

**Testimony of Ed Lazere, Executive Director
Before the District of Columbia Zoning Commission
At the Public Hearing on
CASE NO. 11-03J Wharf Phase 3 REIT Leaseholder LLC
Second-Stage Planned Unit Development and Modification of Significance to First-Stage Planned
Unit Development @ Square Map Amendment @ Square 473, Lots 878, 881, 887, 888, and 921
November 2, 2017**

Chairperson Hood and members of the Zoning Commission, thank you for the opportunity to speak today. My name is Ed Lazere and I am the Executive Director of the DC Fiscal Policy Institute. DCFPI is a non-profit organization that promotes opportunity and widespread prosperity for all residents of the District of Columbia, through thoughtful policy solutions.

I am here today to share the findings of an analysis conducted by the DC Fiscal Policy Institute of Phase One of The Wharf Development, released in October 2017. That analysis found that this project, while impressive in many ways, failed to create good-quality jobs or other benefits for DC residents. This is especially notable because the project has received nearly \$300 million in subsidies from the District government as well as support from the Zoning Commission through the PUD process. I have attached the full report to my testimony.

These findings are important for the Zoning Commission to consider as it works through the PUD for the next phase of The Wharf. We encourage the commission to stress the importance of using the city's zoning process to create living-wage jobs, and to take whatever steps it can to ensure that Phase Two of The Wharf results in high-quality jobs.

The redevelopment of DC's Southwest Waterfront, marketed as the Wharf, is one of the largest real estate development projects in DC's history. It has received \$300 million in subsidies from the District government. Unfortunately, neither the developer nor the District's leaders took meaningful steps to ensure that the Wharf resulted in good-quality jobs or other benefits for DC residents. While the District set requirements for the developer to hire DC residents for some of the jobs, there were no requirements aimed at ensuring those jobs come with good wages and benefits. And while the District initially required the developer to set affordability standards for 30 percent of the newly built housing units, our elected officials later relented and allowed the developer to offer just over 10 percent of the units as affordable.

TABLE 1

DC Government Spending on the Wharf

Fiscal Years 2010-2016

Type of Subsidy	Amount
PILOT bond issuance (2015)	\$145,445,000
Additional bond issuances (TBD)	\$50,000,000
Land price subsidy	\$95,000,000
Expenditures on contracts (2010-2012)	\$4,148,588
Total	\$294,593,588

Note: See endnote 16 for notes and sources.

This project comes at a time when the District faces growing income inequality and skyrocketing housing costs that are pricing many families out of the city. The DC economy has boomed in recent years.¹ Yet the financial gains of DC’s boom economy have not been distributed equitably. In 2014, the average income of the top 5 percent of District households—roughly \$500,000—was 54 times the average income of the bottom 20 percent of \$9,900.² Poverty rates have not budged—some 120,000 DC residents, or 19 percent of the population, lived in poverty in 2016.³

DCFPI’s [report](#), “Lessons from the Waterfront,” finds that without including requirements over job quality in major development projects, the District encourages developers to compete for projects and profits by aggressively cutting labor costs—at the expense of workers’ ability to live in the District and support their families.

The impact of the District allowing projects such as the Wharf to take this kind of low-road approach is substantial. Many of The Wharf’s construction jobs paid less than \$15 an hour—less than \$30,000 a year—too low for workers to afford housing and provide a stable and supportive environment for their families. Most of the jobs are non-union and paid far less than union jobs. The hotel, restaurant, and retail jobs at the newly opened Wharf also are likely to be non-union, and have similarly low pay and benefits.

Union and Nonunion Wages for Certain Construction Titles in the DC Area

Title	Union Wage	Union Fringe Benefits*	Nonunion Wage	Difference in Wages	Percent Difference
Backhoe operator	\$ 28.19	\$ 8.47	\$ 20.00	\$ 8.19	41.0%
Brick mason	\$ 30.91	\$ 10.93	\$ 20.00	\$ 10.91	54.6%
Concrete carpenter	\$ 27.65	\$ 10.27	\$ 19.00	\$ 8.65	45.5%
Concrete laborer	\$ 27.65	\$ 10.27	\$ 14.00	\$ 13.65	97.5%
Painter	\$ 25.06	\$ 9.76	\$ 16.00	\$ 9.06	56.6%
Site utility laborer	\$ 23.42	\$ 8.47	\$ 13.50	\$ 9.92	73.5%
Sprinkler fitter	\$ 34.40	\$ 19.49	\$ 15.50	\$ 18.90	121.9%
Stone and marble mason	\$ 36.91	\$ 17.29	\$ 20.00	\$ 16.91	84.6%

Note: * For more on differences in fringe benefits, see *Better Benefits for Union Workers* section.

DCFPI’s report finds that if the developers and businesses associated with the project had taken steps to focus on high-quality jobs—in this case by working with unions for the construction phase and for ongoing operations—workers at the Wharf would earn \$6,400 to more than \$11,000 more per year, depending on their industry, and would be more likely to have employer-paid health insurance and retirement benefits.

These findings suggest that Phase Two of The Wharf's also will result in jobs that with wages and benefits too low to allow workers to keep up with DC's rising housing costs and otherwise provide for their families.

I understand that the Zoning Commission does not have the lead responsibility for ensuring that economic development projects lead to equitable outcomes—the District's economic development office needs to do more to build equity into its development plans. That said, the Zoning Commission's voice is important and can play a role. It is worth noting that the Comprehensive Plan's economic development component stresses the importance of bringing living wage jobs to the District.

The Zoning Commission can use this and other PUD processes to encourage or require developers to follow specified living-wage job quality standards for both the construction and operations stages of The Wharf, to in effect spell out what it means to meet the Comp Plan's goal of promoting living wage jobs in major development projects.

Thank you for the opportunity to testify.

¹ Chaz Rotenberg and Ilana Boivie, "Economic Powerhouse: DC Is Growing Faster Than the Region," DC Fiscal Policy Institute, May 25, 2017, <https://www.dcfpi.org/all-economic-powerhouse-dc-growing-faster-region>.

² Wes Rivers, "High and Wide: Income Inequality Gap in the District One of the Biggest in the US," DC Fiscal Policy Institute, March 13, 2014, <https://www.dcfpi.org/wp-content/uploads/2014/03/3-13-14-Income-Inequality-in-DC.pdf>.

³ Claire Zippel, "DC Has More to Do to Ensure Residents of Color Can Access Growing Prosperity, Census Data Show," DC Fiscal Policy Institute, September 15, 2017, <https://www.dcfpi.org/all-dc-ensure-residents-color-can-access-growing-prosperity-census-data-show>.