, NW.

Subparagraph (A) Authorizes the Mayor to acquire the designated Ward 4 shelter site.

Subparagraph (B) Authorizes the Mayor to contract for the development of the Ward 4 shelter site.

Paragraph (4) Authorizes the Mayor to use capital funds for a Ward 5 shelter with 50 units on District-owned land at either 1700 Rhode Island Avenue, NE or 326 R Street, NE and to contract for development of the designated site.

Paragraph (5) Authorizes the Mayor to use capital funds for a Ward 6 shelter with 50 units on District-owned land at 2nd and K Streets, NW and to contract for development of the designated site.

Paragraph (6) Authorizes the Mayor to use capital funds for a Ward 7 shelter with 50 units on District-owned land at 5004 D Street, SE and to contract for development of the designated site.

Paragraph (7) Authorizes the Mayor to use capital funds for a Ward 8 shelter with 50 units on District-owned land at 4200 (assumed) 6th Street, S.E. and to contract for development of the designated site.

Subsection (b) Authorizes an appropriation of up to \$100 million for the purposes described in subsection (a).

Subsection (c) Authorizes the Mayor to use designated funds in a pool account for any acquisition or construction authorized in subsection (a) and authorizes an appropriation of up to \$25 million for those purposes.

Subsection (d) Requires the Mayor to submit any contract entered into pursuant to this act involving expenditures in excess of \$1 million during a 12-month period to the Council for its approval.

Subsection (e) Prohibits the use of funds appropriated for the designated shelter capital projects for any other purposes.

Subsection (f) Directs the Mayor to seek to utilize tax-exempt bonds to finance these projects such that the Chief Financial Officer of the District must be satisfied that the proposed business arrangements with respect to the use and user(s) of a proposed project will not create a private business use within the meaning of the applicable Internal Revenue Service rules and regulations. The effect of this is to ensure lower interest rates.

Section 4 States the Fiscal Impact of Bill 21-620.

Section 5 Effective date.

IX. COMMITTEE ACTION

On May 17, 2016, the Committee met to consider Bill 21-620, the “Homeless Shelter Replacement Act of 2016.” The meeting was called to order at 11:29 a.m., and Bill 21-620 was item IV-A on the agenda. After ascertaining a quorum (Chairman Mendelson and Councilmembers Alexander, Allen, Bonds, Cheh, Grosso, Nadeau, May, McDuffie, Orange, Silverman, and Todd present; Councilmember Evans absent), Chairman Mendelson moved the print as circulated. Councilmember May offered an amendment to require that each facility include up to 50 units. However, Councilmember May had not obtained a Fiscal Impact Statement from the Office of the Budget Director, and the amendment was ruled out of order. Councilmember Nadeau moved an amendment to ensure that the current owner of the Ward 1 site pay any real property tax owed for the property being vacant (a higher tax rate). The amendment was accepted without objection. After an opportunity for further discussion, the vote on the print was unanimous (Chairman Mendelson and Councilmembers Alexander, Allen, Bonds, Cheh, Grosso, Nadeau, May, McDuffie, Orange, Silverman, and Todd voting aye; Councilmember Evans absent). Chairman Mendelson then moved approval of the report, with leave for staff to make technical, conforming, and editorial changes. Included in his motion was a revised report section concerning zoning. After opportunity for discussion, the vote on the report was unanimous (Chairman

Mendelson and Councilmembers Alexander, Allen, Bonds, Cheh, Grosso, Nadeau, May, McDuffie, Orange, Silverman, and Todd voting aye; Councilmember Evans absent). The meeting adjourned at 3:47 p.m.

X. ATTACHMENTS

1. Bill 21-620 as introduced.
2. Selected Written Testimony.
3. Selected Correspondence Regarding Bill 21-620.
4. IRR Market Assessment of Proposed Leases.
5. Fiscal Impact Statements for Bill 21-620: April 14 and May 27, 2016.
6. Legal Sufficiency Determination for Bill 21-620.
7. Committee Print for Bill 21-620.

**COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
COMMITTEE REPORT**

1350 Pennsylvania Avenue, NW, Washington, DC 20004

TO: All Councilmembers

FROM: Chairman Phil Mendelson
Committee of the Whole



DATE: June 21, 2016

SUBJECT: Supplemental Report on Bill 21-620, "Homeless Shelter Replacement Act of 2016"

The Committee of the Whole, to which Bill 21-620, the "Homeless Shelter Replacement Act of 2016" (previously the "Homeward DC Omnibus Approval of Facilities Plan for Short-Term Housing for Persons Experiencing Homelessness Act of 2016") was referred, unanimously approved the Committee Print and Committee Report for consideration by the Council. On May 17, 2016, the full Council voted unanimously to approve Bill 21-620 on first reading. On May 31, 2016, following negotiations with the Executive,¹ the full Council again voted unanimously to approve Bill 21-620 on final reading, with amendments.

Prior to final reading, the Council and Executive agreed to multiple amendments to the Bill. These amendments related to the number of units at specific locations, the location of specific sites, the ability of the Department of General Services' to negotiate for site acquisition, and several technical changes.² These changes are explained in detail below.

Locations

Between first and final reading on Bill 21-620, the Committee, affected ward councilmembers, and the Executive continued discussions regarding appropriate shelter locations in Wards 5 and 6. The Committee Print, approved at first reading on Tuesday, May 17, 2016, included two alternative, District-owned locations for a Ward 5 shelter from which the Executive would be able to choose: 326 R Street, NE (Penn Center) and 1700 Rhode Island Avenue, NE. It subsequently came to the attention of the Committee that, although the Department of General Services (DGS) had previously identified Penn Center as a potential relocation site for the District's Archives, the agency had not informed the Committee that DGS had agreed to allow approximately 42,000 square feet of space at Penn Center to be utilized as "swing space" during the upcoming modernization of the Martin Luther King, Jr. Memorial Library.³ This new information led the Committee and Ward 5 councilmember to conclude that Penn Center would

¹ See Letter from Mayor Muriel Bowser to Chairman Phil Mendelson (noting areas of concern regarding Bill 21-620).

² See Amendments #1, #2, and #3 (amending the shelter locations in Wards 5 and 6; amending the possible number of units at the Ward 3 and 5 sites; providing DGS with the ability to negotiate directly with the current property owners of the Ward 1 and 4 sites for development of each site as a term of purchase; and changing project numbers for each site as reflected in the District's capital budget system).

³ See Letter from DC Public Library, May 26, 2016.

not be a suitable alternative shelter location. Accordingly, Chairman Mendelson moved an amendment removing Penn Center as an alternative, leaving 1700 Rhode Island Avenue as the site for a Ward 5 family shelter.

During the same period, the Committee, Executive, and Ward 6 councilmember continued to discuss the feasibility of the Ward 6 Family Shelter location at 2nd and K Streets, NW, approved on first reading May 17, 2016. Following the Council's first vote, the Executive raised concerns regarding federal regulatory approvals required to proceed with construction at that site. As an alternative, the Executive proposed locating the Ward 6 site at 850 Delaware Avenue, SW, a District-owned site that is the current location of a Unity Health Care clinic. Ultimately, the Committee and Ward 6 councilmember agreed that the Delaware Avenue site, which "can accommodate up to 50 units and a new and improved community medical clinic without the use of any federal property,"⁴ was an appropriate location for the Ward 6 family shelter. Chairman Mendelson, therefore, moved an amendment to change the Ward 6 shelter location to 850 Delaware Avenue, SW.

Number of Units

Once 1700 Rhode Island Avenue, NE was agreed to as the appropriate location for the Ward 5 family shelter, concerns were raised about the number of units that could be built on the lot, given its size of 12,332 square feet. The Executive indicated that to avoid the need for substantial excavation, the number of units at the site would likely be limited to 35. If the Ward 5 shelter site were limited to 35 units, the total number of DC General replacement units across all six family shelter sites would decrease from 272 to 257. The Executive expressed concern that this lower number of units would be insufficient and suggested that it might be possible to build additional units at the Ward 3 site, which the Committee Print had placed on District-owned land at 3320 Idaho Avenue, NW. The Committee Print specified 38 units for the Ward 3 shelter – the same number the Mayor had proposed for the bill following introduction. In order to maintain the District's ability to create an adequate number of replacement units and allow the Executive sufficient flexibility in site design, Chairman Mendelson moved an amendment to allow "up to" 50 units each to be built at the Ward 3 and Ward 5 sites.

