



BOARD OF DIRECTORS

Wednesday, September 11, 2019
12:00 - 2:00 P.M.
Walter A. Scheiber Board Room

AGENDA

- 12:00 P.M.**
- 1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE**
Robert C. White, Jr., COG Board Chair
 - 2. CHAIRMAN'S REPORT**
Robert C. White, Jr., COG Board Chair
- 12:05 P.M.**
- 3. EXECUTIVE DIRECTOR'S REPORT**
Chuck Bean, COG Executive Director
 - 4. AMENDMENTS TO THE AGENDA**
Robert C. White, Jr., COG Board Chair
- 12:15 P.M.**
- 5. APPROVAL OF THE MINUTES FROM JUNE 12, 2019**
Robert C. White, Jr., COG Board Chair
Recommended Action: Approve minutes.
 - 6. ADOPTION OF CONSENT AGENDA ITEMS**
Robert C. White, Jr., COG Board Chair
 - A. Resolution R24-2019 – Resolution authorizing COG to receive a District of Columbia Department of Health grant to support highly infectious disease response
 - B. Resolution R25-2019 – Resolution authorizing COG to receive a grant to purchase X-Ray systems for COG law enforcement members**Recommended Action: Approve Resolutions R24-2019 and R25-2019.**
- 12:20 P.M.**
- 7. APPROVAL OF THE FIVE-YEAR CAPITAL EXPENDITURE PLAN AND BUDGET**
Kate Stewart, COG Secretary-Treasurer
Ian Greaves, COG Interim Chief Financial Officer
Chuck Bean, COG Executive Director

The board will be briefed on the proposed Five-Year Capital Expenditure Plan for FY2020–FY2024, the FY 2020 Capital Expenditure Budget, and the replenishment of the Capital Expenditure Budget.

Recommended Action: Receive briefing and Adopt Resolution R26-2019.

Reasonable accommodations are provided upon request, including alternative formats of meeting materials.
Visit www.mwcog.org/accommodations or call (202) 962-3300 or (202) 962-3213 (TDD).

12:30 P.M. 8. CLEAN AIR PARTNERS AND REGIONAL AIR QUALITY

William Ellis, Clean Air Partners Board Chair

The board will be briefed about Clean Air Partners, a public-private partnership that educates residents in the metropolitan Baltimore-Washington region about the impacts of poor air quality on health and the environment. The board will also be updated on the status of regional air quality during the summer months.

Recommended Action: Receive briefing.

12:50 P.M. 9. INVESTING IN HOUSING AFFORDABILITY

AJ Jackson, JBG SMITH Executive Vice President for Social Impact Investing

The board will be briefed on the Washington Housing Initiative launched by JBG SMITH and the Federal City Council to invest in creating and preserving reasonably priced and well-located housing.

Recommended Action: Receive briefing.

1:10 P.M. 10. THE FUTURE OF HOUSING IN GREATER WASHINGTON

Derrick L. Davis, COG Housing Strategy Group Chair

Chuck Bean, COG Executive Director

Melissa Bondi, Enterprise Community Partners Mid-Atlantic State & Local Policy Director

Bob Buchanan, 2030 Group President

As part of the board's initiative to address the region's housing shortfall and accommodate future growth, the board will be briefed on three regional housing goals focused on amount, accessibility, and affordability of additional housing needed. The board will also hear the private sector's perspective on housing in the region.

Recommended Action: Receive briefing and Adopt Resolution R27-2019.

1:55 P.M. 11. OTHER BUSINESS

2:00 P.M. 12. ADJOURN

The next meeting is scheduled for Thursday, October 10, 2019.

AGENDA ITEM #2

CHAIRMAN'S REPORT

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2019
SEPT 21-23

September 2019 COG Board Packet 4

AGENDA ITEM #3

EXECUTIVE DIRECTOR'S REPORT

MEMORANDUM

TO: COG Board of Directors
FROM: Chuck Bean, COG Executive Director
SUBJECT: Executive Director's Report – September 2019
DATE: September 4, 2019

POLICY BOARD & COMMITTEE UPDATES

National Capital Region Transportation Planning Board (TPB) – This summer, the TPB approved projects in Maryland and the District of Columbia for funding through the Transportation Alternatives Program (TAP), which funds transportation projects like bicycle, pedestrian, trail, and Safe Routes to School. The TPB approved the projects, inputs, and scope of work for the 2021 Transportation Improvement Program (TIP). The TPB also discussed and approved the Maryland Department of Transportation's request for a TIP amendment for the Nice Bridge replacement and declared September 21- 23 as Car Free Days.



COG ANNUAL LEADERSHIP RETREAT
Board members gathered on the Eastern Shore in July for COG's 2019 Annual Leadership Retreat, where the group focused on the region's unmet housing needs.

Climate, Energy, and Environment Policy Committee (CEEPC) and Chesapeake Bay and Water Resources Policy Committee (CBPC)

CEEPC and CBPC met jointly in July to discuss tree canopy benefits, including mitigating climate change and flooding, and policies and resources for jurisdictions to preserve trees. Members were also briefed on the CEEPC Tree Subcommittee's two-year work plan.

Region Forward Coalition (RFC) – The RFC July meeting focused on “livability” and featured discussions about the suburbanization of poverty with University of Maryland's Dr. Willow Lung-Amam and strategies to address homeless services with District of Columbia Councilmember Brianne Nadeau.

OUTREACH & PROGRAM HIGHLIGHTS

2020 Census – COG and 14 partners convened a regional forum on June 6, Interventions that Work: 2020 Census and Hard-to-Reach Communities, to prepare for the census. Hundreds of public, private, and nonprofit leaders attended.

Capital Fortitude Exercise – Area public health, public information, law enforcement, and emergency management officials participated from July 17-20 in Capital Fortitude, a full-scale exercise to evaluate how area governments would respond to a biological attack, including their ability to dispense medication quickly.

incenTrip Launch – Commuter Connections and the Maryland Transportation Institute at the University of Maryland launched incenTrip at the National Press Club on August 28. The new mobile app allows commuters in the region to save time, money, and fuel, while earning rewards for planning trips.

Water Survey – The results of COG’s Community Engagement Campaign regional water use survey revealed the majority of residents trust their water utilities and 71 percent choose tap water over bottled for drinking. The survey results will help inform future communication efforts.

Employer Recognition Awards – On June 21, Commuter Connections recognized area employers Toole Design Group of Silver Spring, Washington Headquarters Services of the District of Columbia and Alexandria, and Aircraft Owners and Pilots Association of Frederick for their commitment to promoting innovative and sustainable commute alternative programs.

Go Recycle Campaign – COG’s 2019 Go Recycle campaign, an effort to educate the public about recycling and encourage residents to recycle at work, home, and in public spaces, reached more than 13.7 million people through advertising on radio, digital, and social media.

Breathe Easy Summer Campaign – Clean Air Partners wrapped up its summer campaign to educate residents on actions they can take to improve the region’s air. The campaign featured a press event, 12 public outreach events across the region, and advertising.



INTERVENTIONS THAT WORK: 2020 CENSUS
Hundreds of area leaders came together at the June event to share strategies for ensuring a complete and accurate 2020 Census count, which is critical to local communities in the region receiving vital federal dollars.

[Read the news highlight](#)

Kosovo Delegation – COG’s water supply program staff met with a delegation from Kosovo to discuss water supply planning and resilience. The delegation of regional government, private sector, and water utility staff was sponsored by the U.S. Department of State.

Regional Food and Agriculture Supply Chain Studies "Movement Summit" – This day-long, interactive COG summit on June 24 brought together technical assistance providers, policymakers, government staff, advocates, business, and funders from the region to consider and share new information about the area’s food system.

MEDIA HIGHLIGHTS

The Housing Disconnect – COG Executive Director Chuck Bean is quoted about COG's work since late 2018 to determine what it would take to increase housing to better provide for the region’s growing workforce.

[Washington Business Journal story](#)

Commuter Connections App Wants to Pay You to Get Out of Your Car – Commuter Connections Director Nicholas Ramfos and Transportation Planning Board Chairman Martin Nohe are quoted about the new incenTrip app.

[WAMU story](#)

As County Housing Permits Rise, Regional Commercial

Development Slumps – COG Planner John Kent is quoted about the findings of COG’s *Commercial Construction Report*, released in June.

[Frederick News-Post article](#)

Prince George’s County Joins Neighboring Jurisdictions in Implementing Vision Zero Program – COG Transportation Planner Michael Farrell was interviewed about efforts to reduce traffic-related incidents and fatalities.

[WAMU’s Kojo Nnamdi Show segment](#)

Is That Your Fatberg? It Is If You’re Dumping Grease Down the Sink – COG Environmental Planner Heidi Bonnaffon is quoted about the results of the CEC’s Water Use Survey.

[WAMU story](#)



AFFORDABLE HOUSING IN THE DC AREA
COG Board Chair Robert White, COG Executive Director Chuck Bean, and COG Housing Directors Committee Co-Chair Helen McIlvaine discussed housing affordability in the region on NBC Washington’s News 4 Your Sunday.

[Watch the segment](#)

AGENDA ITEM #4

AMENDMENTS TO THE AGENDA

AGENDA ITEM #5

APPROVAL OF THE MINUTES

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 North Capitol Street, NE
Washington, D.C. 20002

MINUTES
COG Board of Directors Meeting
June 12, 2019

BOARD MEMBERS AND ALTERNATES: See attached chart for attendance.

SPEAKERS:

Chuck Bean, COG Executive Director
Henrika Buchanan, Federal Transit Administration Associate Administrator and Chief Safety Officer
Ben Cardin, U.S. Senator from Maryland
Chris Van Hollen, U.S. Senator from Maryland
Polly Donaldson, COG Housing Directors Advisory Committee Co-Chair
Catherine Buell, Greater Washington Partnership Policy & Programs Vice President
Stephen Harrington, Greater Washington Partnership Engagement & External Affairs Manager
Margery Turner, Urban Institute Senior Vice President for Program Planning and Management

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

COG Board Chair Robert C. White, Jr. called the meeting to order and led the Pledge of Allegiance.

2. CHAIRMAN'S REPORT

- A. Climate and Energy Leadership Awards nominations to be accepted until June 28.
- B. Institute for Regional Excellence applications to be accepted until July 1.
- C. Board members are invited to the COG Annual Leadership Retreat on July 19 and 20.

3. EXECUTIVE DIRECTOR'S REPORT

Executive Director Chuck Bean provided an update on recent housing efforts, including the work by the planning and housing directors and chief administrative officers. Bean noted that COG and regional partners hosted a forum to prepare for the 2020 Census. Next, Bean discussed the results of the work by the task force on physical security of local government buildings. Finally, Bean noted that the COG Smart Region Movement Strategy Group met for first time with Board of Trade partners.

4. AMENDMENTS TO AGENDA

There were no amendments to the agenda.

5. APPROVAL OF MINUTES

The minutes from the May 8, 2019 board meeting were approved.

6. ADOPTION OF CONSENT AGENDA ITEMS

- A. Resolution R17-2019 – Resolution authorizing COG to receive a grant to develop an occupational health and safety manual and training
- B. Resolution R18-2019 – Resolution authorizing COG to receive a grant to update the National Capital Region Threat Intelligence Consortium standing operating procedures
- C. Resolution R19-2019 – Resolution authorizing COG to procure and enter into a contract to renew COG's association management system
- D. Resolution R20-2019 – Resolution authorizing COG to procure and enter into a contract with the Occoquan Watershed Monitoring Laboratory
- E. Resolution R21-2019 – Resolution authorizing COG to receive grants, procure and enter into contracts to conduct the 2019 Washington-Baltimore Regional Air Passenger Survey
- F. Resolution R22-2019 – Resolution endorsing COG's recognition and appreciation of distinguished service by Charles M. Murray

ACTION: Approved Resolutions R17-2019 and R22-2019.

7. EXPECTATIONS OF THE WASHINGTON METRORAIL SAFETY COMMISSION (WMSC)

Federal Transit Administration Associate Administrator and Chief Safety Officer Henrika Buchanan discussed the role of the Washington Metrorail Safety Commission (WMSC) and the recent certification of State Safety Oversight Program by the FTA. Buchanan noted that COG helped make the certification possible by bringing D.C., Maryland, and Virginia together. She described expectations of the WMSC to oversee and enforce safety of the Metrorail system, including by conducting inspections and developing corrective action plans. Further, she noted that WMATA has made significant progress toward safety improvements, and that safety must remain a top priority.

ACTION: Received briefing.

8. REAUTHORIZATION OF FEDERAL FUNDING FOR METRO

U.S. Senators from Maryland Ben Cardin and Chris Van Hollen discussed the importance of funding for Metro and proposed legislation to renew and increase the federal government's funding commitment to Metro. Additionally, Fairfax County Board of Supervisor Chair Sharon Bulova read a statement prepared by U.S. Representative from Virginia Gerald E. Connolly about the Metro Accountability and Investment Act. The board adopted Resolution R23-2019 supporting reauthorizing and increasing federal funding for Metro.

ACTION: Received briefing and adopted Resolution R23-2019.

9. AFFORDABILITY OF HOUSING ACROSS COST BANDS IN THE REGION

COG Housing Directors Advisory Committee Co-Chair Polly Donaldson discussed the focus of the board's housing initiative on the amount of additional housing needed, accessibility of locating housing, and affordability across cost points for housing. Regarding the affordability piece, Urban Institute's Margery Turner briefed the board on the preliminary findings from the report funded by the Greater Washington Partnership. According to the report, many more housing units will be needed from the lowest to middle cost bands to accommodate both expected and additional growth. From a policy perspective, Urban Institute suggested a better housing cost balance could be achieved by preserving existing affordable housing, protecting renters and home buyers from discrimination and displacement, and producing more units across the income spectrum.

ACTION: Received briefing.

10. EXECUTIVE SESSION

The board entered in a closed executive session.

11. OTHER BUSINESS

There was no other business.

12. ADJOURN

Upon motion duly made and seconded, the meeting was adjourned at 2:00 P.M.