DGS Site Acquisition and Project Management

The Council bill approved on first reading required that the Mayor acquire the Ward 1 site located at 2105 and 2107 10th Street, NW, and 933 V Street, N.W. and the Ward 4 site located at 5505 Fifth Street, NW, either through a negotiated purchase or eminent domain. The bill also included a requirement that DGS issue a request for proposals (RFP) for construction of each facility. Prior to final reading, the Executive asked that the Council include a provision that would allow the District to enter into sole source contracts with the owners of the Ward 1 and Ward 4 sites for the construction of each facility as a term of the purchase contracts. The Executive stated

⁴ See Letter from Mayor Muriel Bowser to Councilmember Charles Allen, May 27, 2016.

that this could facilitate site acquisition negotiations. Chairman Mendelson moved an amendment to allow for such sole source contracts in order to allow the Executive flexibility to negotiate site acquisition. However, if the Executive is unable to come to terms with each property owner for site acquisition, DGS must issue an RFP for construction of each facility.

During discussions about moving forward with building shelter facilities on District-owned land, the Executive requested that DGS be allotted additional staff to facilitate the management of each project. The Council agreed to add four additional staff positions to DGS for this purpose. That change was made in Bill 21-668, the *Fiscal Year 2017 Local Budget Act of 2016*, which was approved unanimously by the Council on final reading on May 31, 2016.

Timeline

Following the Council's adoption of Bill 21-620, DGS issued an amended timeline for construction and completion of each project purporting to demonstrate that the Council's actions will delay the opening of all the new shelters such that DC General cannot close until 2020. This amended timeline is unfortunate.

First, it is unlikely that the original timeline could have been achieved, especially with strong opposition to the zoning applications in Wards 3, 5, and 6 likely to delay those projects from moving forward. That opposition and any attendant delays were not calculated in the Executive's original timeline. The Committee believes that the move to publicly owned land strengthens the District's position in seeking zoning relief to the extent that public purpose is a mitigating factor. Public shelters to house homeless families is a public benefit. This benefit is enhanced if there is no private profit associated with it.

Further, the communities in Wards 5 and 6 now appear supportive – certainly far less oppositional – to the alternative shelter sites in those wards. Therefore, the Committee is confident that its changes will actually allow the Executive to move more rapidly to completion of each project.

Moreover, because DGS has been unreliable in its assessments throughout the Council's consideration of the Mayor's proposed plan, it is difficult to rely on any of the agency's purported timelines. The delays that DGS now claims will result from the Council's changes lack credibility. For instance, the Council's changes to the Ward 1 site require no changes related to zoning or site design. Yet, the amended timeline indicates that the start of construction will be delayed by approximately nine months. Although the Executive will negotiate for acquisition of the site, those negotiations should not add nine months to the construction process and, in any event, building design can proceed in parallel with and unhindered during negotiations. Moreover, it is the Committee's understanding that these negotiations began last month. Furthermore, should negotiations fail, the Executive has the ability to "quick take" the property through eminent domain, assuring that the process of site acquisition should not add nearly a year to the process. Similarly, in Ward 4, the original DGS timeline indicates that construction would have begun in November of 2016. However, the project still awaits zoning approval, and any final contract

between the District and developer, even under the terms of Bill 21-620 as introduced, would require final negotiation and council approval, along with final site design. It is unlikely that construction under that scenario would have begun in November of this year. It simply lacks credibility to claim that the Council's action, three months after bill introduction, adds 13 to 14 months to the process.

Nonetheless, as demonstrated by the changes detailed in this report, among others, the Council has worked collaboratively with the Executive to achieve the shared goal of closing DC General as quickly as possible, while maintaining good stewardship of the District's resources. The Council expects that the Executive will, in the spirit of collaboration and with an eye toward the critical needs of those families residing at DC General, proceed with all due haste to construct these new family shelters and close DC General once and for all.

Committee Action

On June 21, 2016, the Committee of the Whole met to consider this Supplemental Report on Bill 21-620, the "Homeless Shelter Replacement Act of 2016." The meeting was called to order at 11:08 a.m., and the Supplemental Report was item V-D on the agenda. After ascertaining a quorum (Chairman Mendelson and Councilmembers Alexander, Allen, Bonds, Cheh, Evans, Grosso, Nadeau, May, McDuffie, Orange, Silverman, and Todd present), Chairman Mendelson circulated revisions to the draft report and moved for approval of the revised report, with leave for staff to make technical, conforming, and editorial changes. After an opportunity for discussion, the vote on the Supplemental Report was unanimous (Chairman Mendelson and Councilmembers Alexander, Allen, Bonds, Cheh, Evans, Grosso, Nadeau, May, McDuffie, Orange, Silverman, and Todd voting aye). The meeting adjourned at 12:32 p.m.



Chairman Phil Mendelson

AN AMENDMENT
Bill 21-620, "Homeless Shelter Replacement Act of 2016"
(Engrossed Version)
May 31, 2016

Amendment #1

Section 3(a) is amended as follows:

1. At line 81, by striking the phrase "38" and inserting the phrase "up to 50" in its place;
2. At lines 96 through 102, Paragraph 4 is amended to read as follows:

“(4) The Mayor is authorized to use funds appropriated for capital project “HSW05C – Ward 5 Homeless Shelter,” to construct a facility to provide temporary shelter for families experiencing homelessness containing up to 50 DC General Family Shelter units on District-owned land at 1700 Rhode Island Avenue, N.E., Square 4134, Lot 800; provided, that the contract for the construction of the facility shall be awarded pursuant to a request for proposals to be issued by the Department of General Services.”

3. At line 106, by striking the phrase “2nd and K Street, N.W., Square 560, Lots 830, 834, and 7000;” and inserting the phrase “850 Delaware Avenue, S.W., Square 590E, Lot 800;” in its place.

Rationale:

The purpose of this amendment is to specify that the Ward 3 and Ward 5 shelter sites may be built to accommodate up to 50 DC General replacement units. This amendment ensures that if available land area and site design at the Ward 5 site requires fewer units than originally anticipated, the District will be able to add additional units at the Ward 3 site to ensure that sufficient units are available to allow for the permanent closure of the DC General Family Shelter.

In addition, this amendment eliminates, at the request of the Mayor and the Ward 5 Councilmember, one alternative site for a possible Ward 5 family shelter, and specifies that 1700 Rhode Island Avenue shall serve as the Ward 5 location for DC General replacement units.

Finally, this amendment changes the Ward 6 family shelter location. Pursuant to an agreement between the Executive and the Ward 6 Councilmember, the shelter will be located in Southwest Washington at a District-owned site near the Mayor’s originally proposed site and will include a healthcare center.



Chairman Phil Mendelson

AN AMENDMENT
Bill 21-620, "Homeless Shelter Replacement Act of 2016"
(Engrossed Version)
May 31, 2016

Amendment #2

1. Section 3(a) is amended as follows:

- (a) At line 67, by striking the phrase "XXXX-Ward 1 Homeless Shelter" and inserting the phrase "HSW01C – Ward 1 Shelter" in its place;
- (b) At line 80, by striking the phrase "XXXX-Ward 3 Homeless Shelter" and inserting the phrase "HSW03C – Ward 3 Shelter" in its place;
- (c) At line 86, by striking the phrase "XXXX-Ward 4 Homeless Shelter" and inserting the phrase "HSW04C – Ward 4 Shelter" in its place;
- (d) At line 104, by striking the phrase "XXXX-Ward 6 Homeless Shelter" and inserting the phrase "HSW06C – Ward 6 Shelter" in its place;
- (e) At line 113, by striking the phrase "XXXX-Ward 7 Homeless Shelter" and inserting the phrase "HSW07C – Ward 7 Shelter" in its place;
- (f) At line 119, by striking the phrase "XXXX-Ward 8 Homeless Shelter" and inserting the phrase "HSW08C – Ward 8 Shelter" in its place;

2. At lines 126 through 132, Section 3(c) is amended to read as follows:

“(c) The Mayor is authorized to use funds appropriated for capital project “THK16C – Temporary and Permanent Supportive Housing Pool Project” for any acquisition or construction authorized by subsection (a), the cost of which exceeds the amounts appropriated for capital projects “HSW01C – Ward 1 Shelter,” “HSW03C – Ward 3 Shelter,” “HSW04C – Ward 4 Shelter,” “HSW05C – Ward 5 Shelter,” “HSW06C – Ward 6 Shelter,” “HSW07C – Ward 7 Shelter,” or “HSW08C – Ward 8 Shelter.” There is authorized to be appropriated sums of money not exceeding \$25 million for the purposes of this subsection.”