June 2019 Attendance

<u>Jurisdiction</u>	<u>Member</u>	<u>Y/N</u>	<u>Alternate</u>	<u>Y/N</u>
<i>District of Columbia</i>				
Executive	Hon. Muriel Bowser		Mr. Brian Kenner Ms. Beverly Perry Mr. Jay Melder	Y
	Mr. Rashad Young			
Council	Hon. Phil Mendelson			
	<i>Hon. Robert White</i>	Y		
<i>Maryland</i>				
Bowie	Hon. G. Frederick Robinson			
Charles County	Hon. Reuben Collins	Y	Thomasina Coates Gilbert Bowling	
City of Frederick	Hon. Michael O'Connor	Y (phone)		
Frederick County	Hon. Jan Gardner		Mr. Roger Wilson	Y
College Park	Hon. Patrick Wojahn	Y	Hon. Monroe Dennis	
Gaithersburg	Hon. Robert Wu		Hon. Neil Harris	
Greenbelt	Hon. Emmett Jordan	Y	Hon. Judith "J" Davis	
Laurel	Hon. Craig Moe	Y	Hon. Michael Leszcz	
Montgomery County				
Executive	Hon. Marc Elrich		Mr. Andrew Kleine	
Council	Hon. Tom Hucker	Y		
	Hon. Nancy Navarro			
Prince George's County				
Executive	Hon. Angela Alsobrooks		Mr. Major F. Riddick	Y
Council	Hon. Todd Turner	Y		
	<i>Hon. Derrick Leon Davis</i>	Y		
Rockville	Hon. Bridget Newton			
Takoma Park	Hon. Kate Stewart	Y		
Maryland General Assembly	Hon. Brian Feldman			
<i>Virginia</i>				
Alexandria	Hon. Justin Wilson	Y	Hon. Redella Pepper	
Arlington County	<i>Hon. Christian Dorsey</i>	Y		
City of Fairfax	Hon. David Meyer		Michael DeMarco	
Fairfax County	Hon. Sharon Bulova	Y	Hon. Patrick Herrity	
	Hon. Penelope A. Gross	Y	Hon. Catherine Hudgins	
	Hon. John Foust		Hon. Kathy Smith	
Falls Church	Hon. David Snyder	Y	Hon. David Tarter	
Loudoun County	Hon. Matt Letourneau			
Loudoun County	Hon. Phyllis Randall			
Manassas	Hon. Mark Wolfe			
Manassas Park	Hon. Hector Cendejas	Y	Hon. Miriam Machado	
Prince William County	Hon. Frank Principi			
	Hon. Ruth Anderson	Y		
Virginia General Assembly	Hon. George Barker	Y		

Total: 21

AGENDA ITEM #6

ADOPTION OF CONSENT AGENDA ITEMS

ADOPTION OF CONSENT AGENDA ITEMS

A. Resolution R24-2019 – Resolution Authorizing COG to Receive a District of Columbia Department of Health Grant to Support Highly Infectious Disease Response

The board will be asked to adopt Resolution R24-2019 authorizing the Executive Director, or his designee, to receive and expend grant funds from the Assistant Secretary of Preparedness and Response, U.S. Department of Health and Human Services, and District of Columbia Department of Health in the amount of \$889,350. The grant is to insure capability within the public health and health care system to safely identify, transport, and treat a patient with high consequence diseases; to build D.C. Health's Biosurveillance capability, to include the development of procedures and processes for disease surveillance, testing, and response; and to support D.C. Health's effort to enhance the planning and response capabilities for Medical Countermeasures and Pandemic Influenza. Funding for this effort will be provided through a grant from the Assistant Secretary of Preparedness and Response, U.S. Department of Health and Human Services, and the District of Columbia Department of Health. No COG matching funds are required.

**The COG Board Executive Committee approved Resolution R24-2019 on July 15, 2019.
RECOMMENDED ACTION: Ratify Resolution R24-2019.**

B. Resolution R25-2019 – Resolution Authorizing COG to Receive a Grant to Purchase X-Ray Systems for COG Law Enforcement Members

The board will be asked to adopt Resolution R25-2019 authorizing the Executive Director, or his designee, to receive and expend grant funds from the District of Columbia Homeland Security Emergency Management Agency in the amount of \$751,479.67. The purpose of the grant funds is to purchase two Mobile Explosive Ordnance Digital X-Ray Systems and one Repeater upgrade. Funding for this procurement will be provided through a grant from U.S. Department of Homeland Security/Federal Emergency Management Agency. No COG matching funds are required.

RECOMMENDED ACTION: Adopt Resolution R25-2019.

AGENDA ITEM #7

APPROVAL OF THE FIVE-YEAR CAPITAL EXPENDITURE PLAN AND BUDGET



MEMORANDUM

TO: COG Budget & Finance Committee
FROM: Chuck Bean, COG Executive Director
SUBJECT: FY20-24 Five-Year Capital Plan
DATE: August 30, 2019

This year's rolling five-year capital plan is much smaller and straightforward than in past years, due to the suspension of the office renovation and the related pause on leasehold improvements. Given this, I do not think it merits a special Budget & Finance Committee meeting but instead suggest the Plan could move directly to the Board for consideration at the September 11 board meeting. To put this in context:

- The FY20 Plan is \$519,500 and most is necessary IT (compared to \$3.7M last year)
- The FY20-24 Plan is for \$2.1M (compared to \$7.7M last year)

Unless the Committee advises otherwise, I will include this information in the 9/11/19 board packet. And, if there is still a question, we could decide to postpone until October.

THE 5-YEAR CAPITAL PLAN & THE FY20 PORTION

COG By-Laws require the Executive Director to annually submit proposed budgets to the Board of Directors for approval or modification. Staff proposes to submit the 5-year capital expenditure plan for FY2020 to FY2024 (six pages attached) and would request approval for the FY2020 spending. This action would also authorize replenishment of the capital expenditure reserve as follows:

- The **FY2020-2024 5-year Plan** (pages 4-5) is for IT upgrades and equipment \$625K, leasehold improvements/office remodel \$1.3M, and furniture and minor renovations \$140K. **Total \$2.1M**
- The **FY2020 Plan** (page 6) spending consists of IT equipment and software \$385K, architectural design for the office remodel \$100K, and furniture and minor renovations \$35K. **Total \$520K**
- The **Capital Reserve** (page 7) replenishment amount is based on depreciation expense for FY2019 and FY2020 at \$238K and \$99K respectively, bringing the total forecasted reserves as of 6/30/2020 to **\$5.2M**.

BACKGROUND

- The primary driver in the major reduction in the 5-year capital plan was the decision to suspend the office renovation and, as a result, spending in leasehold-related improvements decreased. In FY20, only \$100K is projected under leasehold improvements and this is related to design-related services which can be capitalized.
- Information Technology costs that can be capitalized include a Cisco data network upgrade spending at \$594K (page 6). Re: cloud migration: \$72K was spent in the planning phase (page

6), and the remaining \$278K will be reclassified from the prior capital plan as an operating expense thus reducing the capital expenditure spend.

RECOMMENDATION

Staff recommends that the board approve the Five-Year Capital Expenditure Plan for FY2020–FY24 totaling \$2,065,000 and the FY2020 Capital Expenditure Budget of \$519,500.

PROPOSED FIVE-YEAR CAPITAL EXPENDITURE PLAN

FY2020 – FY2024

September 2019

PROPOSED FIVE-YEAR CAPITAL EXPENDITURE PLAN FY2020 - 2024

September 2019

ABOUT COG

The Metropolitan Washington Council of Governments (COG) is an independent, nonprofit association that brings area leaders together to address major regional issues in the District of Columbia, suburban Maryland, and Northern Virginia. COG's membership is comprised of 300 elected officials from 24 local governments, the Maryland and Virginia state legislatures, and U.S. Congress.

ACCOMMODATIONS POLICY

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SUMMARY NARRATIVE

Introduction

Board Resolution R25-2016 established a Board-Designated Capital Expenditure Reserve to ensure adequate resources for replacement and maintenance of COG's capital assets. Use of the reserve requires approval by the Board of Directors, based on an annual Five-Year Capital Expenditure Plan submitted by the Executive Director through the Budget and Finance Committee.

Approval of the Five-Year Capital Expenditure Plan for FY2020 – FY2024 will authorize use of the Board-Designated Capital Expenditure Reserve for the FY2020 expenditures outlined in the Plan. Expenditures outlined in FY2021 – FY2024 are subject to further review, modification, and approval by the Board of Directors when subsequent plans are presented.

Definition of Capital Expenditure

COG's administrative policies define a capital expenditure as a tangible or intangible asset that can be capitalized in accordance with applicable accounting principles, with a cost of \$5,000 or more, and a useful life of more than one year. COG has two major categories of capital expenditures:

1. Equipment, Software, Data Center, and Website
2. Leasehold Improvements

Five-Year Capital Expenditure Plan FY2020 – FY2024

The Five-Year Capital Expenditure Plan is based on repair, maintenance, and replacement schedules developed with the following goals:

- Maintain equipment, software, and technology solutions to adequately support program and administrative needs
- Maintain COG's website as a source of information for stakeholders
- Maintain existing office and meeting space to ensure usefulness and maintain value
- Prevent a backlog of deferred maintenance
- Minimize the fluctuation of annual depreciation expense in the Work Program and Budget
- Ensure adequate cash resources for both capital expenditures and operations

Proposed expenditures over the five fiscal years presented in the plan total \$2.1 million. The main expenditure will be remodel or buildout of office and meeting room space, IT upgrades and security improvements, office equipment replacement, and an update of COG's website.

Changes to Previously Approved Capital Expenditures

OFFICE SPACE REMODEL

The board previously approved a design and construction budget of \$7.3 million to remodel COG's office and meeting room space, utilizing \$6.3 million from the Capital Expenditure Reserve and financing the remaining \$1.0 million. As of June 30, 2019, approximately \$714,000 million has been expended on design, project planning, and administration. The remodel project was suspended in April 2019 to enable exploration of sale of the building in collaboration with the two other owner organizations with whom COG is a joint owner, and for COG to assess office space alternatives. A significant portion of the capital expenditures made to date on the remodel are transferable to alternative buildings, or, if COG does not relocate, to a future remodel of existing space.

Currently, COG pays rent to the Center for Public Administration and Service, the entity created by the three partners who together own the building.

COG's lease commitment at 777 North Capitol St. will end if the building is sold, which could be as early as January 2020. COG will continue to leaseback from the new owners at a negotiated rate at least until the end of 2021, the earliest possible expected relocation date. Further, according to COG's real estate advisors, and based on comparable recent transactions in D.C., a new lessor will likely provide a tenant incentive of approximately \$5.0 million to an organization the size of COG for buildout of new office space. The Capital Expenditure Plan for FY2020 – FY2024 has a revised amount of \$1.3 million for design and construction costs that will be paid from the Capital Expenditure Reserve for the remodel project for new space above and beyond any tenant incentive. Revised estimates will be brought to the board for consideration as updated information becomes available.

CISCO DATA NETWORK UPGRADE

The board previously approved a budget of \$495,000 over two years to update the Cisco data network. The actual cost is \$593,700, of which \$98,700 is FY 2019 overrun cost included in the five-year capital plan in FY2020.

CLOUD MIGRATION

The board previously approved a budget of \$350,000 for cloud migration, of which \$72,300 has been spent on the planning phase. Since it is anticipated that the remaining expense will be classified as operating rather than capital expenditure, the amount of funds needed from the Capital Expenditure Reserve for this project is reduced by \$277,700.

Replenishment of the Capital Expenditure Reserve

Capital expenditures are recovered over time through the allocation of depreciation expense to COG's various programs and funding sources. Board policy requires that an amount equal to annual depreciation expense is transferred to the Capital Expenditure Reserve to replenish the fund.

Summary

The summary on page 7 of the plan estimates a balance of \$5.2 million in the Capital Expenditure Reserve as of June 30, 2020, which reflects the changes noted above, proposed expenditures in FY2020, and the estimated annual replenishment of the reserve.

Approval of FY2020 Capital Expenditures

Approval of the plan will authorize expenditure of \$519,500 in FY2020 from the Capital Expenditure Reserve for network, security, and other IT upgrades and equipment, and to engage an architectural firm to help assess new office space.

Capital expenditures for FY2021 – FY2024 are provided for purposes of long-term planning, and will be reviewed, modified, and presented to the Board of Directors for approval with subsequent annual capital expenditure plans.

EQUIPMENT, SOFTWARE, DATA CENTER, AND WEBSITE

5-Year Capital Expenditure Plan							
EQUIPMENT, SOFTWARE, DATA CENTER, & WEBSITE	Useful Life	FY2020	FY2021	FY2022	FY2023	FY2024	Total
Cisco Engineer - Data Network	10	98,700					\$ 98,700
Network Upgrade - Staff Wifi, Switch, & Internet	7	86,000					86,000
New Telework Platform	10	50,000					50,000
Network Copiers (4)	5	47,900					47,900
Network Printers (10)	7	46,600					46,600
IT Equipment & Software - Other	5	15,000	15,000	15,000	15,000	15,000	75,000
3rd Floor 1G Wiring	15	20,000					20,000
Wireless LAN Upgrade	10	10,000					10,000
Audio card replacement (Board room)	7	5,300					5,300
Asset Management Equipment	5	5,000					5,000
IT Security - Email Archiver, Web Filters, Malware Filter, etc.	3		20,000			21,000	41,000
Adobe, Deltek, & Other Software Upgrades	5		30,000				30,000
Website Refresh	5		100,000				100,000
IT Security Netwrix Auditor	3			9,500			9,500
Total Equipment, Software, Data Center, & Website		384,500	165,000	24,500	15,000	36,000	\$ 625,000

LEASEHOLD IMPROVEMENTS AND FURNITURE

5-Year Capital Expenditure Plan							
LEASEHOLD IMPROVEMENTS	Useful Life	FY2020	FY2021	FY2022	FY2023	FY2024	Total
Remodel Project - Design and related	15	100,000	100,000	30,000			\$ 230,000
Remodel Project - Administration fees and costs	15		30,000	40,000			70,000
Remodel Project - Construction costs	15			1,000,000			1,000,000
Total Leasehold Improvements (Note 1)		100,000	130,000	1,070,000	-	-	1,300,000

FURNITURE	Useful Life	FY2020	FY2021	FY2022	FY2023	FY2024	Total
Furniture and minor renovations	10	35,000	35,000		35,000	35,000	140,000
Total Furniture		35,000	35,000	-	35,000	35,000	140,000

TOTAL PLAN (IT, LEASEHOLD, FURNITURE)		519,500	330,000	1,094,500	50,000	71,000	\$ 2,065,000
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Note 1: Remaining estimated buildout cost is \$6.3 million. Based on current market trends, COG is expecting a tenant incentive of approximately \$5.0 million. The remaining \$1.3 million will be paid by COG.

SUMMARY OF FY2020 CAPITAL EXPENDITURES

Approval of this plan by the Board of Directors authorizes the following FY2020 Capital Expenditures:

Project #	EQUIPMENT AND SOFTWARE	Useful Life	FY2020 PROPOSED BUDGET
CP20-01	Cisco Engineer - Data Network	10	\$ 98,700
CP20-02	Network Upgrade - Staff WiFi and Internet	10	86,000
CP20-02	New Telework Platform	10	50,000
CP20-03	Network Copiers (4)	5	47,900
CP20-04	Network Printers (10)	7	46,600
CP20-05	IT Equipment & Software - Other	5	15,000
CP20-06	3rd Floor 1G Wiring	15	20,000
CP20-07	Wireless LAN Upgrade	10	10,000
CP20-08	Audio card replacement (Board room)	7	5,300
CP20-09	Asset Management Equipment	5	5,000
Total Equipment and Software			384,500
Project#	LEASEHOLD IMPROVEMENTS & FURNITURE	Useful Life	FY2020 PROPOSED BUDGET
CP20-10	Remodel Project - Design and related	15	100,000
CP20-11	Furniture and minor renovations	10	35,000
Total Leasehold Improvements and Furniture			135,000
Total FY2020 Proposed Capital Expenditures			\$ 519,500

Approval of this plan by the Board of Directors authorizes the replenishment of the Capital Expenditure Reserve:

Capital Expenditure Reserve	
Balance at 6/30/2018	\$ 5,772,600
FY2019 Cisco Network Upgrade	(315,400)
FY2019 Cloud Migration	(72,300)
FY2019 IT Purchases - Other	(35,300)
FY2019 Replenish the reserve based on depreciation expense	238,300
Balance at 6/30/2019	\$ 5,587,900
FY2020 Remodel project - design & related	(100,000)
FY2020 Furniture and minor remodel	(35,000)
FY2020 IT Purchases (proposed)	(384,500)
FY2020 Replenish the reserve based on depreciation expense	99,000
Capital Expenditure Reserve Balance at 6/30/2020 (forecast)	\$ 5,167,400

**METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002**

**RESOLUTION AUTHORIZING THE FIVE-YEAR CAPITAL EXPENDITURE PLAN FOR FY2020 – FY2024
AND FY2020 CAPITAL EXPENDITURE BUDGET**

WHEREAS, pursuant to the Capital Expenditure Reserve Policy approved by Resolution R25-2016, the level, funding, and use of the Board-Designated Capital Expenditure Reserve is based on an annual Five-Year Capital Expenditure Plan; and

WHEREAS, COG By-Laws require the Executive Director to annually submit proposed budgets of the corporation to the Board of Directors for approval or modification; and

WHEREAS, the Five-Year Capital Expenditure Plan FY2020 – FY2024 outlines the proposed Capital Expenditure Budget for FY2020; and

WHEREAS, the Five-Year Capital Expenditure Plan for FY2020 – FY2024 and FY2020 Capital Expenditure Budget have been reviewed by COG staff and the board's Budget and Finance Committee, with a recommendation for approval.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE
METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:**

The board approves the Five-Year Capital Expenditure Plan for FY2020 – FY2024 and FY2020 Capital Expenditure Budget.

AGENDA ITEM #8

CLEAN AIR PARTNERS AND REGIONAL AIR QUALITY



About Clean Air Partners

Clean Air Partners is a public-private partnership that educates the greater metropolitan Baltimore-Washington region about the health risks associated with poor air quality and the impacts everyday actions have on the environment. For more than 20 years, Clean Air Partners has empowered individuals and organizations to take simple actions to protect public health, improve air quality, and reduce greenhouse gas emissions.

Regional air quality has improved in recent years as a result of tighter emission controls and voluntary programs like Clean Air Partners. However, 8.8 million residents are still affected by air pollution — both ground level ozone and particle pollution. This impacts individuals' health and the health of the environment. By working with local businesses, schools, private and public organizations, sports and recreation, and media, Clean Air Partners implements a year-round campaign designed to empower individuals to take simple actions to reduce air pollution and protect public health.

Such actions include:

- Using public transportation
- Car/vanpooling
- Telecommuting
- Combining errands
- Using an electric-powered lawn mower and leaf blower
- Refueling your car after dusk during the summer
- Replacing your charcoal grill with a propane gas grill
- Shopping for local food with a smaller environmental impact
- Cleaning home heating filters each month
- Purchasing an electric- or hybrid-powered vehicle
- Downloading the Clean Air Partners Air Quality App

Clean Air Partners uses U.S. EPA's Air Quality Index (AQI), which rates air quality by color codes and levels of air pollution. Poor air quality is reflected in codes Orange, Red, and Purple (very unhealthy). Although air quality may be unhealthy year-round, it is typically a greater concern from April – October (often referred to as "ozone season"), when ground-level ozone and particle pollution are highest.

During a forecasted Code Orange or Code Red day, **sensitive groups** should limit prolonged outdoor exertion. Sensitive groups include individuals with heart and respiratory disease (asthma, bronchitis, emphysema, or cardiovascular disease), children, older adults (65+), athletes, and those who are active outdoors. On Code Red days, the general public should limit prolonged outdoor exertion, as well.

From individuals taking action to sponsors supporting large-scale events, thousands of individuals, organizations, and companies have committed to reducing their impact on the environment and exposure to air pollution during unhealthy air quality days. Details about Clean Air Partners materials are below. To directly access informative tools and information, visit www.cleanairpartners.net.

Air Quality App and Widget

The Clean Air Partners Air Quality App provides real-time regional air quality information, daily air quality forecasts, and unhealthy air quality alerts. The free App is available for download in the [Apple App Store](#) under “Weather” and in [Google Play](#) for Android users.

The Clean Air Partners widget is a small application that can be easily placed on a website — demonstrating the daily and three-day air quality forecast, a clean air “tip of the day,” and providing users a direct link to the Clean Air Partners website.

Clean Air Partners Air Quality Materials

- **Guide to Keeping Your Lungs Happy** provides simple actions and tips residents can take during Code Green, Yellow, Orange, and Red days to improve air quality and protect their health. This light-hearted infographic is a perfect piece for social media engagement throughout the summer.
- **Guide to Heating Your Home** provides residents with fall- and winter-inspired home heating practices and tips. This is a perfect piece for residents who want to learn how to lower their home heating bill and reduce their contribution to harmful air pollutants (from smoke) and greenhouse gas emissions.
- **Green Guide to the Holidays** is a festive piece illustrating easy, holiday-inspired tips and best practices to keep energy costs down, purchase environmentally friendly gifts and decorations, and stay off the naughty list this holiday season.
- **Why You Should Give a Darn about Air Quality** explores regional air quality and how it affects us all through easy-to-understand imagery and information. This piece is ideal for social media inclusion and print distribution at events.

“On the Air” Education Curriculum

Clean Air Partners developed the “On the Air” interactive education curriculum to help students learn about the impact poor air quality has on their health and the environment. “On the Air” provides teachers with the tools and resources to lead hands-on activities, such as labs and investigations, to help students engage in the exploration of air pollution topics. “On the Air” has been presented to tens of thousands of students in the greater metropolitan Baltimore-Washington region during the regular school year and through summer camp programs.



AIR QUALITY ACTION GUIDE

Your “how to” guide for cleaner air

Air Quality Rating	Steps to Protect Your Health and Our Environment
GOOD 0-50	Enjoy the great outdoors. <ul style="list-style-type: none"> · Rather than drive - bike or walk when possible. · Conserve energy. Replace incandescent bulbs with CFLs. · Plant a tree to improve health and air quality.
MODERATE 51-100	Some pollution. Even moderate levels pose risks to highly sensitive groups. <ul style="list-style-type: none"> · Bundle errands. Eliminate unnecessary trips. · Check the Air Quality App to see if tomorrow’s forecast is unhealthy. · Perform regular maintenance on your car.
UNHEALTHY For Sensitive Groups 101-150	Pollution levels are harmful to children, older adults and anyone with a respiratory or heart condition. Limit physical outdoor activity. <ul style="list-style-type: none"> · Don’t drive alone. Carpool, take public transit. · Refuel your car in the evening. · Put off lawn care until air quality improves. · Use a gas or electric grill instead of charcoal.
UNHEALTHY 151-200	Everyone should limit strenuous outdoor activity when the air is unhealthy to breathe. <ul style="list-style-type: none"> · Telework and take public transit. · Turn off lights and electronics when not in use. · Avoid lawn mowing or use an electric mower. · Sign up for health alerts at cleanairpartners.net. · Don’t use chemicals on your lawn and garden.
VERY UNHEALTHY 201-300	Pollution levels are very unhealthy for everyone. Avoid any physical outdoor activity. <ul style="list-style-type: none"> · Follow all of the action steps above.

#BreatheEasy this summer and download the Clean Air Partners Air Quality App to discover simple steps to improve air quality, protect public health, and reduce greenhouse gas emissions.

AGENDA ITEM #9

INVESTING IN HOUSING AFFORDABILITY

> Investing In the Places Working People Call

HOME







Neighborhoods are not simply places to live, they have a life of their own.

They shape a child's world view. They give peace of mind to parents, and to families of all kinds. When communities are stable, the people within them thrive. Residents can confidently plan for the future knowing that rising rents won't price them out of their neighborhood. That's our goal, to preserve affordability in the places working people call home.

> The Need

Across the Washington region, people essential to the well-being of their communities are being priced out of the neighborhoods they live in—police officers, firefighters, teachers, nurses, administrative assistants, IT technicians, paralegals and so many more. Many earn too much to qualify for housing assistance, but not enough to keep up with rising rents. They are caught in a no-man’s land, an affordability gap. As the pool of naturally occurring affordable housing shrinks, families face stark choices, none of which are good. They can move into lower-quality housing, often located in neighborhoods that lack access to good schools, adequate public transit, and quality shops and stores. Or they can seek less expensive housing outside the region altogether. Either way, lives are disrupted and families see less of each other as commuting times consume more of each day.



More than 600,000¹ Washington area households fall into the “affordability gap.”

The region’s critical employee base is rent-burdened

The US Department of Housing & Urban Development defines “rent-burdened” as those spending more than 30% of their income on rent.

The disparity between average salaries and average rents is fueled by the increasing scarcity of affordable housing. For example, from 2000 to 2016, the number of naturally occurring affordable housing units in Arlington County fell by 86%, while average rents increased by 90%.

¹Source: U.S. Census Bureau.



The initiative will preserve or build more than 3,000 units of affordable workforce housing in the Washington, DC region over the next decade.

WHY AVERAGE MIDDLE CLASS INCOMES AREN'T ENOUGH

The average monthly rent for a two-bedroom apartment in the Washington, DC is \$2,782¹

	Annual Salary ²	Affordable Month Rent	Monthly Rent Shortfall ³
Health Technician	\$52,520	\$1,313	(\$1,469)
HR Admin	\$53,388	\$1,335	(\$1,447)
Paramedic	\$58,104	\$1,453	(\$1,329)
Firefighters	\$61,500	\$1,538	(\$1,244)
IT tech support	\$63,276	\$1,582	(\$1,200)
Paralegal	\$68,820	\$1,720	(\$1,062)
Teachers	\$74,998	\$1,874	(\$908)
Marketing specialist	\$80,120	\$2,003	(\$779)

Above are average annual salaries of selected essential employees, what they can afford each month for housing without being “rent burdened,” and the difference between an affordable rent and the average 2-bedroom rental price.

¹Rentjungle.com as of March, 2019

²Bureau of Labor Statistics, Occupational Employment Statistics for Washington, DC, May 2018

³As of 2019, assuming 30% rent-to-income ratio



According to the Urban Institute, “A well-functioning housing market—one that meets the needs of households up and down the income ladder—is widely understood to provide important benefits for the stability, health, economic progress, and well-being of individuals and families.”

> A Self-Sustaining Solution

Out of this need, the Washington Housing Initiative was born. It is the brainchild of JBG SMITH, an S&P 400 company that owns, operates, invests in and develops a dynamic portfolio of high-quality, mixed-use properties in and around Washington, DC, and the Federal City Council, a nonprofit, nonpartisan, membership-based organization dedicated to the advancement of civic life in the nation’s capital. The Washington Housing Initiative is a scalable, market-driven model funded by a unique relationship between philanthropy and private investment.

How it works

The Washington Housing Initiative is comprised of two entities working together to keep the local workforce truly local: The Impact Pool and The Washington Housing Conservancy.

The Impact Pool is an investment vehicle that targets after-tax returns equivalent to many traditional investment funds, while at the same time delivering significant social impact. It seeks to provide private investors a total 7% internal rate of return over the life of the investment, inclusive of the current return and after all expenses. Most of the return is expected to be tax-exempt. The Impact Pool is managed by JBG SMITH Impact Manager, a subsidiary of JBG SMITH Properties.

IMPACT POOL HIGHLIGHTS

- 7% IRR target
- Returns expected to be largely tax-exempt
- Profits above 7% donated to Washington Housing Conservancy
- Annual expenses capped at 2% of committed capital

The Washington Housing Conservancy is an independent 501(c)(3) non-profit that purchases properties in high-impact locations. Their mission is to keep residents living close to their jobs by offering multi-family housing at affordable rental rates. Capital from the Impact Pool helps to finance the properties purchased by the Washington Housing Conservancy.

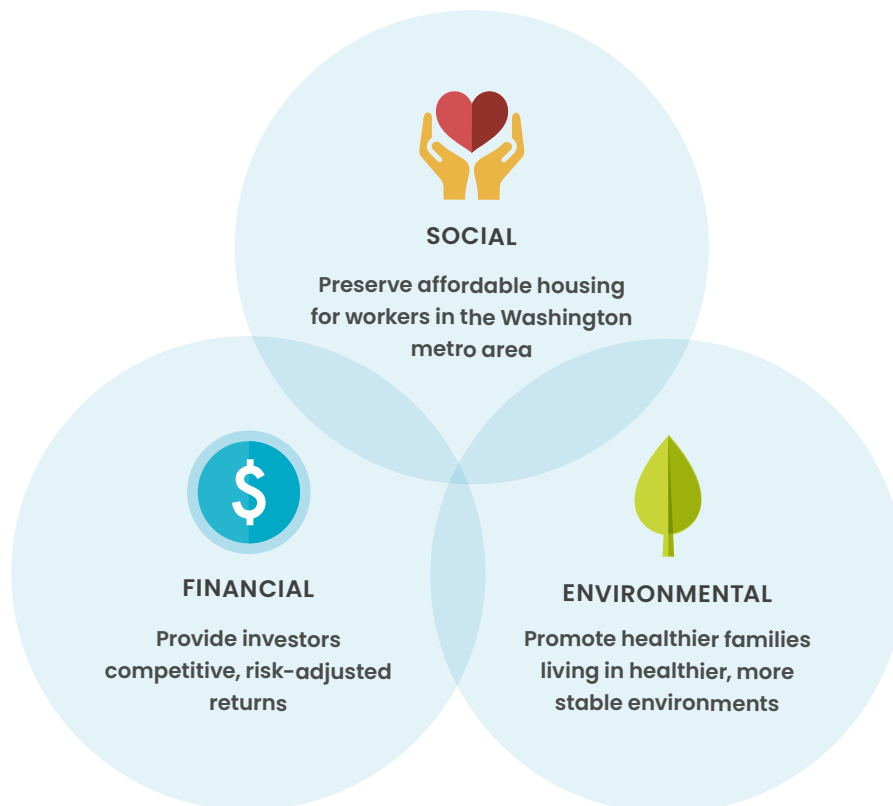
> Results and Returns

The Washington Housing Conservancy and the Impact Pool work together to deliver triple-bottom-line returns to all involved. Investors can expect a targeted 7% IRR. Local businesses get a stable, professional workforce. Families live in safe and welcoming communities and have reasonable commutes. And donors endow a self-sustaining non-profit that helps residents put down roots in thriving, inclusive communities.

OUR KEY PRINCIPLES

- Focus on high-impact locations
- Commit to long-term affordability
- Invest at scale, with speed, certainty and flexibility
- Sustain and strengthen inclusive communities
- Build a replicable model that can be used by other communities

The Benefits Of Our Triple-Bottom-Line Framework



This document contains forward-looking statements. These statements reflect our current views, and are subject to numerous risks, uncertainties, assumptions and changes in circumstances that may cause actual results to differ significantly from those expressed herein. We do not guarantee that the projections and events described herein will happen as described (or that they will happen at all).