3. At lines 137 through 141, Section 3(e) is amended to read as follows:

“(e) Any use of funds appropriated for capital projects “HSW01C – Ward 1 Shelter,” “HSW03C – Ward 3 Shelter,” “HSW04C – Ward 4 Shelter,” “HSW05C – Ward 5 Shelter,” “HSW06C – Ward 6 Shelter,” “HSW07C – Ward 7 Shelter,” “HSW08C – Ward 8 Shelter,” or

“THK16C – Temporary and Permanent Supportive Housing Pool Project” inconsistent with this Act is prohibited.

Rationale:

The purpose of this amendment is to replace placeholder project names included in the Draft Committee Print of Bill 21-620 with official project names included in the District’s capital budget system.



Chairman Phil Mendelson

AN AMENDMENT
Bill 21-620, "Homeless Shelter Replacement Act of 2016"
(Engrossed Version)
May 31, 2016

Amendment #3

Section 3(a) is amended as follows:

1. Subparagraph (1)(B) is amended by striking the phrase "provided, that the contract for the construction of the facility shall be awarded pursuant to a request for proposals to be issued by the Department of General Services;" and inserting the phrase "provided, that, notwithstanding the requirements of the Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371, D.C. Official Code § 2-351.01 *et seq.*), the District may contract with the current property owner for the construction of the facility specified in this subparagraph as part of an agreement to acquire the land; further provided, that if no agreement can be reached with the current property owner for the construction of the facility specified in this paragraph, the contract for the construction of the facility shall be awarded pursuant to a request for proposals to be issued by the Department of General Services;"
2. Subparagraph (3)(B) is amended by striking the phrase "provided, that the contract for the construction of the facility shall be awarded pursuant to a request for proposals to be issued by the Department of General Services;" and inserting the phrase "provided, that, notwithstanding the requirements of the Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371, D.C. Official Code § 2-351.01 *et seq.*), the District may contract with the current property owner for the construction of the facility specified in this subparagraph as part of an agreement to acquire the land; further provided, that if no agreement can be reached with the current property owner for the construction of the facility specified in this paragraph, the contract for the construction of the facility shall be awarded pursuant to a request for proposals to be issued by the Department of General Services;"

Rationale:

The purpose of this amendment is to allow the Mayor flexibility in negotiating terms for acquisition of the Ward 1 and Ward 4 shelter sites by allowing the Mayor to enter into a sole source contract with the property owner for the construction of the shelter facility. In requesting this amendment, the Executive argues that the flexibility may facilitate site acquisition (in lieu of eminent domain) and save costs on site development. The amendment also provides that if the Mayor cannot come to terms for construction of the facility with the current property owner, the Department of General Services must issue an RFP for such services.



May 26, 2016

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue NW, Suite 504
Washington DC 20004

Dear Chairman Mendelson:

DC Public Library was recently made aware of the Council's interest in using the Penn Center on 3rd and R Street, NE for short-term family housing in Ward 5.

We understand that while the Council was aware that Penn Center was being considered as the possible long-term home of the DC Archives, the Council was not aware that DC Public Library and the Department of General Services had earlier this year agreed to retrofit 42,000 square feet of Penn Center for Martin Luther King Jr. Memorial Library modernization swing space.

The MLK Library modernization, one of the largest and most dynamic capital projects in the history of the City, has been in development for several years. In order to begin construction on schedule in spring 2017, the existing staff and services of the MLK Library must be relocated to a variety of swing spaces by March 2017.

We are concerned that the MLK Library project would suffer from a significant delay if the Penn Center facility were to be simultaneously renovated as library swing space and short-term housing. In a best-case scenario, both the library function and the short-term housing would need to share a common infrastructure. We are highly doubtful that the space will be ready for library occupancy by next March.

Delays to the MLK Library modernization will be incredibly costly and delays related to the construction of the Penn Center location will have a ripple effect on the other interim spaces needed for the modernization. Beyond the escalation and general conditions costs that the Library would need to absorb, there would be additional risk involved in DCPL assuming a March 1st lease for an additional interim space downtown where the Library plans to house its administrative functions and a small interim branch. The Library must vacate the downtown space by mid-2020. If we are assured of a construction delay, we must consider abandoning the downtown property, incur costly penalties, and then reissue an RFP for downtown space at a later time.