> Where We'll Be Making A Difference

Identifying high-impact locations

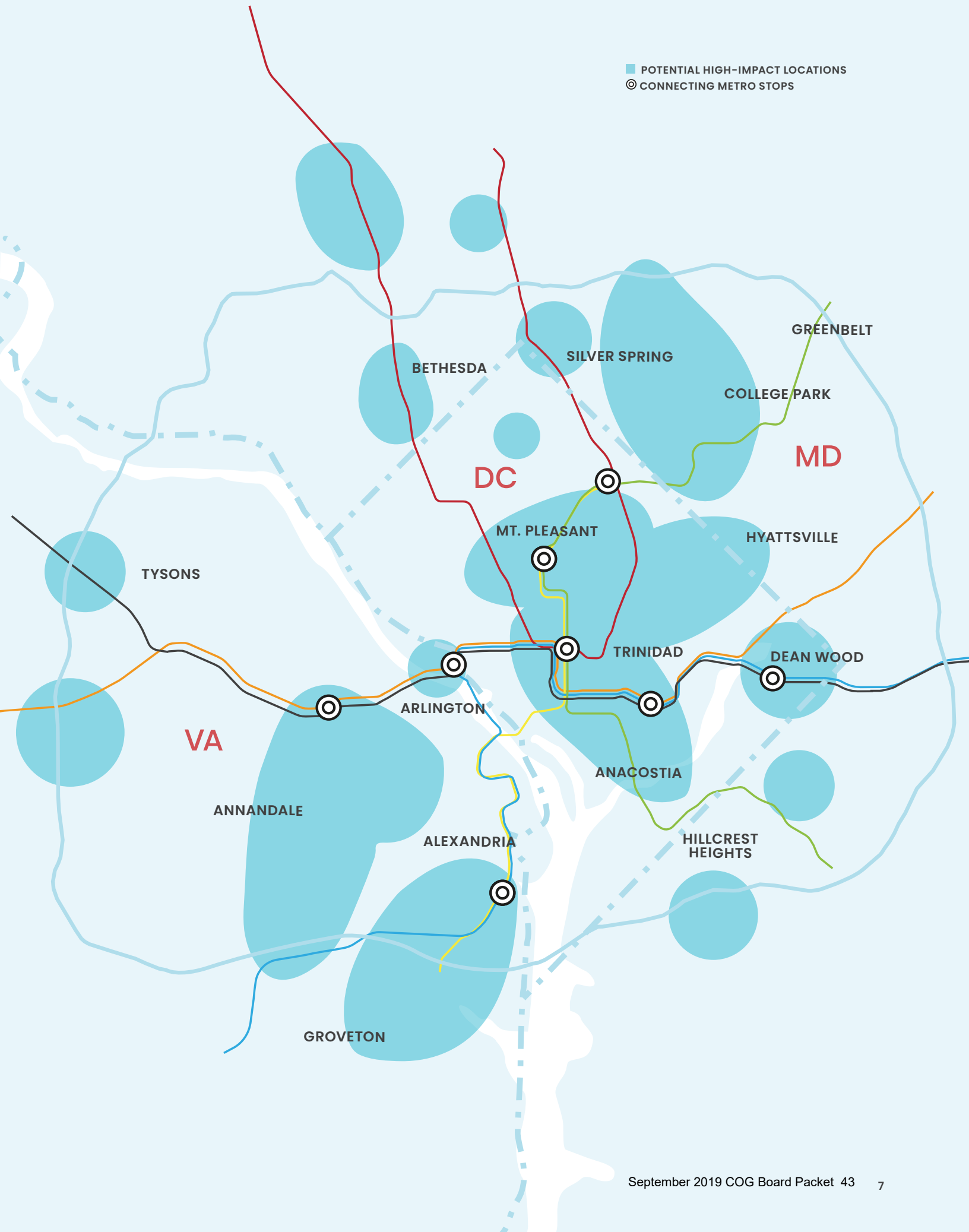
High-impact locations are neighborhoods that are relatively inexpensive today, but particularly vulnerable to rapidly rising housing costs—increases so extreme as to make these communities unaffordable for many working families.

Fortunately, these are also areas where the Washington Housing Initiative can have real impact—acquiring, managing and investing in properties that will remain affordable to renters while still yielding an attractive return for investors.

The advantages of investments in high-impact locations

For residents, the influx of private investment can bring improvements in schools, shopping and neighborhood services, making these locations even more desirable. Growing up in communities where the quality of these services is high increases the likelihood of attending college and achieving higher lifetime earnings.

- POTENTIAL HIGH-IMPACT LOCATIONS
- ⊙ CONNECTING METRO STOPS





The Impact Pool targets after-tax returns equivalent to many traditional opportunity funds, while at the same time delivering significant social impact.

> Investing In the Impact Pool

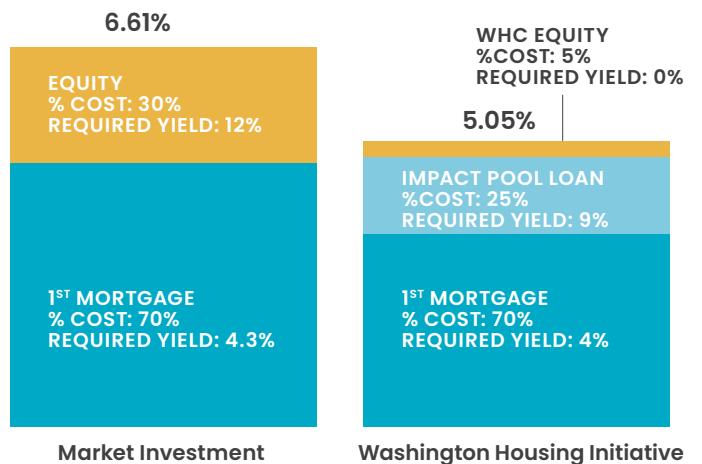
What your investment will do

To finance the acquisition of affordable mixed-income multifamily properties, the Impact Pool intends to invest primarily in tax-exempt junior mortgages and mezzanine loans. Each loan is expected to provide up to 30% of total project costs. Most loans will have a term of up to 10 years and be interest-only until maturity.

At least half of the Impact Pool is expected to be invested in Washington, DC.

LOWER COST OF CAPITAL THAN TRADITIONAL MARKET FINANCING

24% lower weighted average cost of financing



■ FIRST MORTGAGE DEBT ■ IMPACT POOL LOAN ■ EQUITY

Your expected returns

While targeting after-tax returns comparable to traditional opportunity funds, the Impact Pool will limit investors' net returns to a 7% internal rate of return. Returns above the 7% threshold are donated to the Washington Housing Conservancy. A traditional opportunity fund would need to generate an IRR of more than 12% to provide its investors with an equivalent after-tax return. JBG SMITH Impact Manager takes no share of the profits.

The Impact Pool intends to exit its typical investments through a refinancing of both its loan and the senior mortgages at the end of the loan term. Due to amortization of the first mortgage, the Impact Pool expects to be able to achieve its target returns without the sale of the underlying property—a key aspect of the self-sustaining nature of the Washington Housing Initiative and a critical aspect of bringing stability to the communities where we invest.

Your manager

Impact Pool investment management, reporting, accounting, and administrative support is provided by JBG SMITH Impact Manager, a subsidiary of JBG SMITH Properties. JBG SMITH is an S&P 400 company that owns, operates, invests in, and develops assets concentrated in leading urban infill submarkets in and around Washington, DC. Since 1999, JBG SMITH has raised approximately \$3.7 billion of fund investment capital and has made over 200 investments on behalf of those funds. Leveraging this expertise means one of the most seasoned teams in the DC real estate market will be working on behalf of the Washington Housing Initiative.

As JBG SMITH believes inclusive communities are key contributors to sustained economic growth and the vibrancy of the DC regional market, no promote or management fees will be paid to the Manager in connection with the Impact Pool. The Manager will be reimbursed for its expenses, with annual expenses capped at 2% of committed capital.

HOW YOUR EXPECTED RETURNS COMPARE—AT A GLANCE

	IMPACT POOL (IN THOUSANDS)	INVESTMENT FUND (IN THOUSANDS)
Investments	\$ (150,000)	\$ (150,000)
Project Returns	9.4%	12.6%
Distributions	\$ 289,175	\$ 331,068
Less		
Expenses/AM Fee ⁴	\$ (30,500)	\$ (21,690)
Profit Sharing ⁵	\$ -	\$ (19,303)
Tax Liability ⁶	\$ -	\$ (58,742)
Charitable Contribution ⁷	\$ (2,469)	\$ -
Investor Return	\$ 106,206	\$ 81,333
	1.54x	
IRR	7.0%	7.0%
Equity Multiple	1.71x	1.54x

PROJECTS FUNDED WITH IMPACT POOL CAPITAL COMMIT TO:

- Accept 15-year affordability covenants
- Support critical neighborhood resident services
- Re-invest a portion of the profits in affordability and impact
- Measure and track social and environmental outcomes

⁴ Assumes 1.5% AM Fee for Typical Investment Fund.

⁵ Assumes 20% promote over 6% IRR for Typical Investment Fund.

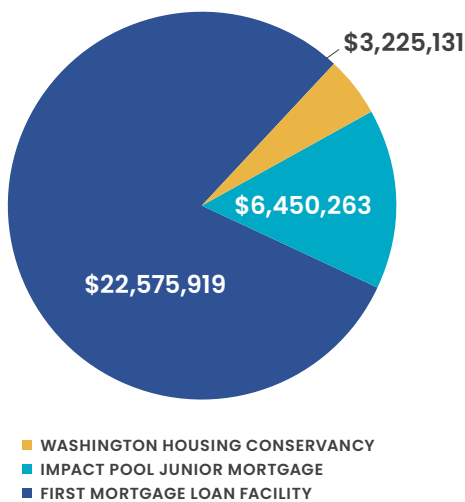
⁶ Excludes tax benefit from donation from Impact Pool to the Washington Housing Conservancy. Assumes 49.8% ordinary income tax and 32.8% capital gains tax.

⁷ Returns to are capped at 7%. All returns above the cap are donated to the Washington Housing Conservancy.

The Washington Housing Initiative helps working people like these live in the communities they support.

> Investing In Naturally Affordable Multi-Family Properties

In a typical transaction, the Impact Pool will issue subordinate debt to provide up to 30% of the project cost. In most cases the debt will be structured as qualified 501c(3) bonds, and the interest on the bonds is expected to be exempt from federal and state income tax. The Washington Housing Conservancy (or other non-profit sponsor entity) will contribute approximately 10% of project costs from donations. The remaining capital will be financed with a long-term, non-recourse mortgage loan.



Purchase of a 150-unit property⁸

Total Cost: \$32,251,313

Average Monthly Rent: \$1,583

IMPACT POOL INVESTOR NET RETURNS (\$000) ^{9,10}	
Initial Investment	\$ (6,450)
Current Interest	\$ 1,244
Principal repaid at maturity	\$ 6,450
Return	\$ 4,814
Cash Returns	\$ 12,508
Multiple	1.94x

⁸The example shown is for illustrative purposes only and does not represent an actual acquisition.

⁹ Investor returns capped at 7% IRR. Returns above the 7% cap are donated to the Washington Housing Conservancy.

¹⁰ Annual Impact Pool operating expenses are capped at 2% of committed capital. The above reflect returns net of this expense cap.



> Summary of Impact Pool Investment Features

Returns

The Impact Pool has target IRR of 7%. Returns should be largely tax-exempt for both state and federal. Target returns are not contingent on a sale as properties are refinanced at maturity.

A proven manager

JBG Smith is a local firm with deep community roots and a proven track record identifying, acquiring and managing properties in all the municipalities that comprise Metro DC. And again, management expenses are capped and no promote is paid to JBG SMITH Impact Manager.

Positive social impact

With the Washington Housing Initiative's goal of preserving 3,000 units of affordable housing over the next decade, the Impact Pool provides the financing that makes possible the preservation of housing for local workers who are the lifeblood of their communities. The Washington Housing Conservancy plans to repay the Impact Pool's loans through refinancing, not liquidation, so the housing affordability Impact Pool investments help create can continue well beyond the investment. And while there are triple-bottom-line returns for this region, our success will serve as a model for similar initiatives across the country.

For additional information, please email washingtonhousinginitiative@jbgsmith.com

Risk Mitigation

Impact Pool investments deliver significant risk mitigation thanks to several advantages, including:

- Discounted first mortgage financing at rates below traditional loans
- Potential exemption from property and sales taxes
- Reduced vacancy, credit loss, and lease-up risks due to lower rents
- Growing asset value over time relative to income due to below market rents in high-impact locations
- The Washington Housing Conservancy guarantees all loans to support its projects
- First mortgage amortization covers Impact Pool principal

> Principal Terms

The Impact Pool

Washington Housing Initiative Impact Pool, L.L.C. (the "Impact Pool") is organized as a limited liability company under Delaware law that is intended to qualify as a partnership under federal income tax law. Alternative investment structures may be instituted to accommodate prospective investors with specific investment needs, including investors with special investment strategy, legal, regulatory, tax or other requirements.

Expected Primary Investment Type

Subordinate debt, in the form of junior mortgage or mezzanine loans (10-year term, tax exempt), for the acquisition and development of affordable workforce housing to be owned primarily by the Washington Housing Conservancy.

Expected Principal Exit Strategy

Investment return from refinancing at maturity. No appreciation is required to achieve Impact Pool returns.

Manager of the Impact Pool

The management and control of the Impact Pool will be vested in its Managing Member, JBG SMITH Impact Manager, L.L.C., a subsidiary of JBG SMITH Properties.

Target Size

\$150 million, with an upper limit of \$200 million

Sponsor Commitment

9.75% of capital commitments, up to a maximum of \$15 million commitment from JBG SMITH

Term

5-year investment period; 10-year initial term with five 1-year extension options

Geographic Focus

High-impact locations throughout the Metropolitan Washington, DC region, including DC, Arlington, Alexandria, Montgomery County, Prince George's County, Loudon County and Fairfax County.

At least 50% of the Impact Pool's capital is to be invested in Washington, DC.

Capital Line of Credit

The Impact Pool has obtained a line of credit that will be utilized by the Manager to manage cash needed for investments in an efficient manner. Investors will provide all commercially reasonable information requested by lenders to underwrite the Capital Line of Credit.

Capital Contributions

Upon a prior notice given by the Manager, a certain percentage of each Investor's capital commitment may be payable at the time of the Initial Closing. Each Investor will be required to make additional Capital Contributions to the Impact Pool in an aggregate amount up to such Investor's capital commitment.

Distributions

Distributions by the Impact Pool to its members will be made to the Member pro rata in accordance with the contributed capital. The Impact Pool will limit Members' net total returns to a 7% internal rate of return, inclusive of a current return equal to the interest payments that the Impact Pool has actually received in connection with any investments, less the expenses of the Impact Pool and reserves for future needs of the Impact Pool. Any additional amounts above that threshold to be donated to the Washington Housing Conservancy. The Manager does not expect to distribute capital, other than the current return, until the date which is ten years after the date the capital was contributed. No carried interest or "promote" will be paid to the Manager in connection with the Impact Pool.

Expenses

The Impact Pool will bear all organization and offering expenses (including legal, accounting and other fees and expenses) incurred in connection with the formation of the Impact Pool. The Impact Pool will be responsible for ongoing expenses incurred by or on behalf of the Impact Pool, up to 2% of capital commitments. The Manager will bear all expenses above the threshold in any fiscal year. However, the Manager may be reimbursed for all excess expenses in any subsequent year(s) as long as the then current expenses and the excess expenses do not exceed 2% of the Impact Pool's capital commitments.

Taxes

Three quarters or more of the targeted returns of the Impact Pool are expected to be tax-exempt. To the extent the Impact Pool donates excess returns to the Washington Housing Conservancy, the charitable deduction attributed to donated funds will be allocated to the investors for tax purposes.

Investment Committee

All of the Impact Pool's investment and divestment decisions will be made by the Manager's Investment Committee.

Advisory Committee

The Impact Pool expects to have an advisory committee comprised of between three and five members designated by the Manager, in its sole discretion. The members of the Advisory Committee will represent Investors that are not affiliated with the Manager. The Advisory Committee will have approval and consultation rights with regard to conflicts of interest and certain actions taken by the Impact Pool as set forth in detail in the LLC Agreement.

Minimum Investment

\$500,000

Investor Suitability

Each investor must qualify as an "accredited investor", as such term is used within the meaning of Regulation D promulgated under the Securities Act, and must meet certain additional suitability standards (as set forth in more detail in the Subscription Agreement).



This document contains forward-looking statements. These statements reflect our current views, and are subject to numerous risks, uncertainties, assumptions and changes in circumstances that may cause actual results to differ significantly from those expressed herein. We do not guarantee that the projections and events described herein will happen as described (or that they will happen at all).

This presentation shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Any offer and sale of interests in the Impact Pool will be made pursuant to a Private Placement containing important information about the terms and risks related to the investment opportunity and important information about the Impact Pool.

FOR MORE INFORMATION, VISIT
WashingtonHousingInitiative.com

AGENDA ITEM #10

THE FUTURE OF HOUSING IN GREATER WASHINGTON

THE FUTURE OF HOUSING IN GREATER WASHINGTON

A Regional Initiative to Create Housing Opportunities, Improve Transportation, and Support Economic Growth

September 2019



Metropolitan Washington
Council of Governments

THE FUTURE OF HOUSING IN GREATER WASHINGTON

Prepared by COG Staff for the COG Board of Directors

September 4, 2019

ABOUT COG

The Metropolitan Washington Council of Governments (COG) is an independent, nonprofit association that brings area leaders together to address major regional issues in the District of Columbia, suburban Maryland, and Northern Virginia. COG's membership is comprised of 300 elected officials from 24 local governments, the Maryland and Virginia state legislatures, and U.S. Congress.

CREDITS

Contributors: Hilary Chapman, Paul DesJardin, Megan Goodman, Steve Kania, Monica Beyrouti Nunez

Cover Photos: H Street NE (Ted Eytan/Flickr); Clarksburg (Dan Reed/Flickr); Row Houses (Alan Kotok/Flickr); Arlington Square (Dan Reed/Flickr).

ACCOMMODATIONS POLICY

Alternative formats of this document are available upon request. Visit www.mwcog.org/accommodations or call (202) 962-3300 or (202) 962-3213 (TDD).

TITLE VI NONDISCRIMINATION POLICY

The Metropolitan Washington Council of Governments (COG) fully complies with Title VI of the Civil Rights Act of 1964 and related statutes and regulations prohibiting discrimination in all programs and activities. For more information, to file a Title VI related complaint, or to obtain information in another language, visit www.mwcog.org/nondiscrimination or call (202) 962-3300.

El Consejo de Gobiernos del Área Metropolitana de Washington (COG) cumple con el Título VI de la Ley sobre los Derechos Civiles de 1964 y otras leyes y reglamentos en todos sus programas y actividades. Para obtener más información, someter un pleito relacionado al Título VI, u obtener información en otro idioma, visite www.mwcog.org/nondiscrimination o llame al (202) 962-3300.

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Arlington Square (Dan Reed/Flickr)

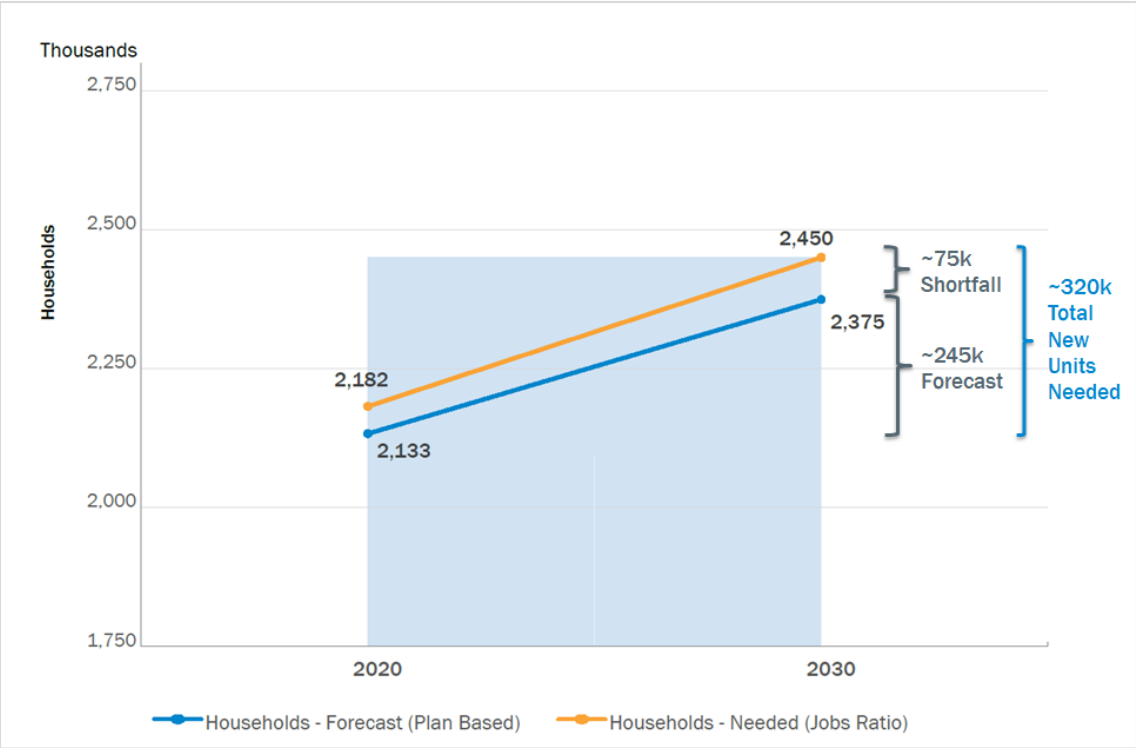
The region's current unmet housing needs undercut its appeal to new companies and talent, strain the transportation system, and impact the environment and quality of life for residents. The solution is for housing to be preserved and created at a higher rate than has been achieved in the recent past.

OVERVIEW

Metropolitan Washington is a dynamic region. With vibrant, diverse communities, sought-after amenities, and burgeoning industries, it is no surprise that families and businesses want to call the area home.

But with continued growth and an increased demand to live here, the region now finds itself in a challenging situation. There is an imbalance between the number of jobs and the amount of housing available to the workforce. This gap is expected to widen without intervention; the region is forecast to add approximately 413,000 new jobs to its employment base between 2020 and 2030, but only approximately 245,000 new housing units over the same period.¹

COG Regional Housing Need 2020-2030 (Planned vs. Needed)



Source: COG Cooperative Forecasts

Using a widely accepted metric for “balancing” the number of households and jobs, a Metropolitan Washington Council of Governments (COG) analysis showed the region needs, between 2020 and 2030, more than 75,000 additional households than what is currently anticipated (245,000 households). If the timeframe is stretched from 2020 to 2045, more than 100,000 additional households will be needed beyond the new households anticipated.

¹ COG, Cooperative Forecast, <https://www.mwcog.org/community/planning-areas/cooperative-forecast/>; Actual figures rounded for simplicity.

This housing shortage—or “shortfall”—has created a dynamic where, according to the National Capital Region Transportation Planning Board (TPB) at COG, more than 325,000 workers are commuting to jobs in the region each day from communities located beyond its footprint.

This situation affects the area’s affordability, potentially undercuts its appeal to new companies and talent, strains the transportation system, and impacts the environment and quality of life for the region’s residents. For some, this means not only long commutes to work, but also difficult choices between paying rent or affording other basic necessities such as food or medicine.

A year ago, area officials on the COG Board of Directors passed a resolution acknowledging the region’s housing production challenges and directing COG staff and local government housing and planning directors on COG’s Planning Directors Technical Advisory Committee and Housing Directors Advisory Committee to conduct additional research to address them.

What followed was a deep dive into determining the **Amount** of housing needed to address the shortfall and whether the region could produce it, the ideal location for new housing to optimize and balance its proximity to jobs (**Accessibility**), and the **Affordability** of new units to ensure they are priced appropriately for those who need them.

This information gathering, data analysis, and consultation with officials and partners resulted in three proposed regional housing targets for COG member governments to pursue:

- Proposed Regional Target 1:** **AMOUNT**
At least 320,000 housing units should be added in the region between 2020 and 2030. This is an additional 75,000 units beyond the units already forecast for this period.
- Proposed Regional Target 2:** **ACCESSIBILITY**
At least 75% of all new housing should be in Activity Centers or near high-capacity transit.
- Proposed Regional Target 3:** **AFFORDABILITY**
At least 75% of new housing should be affordable to low- and middle-income households.

These targets address the region’s housing need from an economic competitiveness and transportation infrastructure standpoint; for example, the TPB estimates that meeting the targets could result in a nearly 20 percent reduction in traffic congestion, if coupled with continued investment in existing transportation infrastructure, supportive land-use policies, among other factors.² Reaching the targets would also have broad significance for the future of the region and its residents and their quality of life.

² TPB, Long Range Task Force Reports, <https://www.mwcog.org/documents/2017/12/20/long-range-plan-task-force-reports-projects-regional-transportation-priorities-plan-scenario-planning-tpb/>

Local governments are already planning and working to preserve and increase the supply and diversity of affordably-priced homes in their jurisdictions but face a variety of challenges—from community dynamics and market forces, to competing funding priorities and reduced federal resources. It will take a range of tools and innovative policies to meet these targets over the next ten years, including strategic partnerships with the business, non-profit, and philanthropic sectors. No one sector alone can solve the region’s housing challenges.

The region has a record of success when it comes to addressing big challenges together, whether securing dedicated funding for Metro, achieving impressive air quality progress over the last 40 years, or executing planning visions like Activity Centers, a visionary goal in 1998 but a reality today.

3, 4, 5

There is a renewed energy locally, regionally, at the state level, and from a variety of sectors, to take action to address the country’s and the region’s housing challenges. COG and its members have already taken a critical first step in metropolitan Washington by putting a fine point on the regional need and developing a set of targets for local governments and partners. Together, and through a variety of methods and partnerships, it will be possible to ramp up housing production, and create it in ways that ensure inclusive communities, so that the benefits of economic growth in this dynamic region are shared by all.

COG Member Governments



³ COG, Restoring Metro, <https://www.mwco.org/restoringmetro/>

⁴ COG, Air Quality, <https://www.mwco.org/environment/planning-areas/air-quality/>

⁵ COG, Activity Centers, <https://www.mwco.org/community/planning-areas/land-use-and-activity-centers/activity-centers/>



Clarksburg (Dan Reed/Flickr)

HOUSING PRODUCTION IN GREATER WASHINGTON

In order to understand the extent of the region’s unmet housing needs, it is helpful to understand the changing housing landscape from the early 2000s through today. This information is for the COG footprint—which includes the District of Columbia, suburban Maryland, and Northern Virginia.

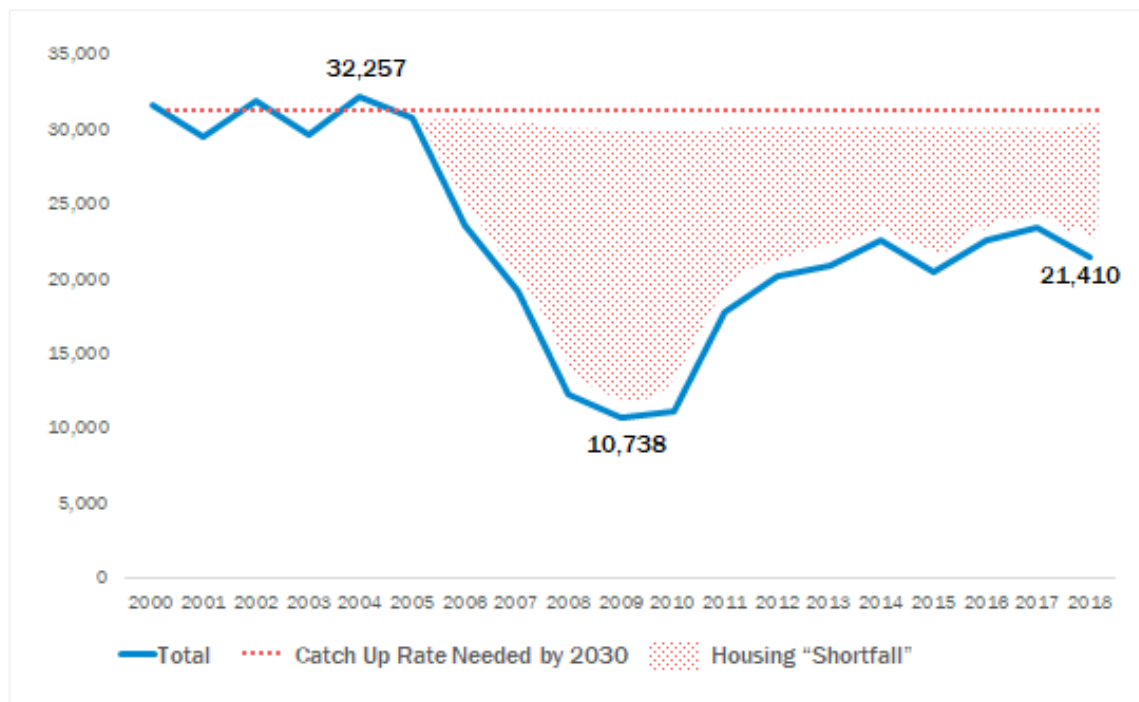
Recent Production Trends

To address the region’s housing shortfall, housing must be preserved and created at a higher rate than has been achieved in the recent past.

According to a COG analysis of U.S. Census Bureau housing permit data, the region averaged over 25,000 new housing units per year in the 1990s. In the early 2000s, the region produced more than 30,000 units per year, much of that in the form of single-family homes in the outer suburbs, like Loudoun County.⁶ When the Great Recession hit the country around 2008, regional production dropped to approximately 10,000 units per year.

Housing production has improved since 2011. In 2018, the region produced just over 21,000 housing units per year. Although this is the right trajectory, this production level is not sufficient to meet the growing need in the region.

Figure 1: Housing Construction Permits by Year in Metropolitan Washington



Source: COG Analysis of U.S. Census Bureau C-40 Residential Permit Data

⁶ George Washington University, *State of the Capital Region*, https://cpb-us-e1.wpmucdn.com/blogs.gwu.edu/dist/7/677/files/2019/05/20190507_socr_2019_pages.pdf

Current Housing Landscape

According to COG’s **Cooperative Forecasts**, official growth projections that include data provided by area jurisdictions, employment growth currently outpaces housing growth in metropolitan Washington.

The region anticipates its projected 2020 employment of 3.36 million jobs will grow to 3.77 million by 2030—an increase of approximately 413,00 jobs. During this same period, the total number of households would grow from the projected 2020 base of approximately 2.13 million units to 2.38 million—an increase of approximately 245,000 housing units.

This situation—a mismatch between the amount of housing and jobs—affects the area’s affordability, potentially undercuts the region’s appeal to new companies and talent and necessitates commuting into the region for work, straining the transportation system.

The TPB studied this challenge as part of their long-range planning process.⁷ In seeking a better balance between growth in jobs and housing, a TPB task force determined a jobs-to-housing ratio of 1.54 could optimize economic competitiveness and improve future transportation system performance.

Using the ratio, COG determined the region needs, by 2030, at least 75,000 additional households beyond those currently anticipated. This is the region’s “housing shortfall,” and it is expected to worsen without intervention.

Overall, the region needs to add 75,000 additional housing units to the 245,000 units already planned, bringing the region’s total net new housing to 320,000 units produced between 2020 and 2030. This means the region needs a sustained annual housing production of at least 32,000 units per year.

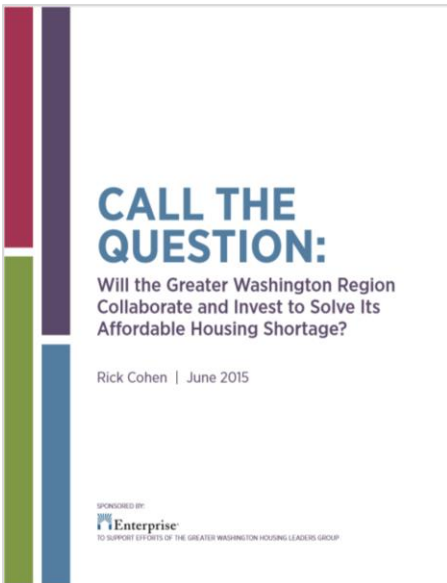
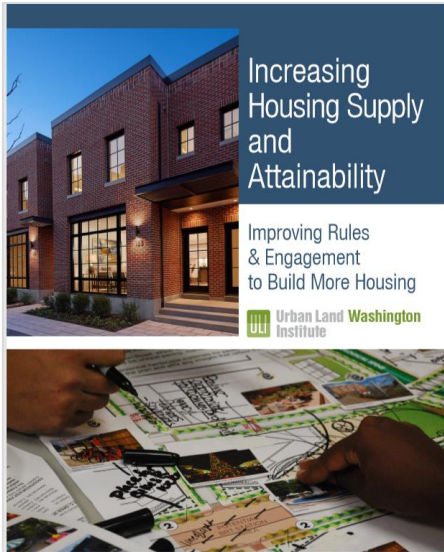
Figure 2: Forecast of Employment, Households, and Calculated Housing Need

	2020	2030	2045
Forecast Employment	3,361,000	3,774,000	4,274,000
Forecast Households	2,133,000	2,375,000	2,660,000
Households Needed for Jobs	2,182,000	2,450,000	2,775,000
Housing Shortfall (Approx.)	~49,000	~76,000	~115,000

By 2030, the region needs at least 75,000 additional households beyond what’s planned.