The MLK Library modernization is an extremely complicated project with many moving parts. Our plan is to deliver to the public by mid-2020 an inspirational destination for learning, culture, and personal development the likes of which have never existed in the District. Changes to the construction schedule will necessitate reducing the project budget by eliminating programs and elements of the building that directly support services to District residents.

Respectfully,

Gregory M. McCarthy
President, Board of Library Trustees

Richard Reyes-Gavilan
Executive Director

cc: Members, City Council District of Columbia
Members, Board of Library Trustees
Jennifer Niles, Deputy Mayor for Education



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Gregory M. McCarthy
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cc: Members, City Council District of Columbia
Members, Board of Library Trustees
Jennifer Niles, Deputy Mayor for Education



MURIEL BOWSER
MAYOR

May 27, 2016

Honorable Chairman Phil Mendelson
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W.
Suite 504
Washington, DC 20004

Chairman Mendelson:

I am writing to thank you and the members of the Council for your consideration of our plan to close DC General. I recognize your preliminary vote and capital budget shifts to accommodate purchasing property in Wards 1 and 4; moving to District owned sites in Wards 3, 5, and 6; and the attendant changes to the delivery timelines associated with these modifications.

We will work diligently to execute the Council's plan, but our initial review of your plan presents some challenges, which are outlined below. We must make you aware of these challenges and request some changes if we are able to execute the closure of DC General in a delayed but reasonable timeframe.

Since the first vote on your plan on May 17, we have:

- Discussed our concerns with several councilmembers, but specifically the Chairman and Members of the Council who selected new sites in Wards 3, 5 and 6;
- Offered our assistance to the Chairman and the Councilmembers who have selected new sites in Wards 3, 5, and 6 in presenting the new sites to the affected communities prior to the final Council vote on May 31st. Councilmembers in Wards 3 and 5 will host community meetings this week to discuss their proposed new sites and invited the Executive Agencies to attend;
- Begun preliminary discussions with the owners of the Wards 1 and 4 sites and continue to evaluate the best ways to execute acquisition and construction of those sites;
- Secured architects to conduct "test fits" on new sites in Wards 3, 5, and 6 (850 Delaware Ave, SW). In presentations to the community in February, we included a site analysis and conceptual



drawings to ensure that the site could accommodate the number of units and amenities that we need to serve our families well. These “test fits” can take weeks to develop. We have asked for the architects to rush to ensure that we have some sense of the fitness of these sites prior to the Council vote on May 31st. We caution that this analysis is preliminary and will require additional vetting;

- Had detailed conversations with the Ward 6 Councilmember preceding the Council’s preliminary vote and since then on an alternative Ward 6 site that meets the Council’s priorities: government-owned land and more favorable zoning conditions. We recommended 850 Delaware Avenue SW where our preliminary analysis suggests we could construct 50 units of short-term family housing and a community health clinic as the site is currently occupied by Unity Health; and
- Prepared for our June 28th zoning hearing. We are prepared to withdraw the deselected sites with the Council’s final action on Bill 21-620. We may also need to withdraw the sites in Ward 1 and Ward 4 until we secure control of the sites. The Ward 7 and 8 submissions will be heard at the June 28th hearing. We will work diligently to prepare new packages and secure a new zoning hearing date for the balance of the sites. The Council’s endorsement of expedited zoning hearings and consideration of the balance of the sites as whole would help mitigate further delay.

The plan that you put forth presents several challenges:

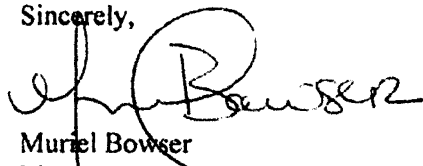
- **Number of units:** We request that the legislation specify only that each site can be no more than 50 units. By specifying the number of units per site as you did in your preliminary vote, you will limit our flexibility to construct the appropriate number of units. Since new properties have been put forward in Wards 3, 5, and 6, we assert that it is impossible, within this time frame, to accurately identify the number of units each site can accommodate.
- **Parking (Ward 3):** The cost of replacement parking has not been delineated. We request that your capital budget changes reflect the need for replacement parking or indicate your preference to forego replacing the parking.
- **Constrained site (Ward 5):** 1700 Rhode Island Avenue NE is smaller than the original site proposed. Based on our cursory review the site is deemed a historic eligible site, which means the site cannot be taken down. Our initial analysis projects that it will deliver below the desired 50 units. We recognize that this is the Ward 5 Councilmember’s favored site and to accommodate that preference we need greater flexibility in the remaining wards.
- **Designated use (Ward 5):** 326 R Street NE – the Penn Center – has been designated as storage space for the Martin Luther King Library beginning in 2017. Utilizing this site for Short Term Family Housing could delay the Library project. The intended use by the Library is the ideal utilization for this warehouse space.
- **Federal approval and construction feasibility (Ward 6):** We are concerned that the Council’s selected site at 200 K Street NW presents considerable approval concerns. The need to gain