Source: COG Round 9.1 Cooperative Forecasts

⁷ TPB, Long Range Task Force Reports, <https://www.mwcog.org/documents/2017/12/20/long-range-plan-task-force-reports-projects-regional-transportation-priorities-plan-scenario-planning-tpb/>



In addition to the TPB’s consensus that housing and jobs must be brought closer together to reduce strains on the area transportation system, the region’s housing challenges have also been documented in research by many other leading experts, including the **Urban Institute**, Greater Washington Partnership, George Mason University’s **Center for Regional Analysis**, George Washington University’s **Center for Washington Area Studies**, the **Housing Leaders Group of Greater Washington**, **ULI Washington**, and the **2030 Group**, among others.

Local governments have already started to act. Based on COG’s analysis of the regional need, District of Columbia Mayor Muriel Bowser signed an Order on Housing in spring 2019 that called for the production of 36,000 new housing units in the District by 2025.⁸ Prince George’s County completed its first-ever comprehensive housing strategy, *Housing Opportunities for All*, a plan to support and house existing residents and new residents, and build on strategic assets like transit.⁹ Fairfax County recently completed its *Communitywide Housing Strategic Plan* and *Housing Arlington* is a direct response to the decision by Amazon to locate its second headquarters in the county.^{10,11}

Non-profits, philanthropy, and business are responding, too. For example, the Housing Leaders Group of Greater Washington’s Capital Region Housing Challenge and the Washington Housing Initiative launched by JBG Smith and the Federal City Council are facilitating investment in affordable housing for low- and moderate- income residents.^{12,13}

The region’s housing challenges have been documented by many leading experts, including the Urban Land Institute and Housing Leaders Group.

⁸ District of Columbia, Mayor Bowser Signs Order to Drive Bold Goal of 36,000 Housing Units by 2025, <https://mayor.dc.gov/release/mayor-bowser-signs-order-drive-bold-goal-36000-housing-units-2025>

⁹ Prince George’s County Comprehensive Housing Strategy, *Housing Opportunities for All*, <https://www.princegeorgescountymd.gov/2803/Comprehensive-Housing-Strategy>

¹⁰ Fairfax County Housing and Community Development, *Communitywide Housing Strategic Plan*, <https://www.fairfaxcounty.gov/housing/communitywideplan>

¹¹ Arlington County, Housing Arlington initiative, <https://housing.arlingtonva.us/housing-arlington/#>

¹² Housing Leaders Group Launches the Capital Region Housing Challenge, <https://www.handhousing.org/hand-housing-leaders-group-launch-the-capital-region-housing-challenge/>

¹³ JBG Smith, The Impact Pool, <https://www.jbgsmith.com/about/washington-housing-initiative/impact-pool>



2019 COG Board Officers, Vice Chair Derrick L. Davis, Chair Robert C. White, Jr., and Vice Chair Christian Dorsey

“...I can think of no higher regional priority than to ensure a sufficient supply of affordably-priced housing for our current residents as well as the workers we need to fill the new jobs anticipated in the future. I’m looking forward to applying COG’s expertise and connections to thoroughly analyze the issue at the regional level and help us identify solutions that we can implement in our local jurisdictions.”

- Chair Robert White, Jr. (January 2019)

COG'S HOUSING INITIATIVE

During an annual leadership retreat in July 2018, COG staff briefed attending members on its analysis of the region's housing challenge, and the need to increase production and preservation efforts to sustain economic growth, ease the strain on the transportation system, and improve quality of life. Members discussed impediments to addressing the current housing needs, as well as tools and strategies that could be employed to achieve long-term goals.

As a result, in September 2018, the COG Board of Directors unanimously passed a resolution directing COG staff and its relevant committees to work together to identify the exact housing need and assess what it would take to ramp up production.¹⁴

Under the leadership of new officers in January 2019, the COG Board received a workplan for the initiative. The workplan directed COG and its Planning Directors Technical Advisory Committee and Housing Directors Advisory Committee to study three areas of the housing production challenge over the course of the next nine months:

1. **Amount** - How much new housing should be added in the region and what is the region's ability to produce it?
2. **Accessibility** - How much of the additional housing should be located in Activity Centers and near high-capacity transit stations?
3. **Affordability** - At what price points should housing be added to accommodate the type of household growth anticipated?

In April 2019, the COG Board established a Housing Strategy Group to focus on the impediments to addressing the housing need and help guide the initiative forward.¹⁵ The strategy group included representatives from Prince George's County, Montgomery County, the District of Columbia, Fairfax County, and the City of Alexandria.

¹⁴ COG Certified Resolution R33-2018, <https://www.mwcog.org/documents/2018/09/12/certified-resolution-r33-2018--housing-needs/>

¹⁵ COG Certified Resolution R12-2019, Housing Strategy Group, <https://www.mwcog.org/documents/2019/04/10/certified-resolution-r12-2019--housing-strategy-group/>

ADDRESSING UNMET NEEDS: SETTING REGIONAL HOUSING TARGETS

Under the direction of the COG Board of Directors, local housing and planning directors and COG staff spent nine months studying what it would take to increase the area’s housing supply to accommodate the region’s growing workforce. Their findings have been distilled into three proposed regional aspirational housing targets focused on the Amount, Accessibility, and Affordability of additional units.

**Proposed
Regional
Target 1:**

AMOUNT

At least 320,000 housing units should be added in the region between 2020 and 2030. This is an additional 75,000 units beyond the units already forecast for this period.

**Proposed
Regional
Target 2:**

ACCESSIBILITY

At least 75% of all new housing should be in Activity Centers or near high-capacity transit.

**Proposed
Regional
Target 3:**

AFFORDABILITY

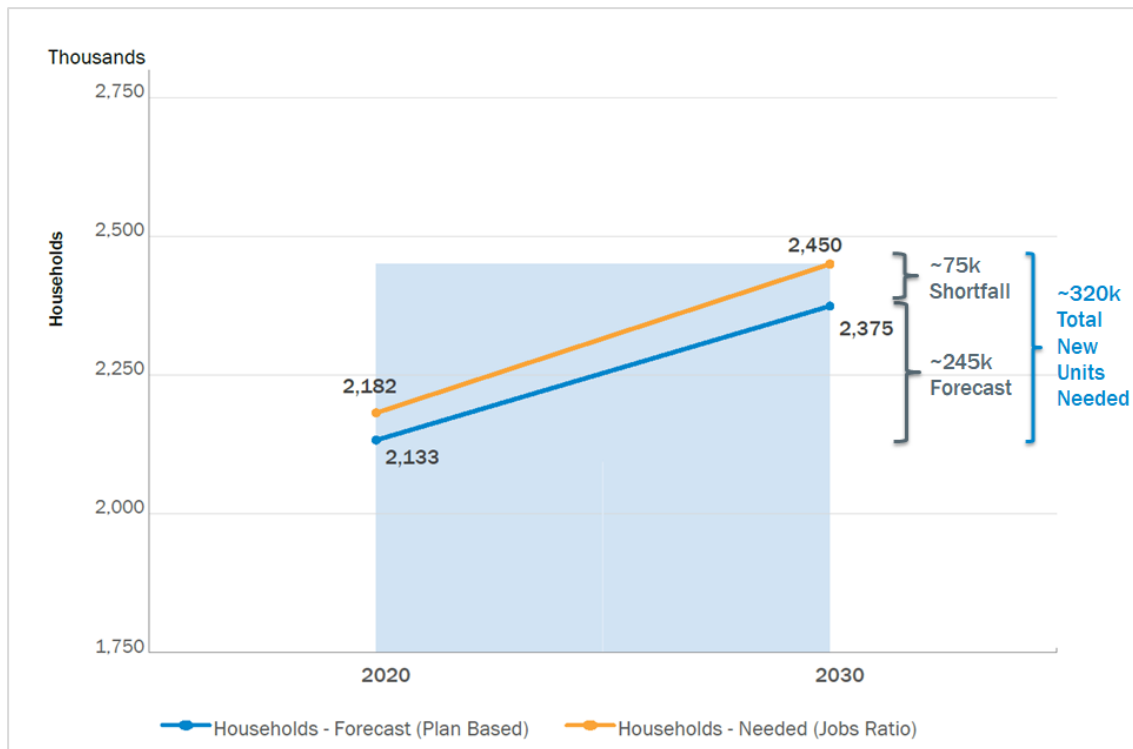
At least 75% of new housing should be affordable to low- and middle- income households.

Proposed Regional Target 1: Amount

AT LEAST 320,000 HOUSING UNITS SHOULD BE ADDED IN THE REGION BETWEEN 2020 AND 2030. THIS IS AN ADDITIONAL 75,000 UNITS BEYOND THE UNITS ALREADY FORECAST FOR THIS PERIOD.

This 320,000-unit production target is for the timeframe of 2020–2030. It includes both the 245,000 new households currently forecast by local governments and COG for this period, in addition to the 75,000 extra units needed to address the regional shortfall and house workers for anticipated new jobs.¹⁶

Figure 3: COG Regional Housing Need 2020-2030 (Planned vs. Needed)



Source: COG Cooperative Forecasts

As part of its long-range planning process, the TPB at COG determined that a ratio of 1.54 jobs per household would be sufficient to boost the region’s economic competitiveness and reduce strain on the transportation system by bringing the number of households more in balance with the number of jobs.¹⁷ This ratio was used to calculate the regional shortfall (see page 6). Currently, the region averages 1.64 jobs per household.

¹⁶ COG, *Growth Trends: Cooperative Forecasting in Metropolitan Washington*, <https://www.mwcog.org/documents/2018/10/17/growth-trends-cooperative-forecasting-in-metropolitan-washington-cooperative-forecast-growth-development/>

¹⁷ TPB, *An Assessment of Regional Initiatives for the National Capital Region*, <https://www.mwcog.org/documents/2017/12/20/long-range-plan-task-force-reports-projects-regional-transportation-priorities-plan-scenario-planning-tpb/>

Amount: Findings

- Is there capacity for an additional 100,000 households beyond what's currently forecast within the region's existing comprehensive plans?
 - YES, comprehensive plans have enough capacity to address increased housing production
 - However, zoning and comprehensive plan changes may still be necessary for jurisdictions
 - And, supply alone doesn't address the region's current and future housing affordability needs



Metropolitan Washington
Council of Governments

Addressing the Region's Capacity for Additional Housing
February 13, 2019

“On the District government side, we’ve had a big push from the Mayor who’s acknowledged the challenges we have locally and as a region...and has challenged us to think bigger and differently...building on a lot of the work that has happened in these [COG] committees.”

- COG Planning Directors Committee Co-Chair and District of Columbia Office of Planning Director Andrew Trueblood (February 2019)

Slide from the February 2019 presentation by COG Planning and Housing Directors Committees to the COG Board of Directors.

During the February 2019 COG Board of Directors meeting, the COG Planning Directors Technical Advisory Committee and Housing Directors Committee confirmed on behalf of the region’s housing and planning directors that existing local comprehensive plans could indeed accommodate this additional necessary capacity.¹⁸

As part of the initiative, COG staff and the planning directors also studied ways to allocate the 75,000 additional households needed across the region’s jurisdictions. For example, they determined each jurisdiction could contribute a portion of the additional households needed based on its share (percentage) of forecast household growth between 2020 and 2030. Although this is not included in the regional targets at this time, the jurisdictions are identifying the local actions needed to produce more housing in priority locations, as well as the partners who must be part of the solution.

¹⁸ COG, *Addressing Region's Capacity for Additional Housing Presentation*, <https://www.mwcog.org/events/2019/2/6/cog-board-of-directors/>

Proposed Regional Target 2: Accessibility

AT LEAST 75 PERCENT OF ALL NEW HOUSING SHOULD BE IN ACTIVITY CENTERS OR NEAR HIGH-CAPACITY TRANSIT

The idea of concentrating growth in specific locations called **Activity Centers** has been endorsed, promoted, and implemented by area leaders in places throughout the region for almost 20 years. There are currently 141 designated Activity Centers in the COG region, and they occupy about nine percent of the region's land.

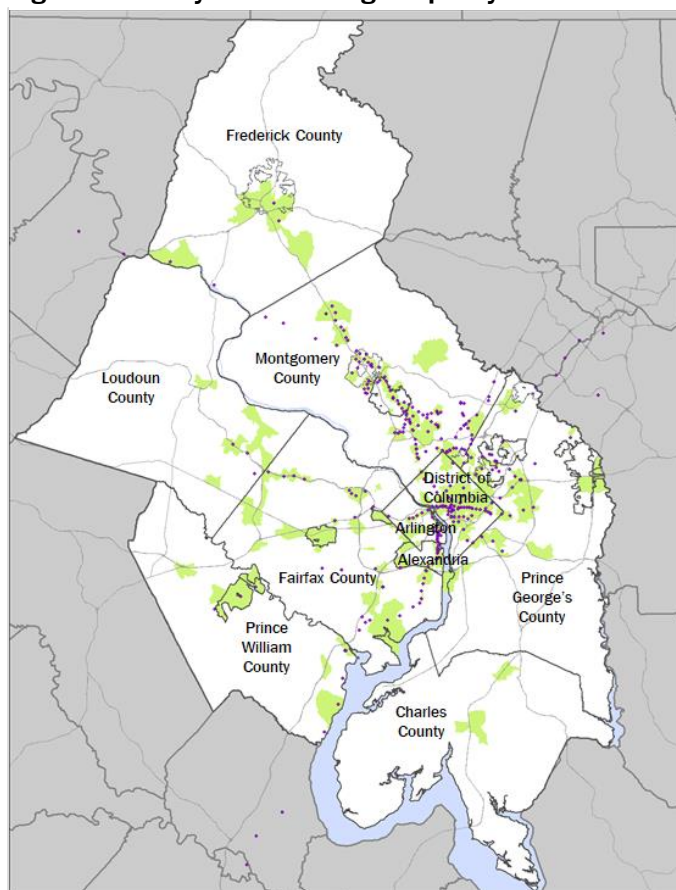
In 2010, as part of its **Region Forward Vision**, the COG Board endorsed a goal to accommodate 50 percent of projected new housing in Activity Centers.¹⁹ An analysis of jurisdictions' current growth trends revealed that this goal is already being exceeded; the most recent COG analysis found 64 percent of projected new housing through 2030 will be located in Activity Centers.

As part of its **Visualize 2045** long-range transportation plan approved in 2018, the TPB identified a regional network of 297 high-capacity transit stations, including many outside of Activity Centers, that could also be potential locations for additional growth.

As a result, COG analysis found that 68 percent of new housing is anticipated in Activity Centers and high capacity transit stations through 2030, paving the way for planning and housing directors to propose a more ambitious goal for locating additional new housing.

In 2010, the COG Board endorsed a goal to accommodate 50 percent of projected new housing in these Activity Centers. An analysis of current growth trends revealed that the region already exceeded this goal.

Figure 4: Activity Centers & High-Capacity Transit

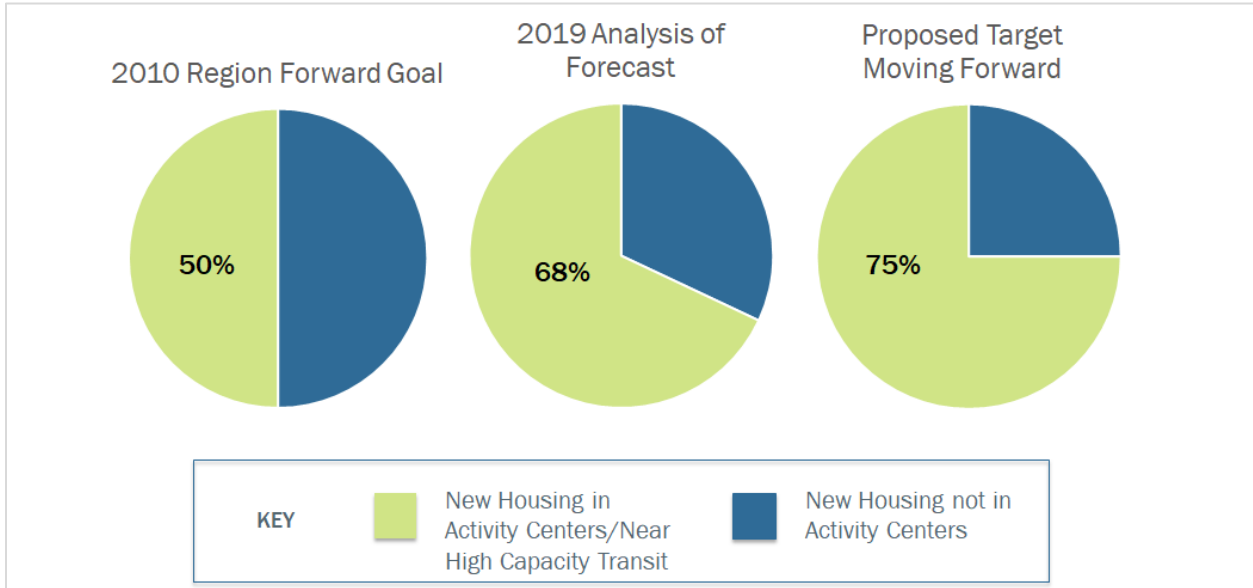


Source: COG. The green areas denote the region's 141 Activity Centers, and purple dots denote the location of high-capacity transit stations, to include 90 Metro stations, 39 commuter rail stations, 21 light rail stations, 120 BRT stations, and 19 streetcar stations.

¹⁹ COG, Region Forward Targets, <https://www.mwcog.org/community/planning-areas/regional-planning/region-forward/targets/>

Based on data provided by member jurisdictions' planning departments, it was confirmed at the April 2019 COG Board of Directors meeting that these areas indeed have the capacity to accommodate all the additional housing the region needs to meet the goal in Target 1 of 75,000 units.²⁰ Therefore, COG staff recommended a regional target of 75 percent of all new housing in Activity Centers or near high-capacity transit.²¹

Figure 5: Region's Progress Toward Housing Growth in Activity Centers



Source: COG

²⁰ COG, *Addressing Accessibility of Region's Housing Presentation*, <https://www.mwcog.org/events/2019/4/10/cog-board-of-directors/>

²¹ See Appendix C.

Proposed Regional Target 3: Affordability

AT LEAST 75 PERCENT OF NEW HOUSING SHOULD BE AFFORDABLE TO LOW- AND MIDDLE-INCOME HOUSEHOLDS

As the region considers the amount and location of new housing needed to align with future growth, local leaders must also ensure it is priced appropriately for those who will need it. When housing is affordable, residents can build savings, invest in health care, education, childcare, and more.

In a presentation to the COG Board of Directors in June 2019, the Urban Institute revealed that many area households are “housing cost-burdened,” meaning a family spends more than 30 percent of its income on housing. Those in the lowest to middle household income brackets are most burdened.²² Occupations in these bands might include service workers, nursing attendants, paramedics, security guards, firefighters, and graphic designers, among others.

Currently, too few housing units are affordable for these households, and the situation is getting worse. According to the Urban Institute, in the recent past the region’s low-cost housing stock—or units that cost \$0 - \$1,299 per month—totaled 540,000 units.²³ Further, the region lost more than 13,000 units in these low-cost bands each year between 2010 and 2017. If the region continued to lose low cost housing at this rate between 2020 and 2030, a quarter of the stock in this cost band would be eliminated, affecting more than 365,000 people.²⁴

Figure 6: Amount of Low Cost Housing Stock Potentially Lost (2020 - 2030)



Currently, too few housing units are affordable for low- and middle-income households, and the situation is getting worse.

Source: COG portrayal of Urban Institute findings

²² Up to 150% of Area Median Income (AMI) or approximately monthly housing costs up to \$2,500 to define “low and middle income” households as described in the Urban Institute’s *Meeting the Washington Region’s Future Housing Needs: A Framework for Regional Deliberations*.

²³ Urban Institute, *Meeting the Washington Region’s Future Housing Needs*.

²⁴ Assumes 2.5 to 3 people per new household per COG estimate of regional average household size.

The story is the same in many of the region’s jurisdictions. For example, the City of Alexandria reports that its low cost, market-affordable (non-subsidized) rental housing declined by 88 percent from 2000-2018.²⁵

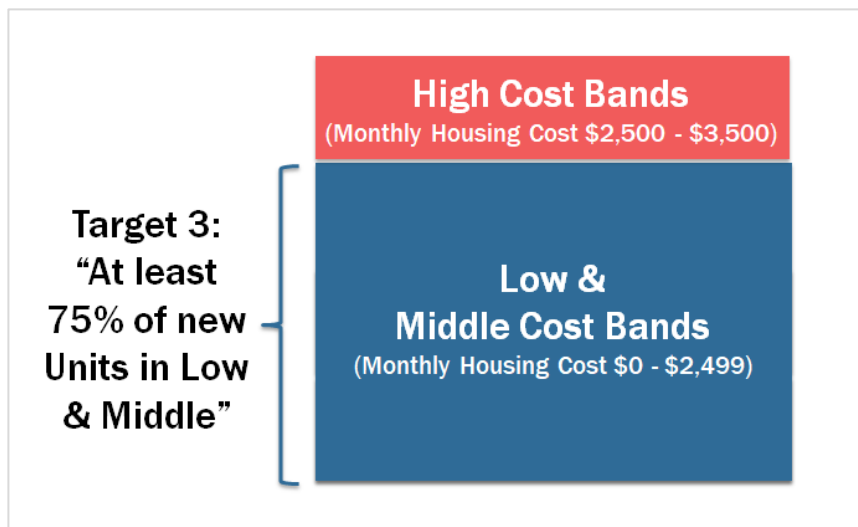
“This dramatic loss in housing affordability reflects the gap between the growth in housing costs versus the growth in wages, as well as the strong demand for housing in the region,” reads the city’s analysis.

To remedy this situation, the Urban Institute’s *Meeting the Washington Region’s Future Housing Needs* sponsored by the Greater Washington Partnership, calls for a better mix of housing across cost bands. The framework recommends that about 38 percent of new units are priced in the lowest cost bands (housing costs of \$0-\$1,299 per month), about 40 percent priced in middle cost bands (\$1,300-\$2,499 per month), and about 22 percent in the highest cost bands (\$2,500-\$3,500 per month).

“Ideally, every jurisdiction would provide sufficient housing across cost bands to meet the needs of current and future residents,” says the Urban Institute report. “Mismatches in any single jurisdiction can add costs for households, impede productivity through extended commutes, and reduce equitable access to public goods and services. A healthy regional housing market offers opportunities for households to find a reasonable place to live in a community that fits their needs.”

Local governments are already building affordability into their housing plans and efforts. For example, Mayor Bowser’s plan in the District of Columbia, calls for 36,000 new housing units, a third of them affordable to lower income residents, by 2025.

Figure 7: COG Affordability Target’s Allocation of New Housing Across Cost Bands

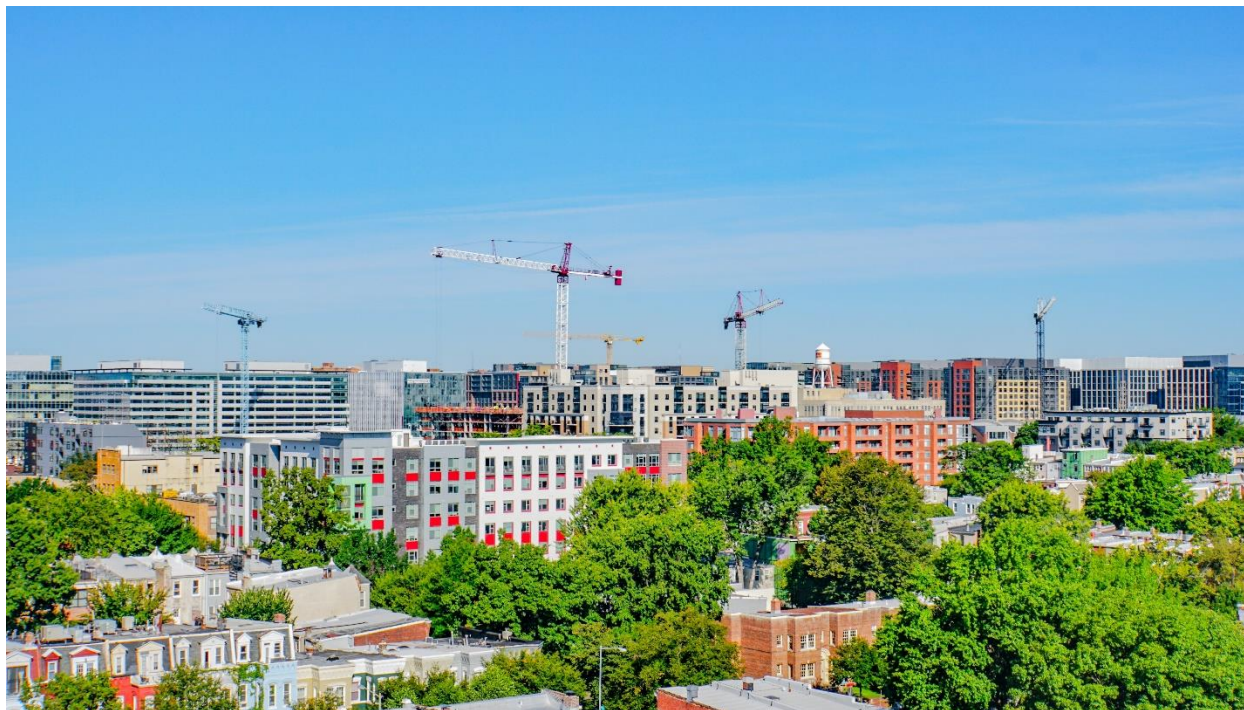


To form a regional target on affordability, COG staff and the planning and housing directors weighed these local-level affordability targets and the Urban Institute’s report and consulted with officials from across the region. The resulting target—where at least 75 percent of new housing is affordable to low and middle-income households—is considered compatible with these efforts and would be a significant regional achievement.

Source: COG portrayal of Urban Institute findings

²⁵ City of Alexandria, *Market Affordable 2018 Update*, <https://www.alexandriava.gov/uploadedFiles/housing/info/2018MarketAffordableUpdate.pdf>

CONCLUSION



H Street NE in the District of Columbia (Ted Eytan/Flickr)

There is a growing consensus that the current housing landscape—where supply is low, costs are high, and even more growth is projected—is affecting many families throughout the region and in regions across the country.

Metropolitan Washington residents are especially feeling the strain. The Urban Institute estimates that more than half a million of the region’s households are “housing cost-burdened,” meaning those families spend more than 30 percent of their income on housing.²⁶ COG models estimate that more than 325,000 people commute daily into the region for work from outside the region, signaling that families are having to move further and further from the region’s core and their jobs in search of an affordable home and lifestyle. Models show these types of trips increasing by 24 percent by 2045, placing even more demand on transportation infrastructure, with implications for quality of life and the local environment.

The region’s elected, business, and non-profit leaders are mobilizing to create a sufficient supply of affordably priced housing for area families while also ensuring their children can live and work here in the future.

The region’s elected, business, and non-profit leaders are mobilizing to create a sufficient supply of affordably priced housing for area families while also ensuring the workforce of the future—people like their children—can live and work here. Housing is increasingly becoming a key factor in the region’s ability to attract and retain talent and businesses.

²⁶ Urban Institute, *Meeting the Washington Region’s Future Housing Needs*, forthcoming.

A year ago, COG released an analysis that helped the region better understand its unmet housing needs. Between 2020 and 2030, the region needs to produce at least 75,000 additional units beyond what is already anticipated. Between 2020 and 2045, that number grows to more than 100,000 additional units.

The COG Board of Directors reacted to this shortfall by calling on the region’s planning and housing directors to help determine whether there was capacity in local plans to accommodate additional housing, and if so, where new housing should be located and how it should be priced to make the biggest impact.

Over the last nine months, through information-gathering, data analysis, and consultation with elected officials and partners, COG staff and area planning and housing directors worked collaboratively to create three regional housing targets.

The image displays three regional housing targets, each presented in a colored callout box. The first target, 'Proposed Regional Target 1: AMOUNT', is in an orange box and states that at least 320,000 housing units should be added between 2020 and 2030, including 75,000 additional units beyond the current forecast. The second target, 'Proposed Regional Target 2: ACCESSIBILITY', is in a light green box and requires that at least 75% of all new housing be located in Activity Centers or near high-capacity transit. The third target, 'Proposed Regional Target 3: AFFORDABILITY', is in a light blue box and mandates that at least 75% of new housing be affordable to low- and middle-income households.

If achieved, these targets will address the region’s housing need from an economic competitiveness and transportation infrastructure standpoint and will also have broad significance for the future of the region and its residents and their quality of life.

COG recognizes that the local government efforts to preserve and increase housing supply will vary from jurisdiction to jurisdiction. Cumulatively, these individual policies contribute to progress toward the region’s shared housing production goals.

COG recognizes that local government efforts to preserve and increase their supply of affordably-priced homes will vary from jurisdiction to jurisdiction. For example, zoning policies allowing residents to build accessory dwelling units (ADU) on their properties are a tool being used in Montgomery County, Arlington County, and the District of Columbia.²⁷ Inclusionary zoning policies, widely used throughout the region, ensure that residents of all incomes have opportunities to live in desirable neighborhoods, with access to jobs, transit, and high-performing schools.

²⁷ Hans Riemer, *Council Approves Zoning Change for Accessory Dwelling Units*, <https://councilmemberriemer.com/category/accessory-dwelling-units>

Transit-oriented development is also a key strategy to achieve the COG Board's regional housing targets. Opportunities to create new housing options on underdeveloped land around some of Metro's stations as well as along new transit lines like Metro's Silver Line in Virginia and the Purple Line in Maryland supports shared goals to meet future housing needs without further straining the transportation system. Cumulatively, these policies contribute to the region's progress toward its shared housing production goals.

COG also acknowledges that no sector alone can solve the region's housing challenges. The region can only meet its housing goals through strategic partnerships with other key stakeholders in business, non-profits, and philanthropy.

For example, this year the Housing Leaders Group of Greater Washington launched its Capital Region Housing Challenge to secure \$1 billion in investments for housing affordability by 2020, \$500 million in new private capital and \$500 million in new public funds.²⁸ One component of the Washington Housing Initiative launched by JBG Smith and the Federal City Council is an Impact Pool, which facilitates investment in low cost loans for developing and acquiring affordable workforce housing.²⁹

There is no question that impediments like community dynamics, market forces, or lack of critical public infrastructure can hinder progress on housing production. COG will continue to work alongside its members and partners to identify housing tools and policies that ensure preservation of existing housing and production of new affordably priced units and housing incentives that could benefit from private sector support and resources.