approvals from the federal government and the owner of the parking structure on the site makes it impossible to predict if approvals can be achieved with the urgency necessary to close DC General and be on the same timeline as the other ward locations. There is currently an engineering analysis being performed which will determine the feasibility of construction, capacity and costs. We request that the Council designate 850 Delaware Avenue SW as your alternate site instead. It is government-owned, and we would be able to co-locate the short-term family housing units with a new community health clinic.

- **Capital Budget:** As the analysis that the Council commissioned regarding the costs of the short-term family housing program suggests, without detailed construction drawings and/ or building specifications, cost estimates are somewhat speculative. We will continue to work with Council on this appropriate budget as the costs are refined.
- **Project management:** Under the Council's plan, the procurement and construction management of these new sites now falls to DGS. We will need personnel dedicated to the delivery of these units.

In conclusion, we look forward to working with you to make this a plan that works for the Council. The families who need us most deserve nothing less than a plan that allows my Administration to execute the closure of DC General as quickly as possible and deliver safe and dignified short term family housing.

Sincerely,



Muriel Bowser
Mayor

cc: Councilmember Brianne Nadeau
Councilmember Jack Evans
Councilmember Mary M. Cheh
Councilmember Brandon T. Todd
Councilmember Kenyan McDuffie
Councilmember Charles Allen
Councilmember Yvette Alexander
Councilmember LaRuby May
Councilmember Vincent Orange
Councilmember Anita Bonds
Councilmember David Grosso
Councilmember Elissa Silverman



MURIEL BOWSER
MAYOR

May 27, 2016

Councilmember Charles Allen
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W.
Suite 406
Washington, DC 20004

Dear Councilmember Allen:

I am writing as a follow up to our conversation and your request for information regarding the suitability of 850 Delaware Ave, SW (the "Site") as the site for the Ward 6 short term family housing facility. As you will recall, at our first community meeting, neighbors pointed out the Site as an alternative for the plan. Our preliminary analysis suggests that this location can accommodate up to 50 units and a new and improved community medical clinic without the use of any federal property. Additionally, we have hired an Architect to conduct a "test fit" on the Site which will validate our cursory analysis. We have asked the Architect to expedite the review of the Site so that Council will have a preliminary sense of site suitability prior to its May 31 vote.

Another one of your concerns regarding suitability of the Site was the ability to commit to a Build First model regarding the redevelopment of Greenleaf Public Housing Community ("Greenleaf"). While the redevelopment of Greenleaf is a District of Columbia Housing Authority ("DCHA") initiative, I have met with Executive Director Adrienne Todman and with the assistance of my Administration, DCHA has identified other viable Build First alternatives within the immediate neighborhood other than the Site. My Administration is committed to working with DCHA to find a suitable alternative that maintains the commitment to Build First.

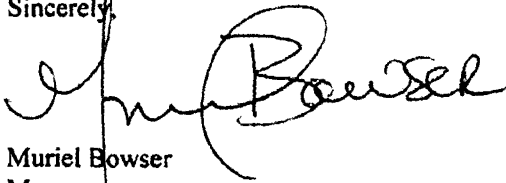
We believe this site meets the Council's priorities of locating facilities on government-owned land with more favorable zoning conditions and eliminates the concerns we shared with you regarding the federal government's and Bush Companies' approvals and construction feasibility of the 200 K St NW site.

Hopefully, this fully addresses any remaining concerns you may have about moving forward with the Site as the location for the Ward 6 short term family housing facility.



We look forward to continuing to work with you on our mutually shared goal of closing DC General as quickly as possible and acting in the best interest of the families who need us most.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser". The signature is written in a cursive style with a large, prominent "B".

Muriel Bowser
Mayor

cc: Honorable Chairman Phil Mendelson