The time for solutions is now. The region should continue to create and preserve housing at a higher rate than has been achieved in the recent past so the benefits of economic growth are shared by all.

The time for solutions to address the region's unmet housing needs is *now*. COG's analysis revealed that the region's housing shortfall and the harmful ripple effects it causes will only worsen without intervention.

In a July 2019 *Washington Business Journal* article, COG Executive Director Chuck Bean described another reason for action: there is energy and appetite for working on housing locally, regionally, and nationally by a range of sectors.³⁰

"Things change – sometimes incrementally, sometimes it's a big leap forward," said Bean. "It's a big challenge, that's the downside. The upside is that with the energy coming out of the jurisdictions and out of the developers and out of nonprofits and advocates, the hope is that the region is going to use its mojo on Metro funding and on HQ2 and apply it to housing."

The region should continue to create and preserve housing at a higher rate than has been achieved in the recent past to close the gap and provide adequate housing options in places that ensure inclusive communities, so the benefits of economic growth are shared by all.

²⁸ Housing Leaders Group Launches the Capital Region Housing Challenge, <https://www.handhousing.org/hand-housing-leaders-group-launch-the-capital-region-housing-challenge/>

²⁹ JBG Smith, The Impact Pool, <https://www.jbgsmith.com/about/washington-housing-initiative/impact-pool>

³⁰ Washington Business Journal, The Housing Disconnect, <https://www.bizjournals.com/washington/news/2019/07/12/the-housing-disconnect-how-builders-and.html>

APPENDIX

APPENDIX A: RESOLUTION DIRECTING COG TO FURTHER EXPLORE ADDRESSING THE REGION'S HOUSING NEEDS	21
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**METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002**

RESOLUTION DIRECTING COG TO FURTHER EXPLORE ADDRESSING THE REGION'S HOUSING NEEDS

WHEREAS, the Metropolitan Washington Council of Governments (COG) is comprised of the 24 jurisdictions of the National Capital Region's local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives, and COG provides a focus for action on issues of regional concern; and

WHEREAS, the Transportation Planning Board Chairman briefed the COG Board in April 2018 on the endorsed initiatives of the Long-Range Plan Task Force (LRPTF) that were found to have the most potential to significantly improve the performance of the region's transportation system compared to current plans and programs, including the need for additional housing in the region; and

WHEREAS, at the COG Leadership Retreat in July 2018 the Board engaged in discussions on the region's current housing production challenges, housing affordability, and the potential need for additional housing in the future to support likely new job growth; and

WHEREAS, retreat participants generally agreed that housing production is a regional challenge that needs to be addressed to ensure that the growth of jobs does not continue to outpace the growth of housing.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The board supports additional research to address the increasing demand for housing in the region and directs the Executive Director, or his designee, to work with the following committees and boards on the below next steps:

- a. Direct the Planning Directors Technical Advisory Committee (PDTAC), and the Housing Directors Advisory Committee (HDAC), to assess the region's ability to accommodate the estimated need for slightly more than 100,000 housing units beyond those currently anticipated in the Cooperative Forecasts with a focus on affordable and work force housing regionally.
- b. Building on the adopted Region Forward goals and targets, the PDTAC should examine the optimal incentives for adding additional housing, with an emphasis on preservation and production within the Regional Activity Centers and around high capacity transit stations and work to update future Cooperative Forecasts as needed.
- c. Direct that the PDTAC and HDAC work with the Region Forward Coalition, and key regional business, civic, and philanthropic organizations to assess ways to assist local governments with meeting the enhanced housing production targets while ensuring that future growth creates truly inclusive communities.

- d. The PDTAC should also include an assessment of factors or impediments to adding more housing units such as lack of critical public infrastructure (transportation, schools, water and sewer).
- e. Reaffirm the work underway within PDTAC to identify current local government planning efforts that support the initiatives of the TPB Long-Range Plan Task Force.

I HEREBY CERTIFY THAT the foregoing resolution was adopted by the COG Board of Directors on September 12, 2018.

**Laura Ambrosio
COG Communications Specialist**

MEMORANDUM

TO: COG Board of Directors
FROM: Paul DesJardin, COG Director of Community Planning and Services
SUBJECT: Housing the Region's Workforce: Jurisdictional Capacity Analysis
DATE: February 6, 2019

BACKGROUND

Since the September 2018 COG Board meeting, the COG Planning Directors and Housing Directors Committees have met monthly to discuss the opportunities and challenges to producing an additional 100,000 homes by 2045 to balance job and household growth.

At the January 2019 board meeting, staff presented a proposed work plan to determine how to meet the goal through careful analysis of three key questions:

- **Amount:** Does capacity exist under current comprehensive plans and zoning to accommodate housing production levels beyond what is shown in the current Cooperative Forecasts?
- **Accessibility:** Can these additional homes be located within Activity Centers and High-Capacity Transit Station areas?
- **Affordability:** What are the appropriate price points and typologies to meet the current and future workers' needs?

This memorandum summarizes the results of that initial assessment and details next steps in the process.

MEETING OUR HOUSING GOALS

The COG Board established the Cooperative Forecasting Program to develop a consistent set of local and regional growth projections based upon a common set of economic assumptions. The Cooperative Forecasts are the official growth projections of each participating jurisdiction and are the planning inputs for transportation and other regional capital improvement decisions. The forecasts are guided by an economic model that represents the maximum amount of employment, population, and household growth that the region is likely to experience given a range of national and regional economic and demographic assumptions. Those assumptions include the likely mix of future jobs by industry sector, and population and housing growth.

Local planning departments generally prepare their housing and household forecasts in short-term (5 to 10-year horizon) and longer-term (15 or more years) periods. Short-term household projections are based upon current permitting and development activity. COG staff summarized the recent trends in housing permitting during the September board meeting, during which the regional housing shortfall trend was noted.

Planning staffs develop longer-term forecasts (15 to 30 years) based upon local comprehensive plans and zoning, as well as assumptions regarding local land use policies, infrastructure investments, and demographic changes. Planners use these economic and policy assumptions to estimate the likely market and development responses for the timing and location of future residential growth.

During their meetings throughout 2018, the Planning Directors presented their current work program and planning priorities, particularly as they related to the challenges of balancing growth, housing location and affordability, and transportation investments. As shown in the excerpted slides below, nearly all jurisdictions are engaged in updates to their comprehensive and small-area plans or engaging in broad-based visioning efforts.

What Have We Learned

Multiple jurisdictions are currently working on their Comprehensive Plans



1

A common goal within each initiative is focusing development in priority places such as Activity Centers to accommodate growth and capitalize on new and existing transit investments such as the Silver Line, the Purple Line, Richmond Highway, and many planned BRT routes. The Round 9.1 Cooperative Forecasts indicate that the 2.1 million households in the COG region today are expected to grow to nearly 2.8 million by 2045. More significantly, the forecasts confirm the success of these many local planning initiatives with more than 64 percent of new housing now anticipated to be located within Activity Centers compared to the adopted target of 50 percent called for in Region Forward.

What Have We Learned

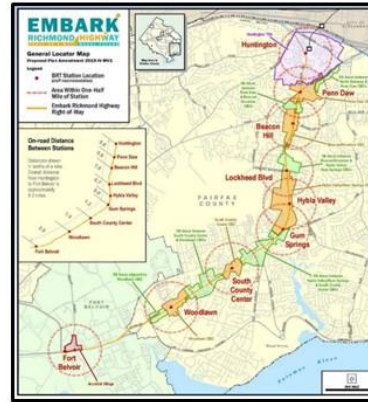
The region is planning for Redevelopment



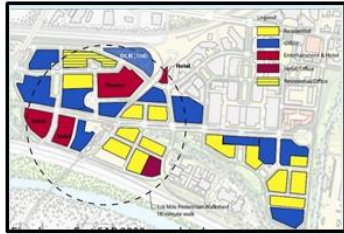
Buzzard Point



White Flint



Richmond Highway



Eisenhower East

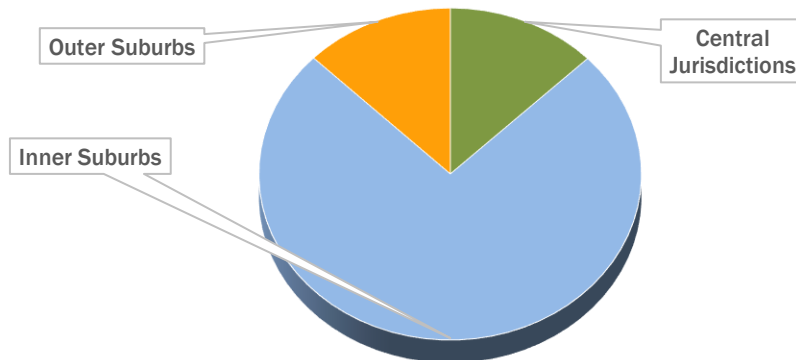


Historic Downtown Manassas

1

Building on these briefings, at their December and January meetings, the Planning Directors Committee reported on their initial assessments of their jurisdictions' ability to accommodate additional housing beyond what is assumed in their current Cooperative Forecasts. The results of this initial assessment confirm that the region can accommodate – within existing comprehensive plans and zoning – the additional 100,000 units called for in the board directive. The chart below shows the relative distribution of the Planning Directors' initial assessment.

**Initial Assessment:
Subregional Shares of +100,000 Additional Housing
Units Beyond Current Forecasts**



NEXT STEPS

The next phase of the housing analysis will include the task of estimating the amount (or share) of the additional housing growth which could be accommodated within Activity Centers and High-Capacity Transit Station Areas as well as the specific challenges (public and private) to developing more housing in those priority places.

Review of those impediments will guide consideration of solutions to these challenges and strategies to alter the region's current trajectory to improve, not exacerbate, housing affordability, transportation system performance, and ensure thriving, inclusive communities for all of the region's residents.

Calculating Proposed Regional Target 2 (Accessibility)

How did COG come up with a goal of 75% of all new housing in Activity Centers (AC) or near high capacity transit (HCT)?

- 141 Activity Centers were designated as places ideal for growth by the COG Board. These occupy about 9% of the region’s land.
- In 2010, officials at COG set a Region Forward Vision goal to accommodate 50% of projected new housing in Activity Centers.
- As jurisdictions’ comprehensive plans have evolved the 2010 Region Forward goal has been exceeded; **the most recent COG analysis of the (Round 9.1) Cooperative Forecasts found 64% of projected new housing anticipated in Activity Centers.**
- As part of its Visualize 2045 long-range transportation plan in 2018, the TPB identified a regional network of 297 high-capacity transit stations, including many outside of Activity Centers, that could be potential locations for additional growth.
- As a result, a recent COG analysis found projected new housing anticipated in Activity Centers *and* high capacity transit stations at 68%.
- In 2019, based on data provided by member jurisdictions’ planning departments, COG planners determined these areas can accommodate the additional housing the region needs (75,000 units from Target 1).

Regional Housing Target 2 By the Numbers

In the next 10 years 68% of the 245,000 forecast new units will be in AC and around HCT.	$68\% \times 245,000 = 167,000$
Planning directors determined capacity does exist to add 75,000 more housing units in AC and around HCT. (Target 1)	$100\% \times 75,000 = 75,000$
Total housing units in next 10 years possible in AC and around HCT.	$167,000 + 75,000 = 242,000$
Total units in the next 10 years in AC and around HCT as a proportion of all new housing units by 2030.	$242,000 / 320,000 = 75\%$



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**METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
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RESOLUTION ADOPTING TARGETS TO ADDRESS THE REGION'S HOUSING NEEDS

WHEREAS, the Metropolitan Washington Council of Governments (COG) is comprised of the region's 24 local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives, and COG provides a focus for action on issues of regional concern; and

WHEREAS, in 2018 the Transportation Planning Board's Long-Range Plan Task Force identified a need to bring housing closer to jobs to optimize transportation system performance and recommended that COG advance land use solutions to address this need; and

WHEREAS, at the COG Leadership Retreat in July 2018 the board engaged in discussions on the region's current housing production challenges, housing affordability, and the potential need for additional housing in the future to support likely new job growth; and

WHEREAS, in September 2018 the COG Board passed Resolution R33-2018 directing COG staff, the Planning Directors Technical Advisory Committee (PDTAC), and the Housing Directors Advisory Committee (HDAC) to conduct research to assess the region's housing needs, including the amount of additional housing, location of additional housing, cost bands of additional housing needed, and impediments to housing production; and

WHEREAS, throughout 2019 the COG Board received many presentations and updates detailing the progress and findings of COG staff, PDTAC, HDAC, and additional research being conducted by the public and private sectors; and

WHEREAS, the 2019 COG Leadership Retreat focused on synthesizing the results of the research and focused on three regional housing targets to address Amount, Accessibility, and Affordability; and

WHEREAS, retreat participants agreed that housing production is a regional challenge that needs to be addressed to ensure that the growth of jobs does not continue to outpace the growth of housing, negatively affecting transportation systems, economic competitiveness and quality of life; and

WHEREAS, adopting regional targets will focus efforts and encourage regional collaboration to address the region's unmet housing needs.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The board supports the following regional housing targets:

- 1) Amount: At least 320,000 housing units should be added in the region between 2020 and 2030. This is an additional 75,000 units beyond the units already forecast for this period.

- 2) Accessibility: At least 75 percent of all new housing should be in Activity Centers or near high-capacity transit.
- 3) Affordability: At least 75 percent of all new housing should be affordable to low- and middle-income households.

Furthermore, the board encourages COG member jurisdictions to:

- 4) Share these regional housing targets within their local governments to elected officials, staff, and constituents.
- 5) Adopt targets at the local level to address housing production, accessibility, and affordability within each jurisdiction.
- 6) Work with the non-profit, private, and philanthropic sectors to advance the COG regional housing targets.

12 High-Potential Local Policy Tools to Implement, Expand, or Strengthen

Preserve existing housing units affordable for households with low incomes

1. Provide **loans for property repairs and rehabilitation** so owners of low- and moderate-cost rental housing can maintain and improve their physical condition while maintaining affordability.
2. Maintain an **inventory of properties at risk of loss** to support quick identification and coordination of action by a network of public and nonprofit organizations to preserve the availability, quality, and affordability of this stock.
3. Provide **low-cost capital for property acquisition** and optional rehab to enable nimble intervention and preservation of residential properties by mission-driven organizations that will maintain their availability, quality, and affordability.
4. Invest local resources in the **rehabilitation of public housing** to ensure that the existing public housing stock remains available to meet the needs of households with the lowest incomes.

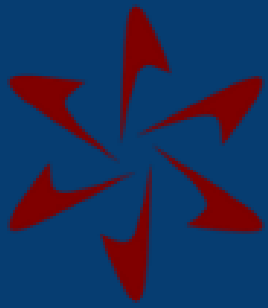
Produce more housing across the affordability spectrum

5. Impose **land value taxation** to discourage speculative land holding, especially of vacant parcels, so that more housing is produced more quickly.
6. Implement **up-zoning** and other density-enabling regulations to enable more housing production at lower costs, especially in areas accessible to economic activity centers.
7. Eliminate or **reduce parking requirements** to allow developers to create more housing units at lower cost.
8. Establish **equitable transit-oriented development funds** to ensure that new development projects near transit include housing affordable for households in the low and middle income bands.

Protect both renters and homeowners from discrimination and involuntary displacement

9. Offer **home purchase assistance** to increase residential stability among households with low incomes and first-time buyers.
10. Create **land trusts, cooperatives, and shared equity ownership** to ensure that opportunities for homeownership remain affordable to households in the low and low-middle income bands, even in extremely high-cost areas.
11. Provide **emergency rental assistance** to reduce evictions and homelessness among households with the lowest incomes.
12. Fund **local housing vouchers** to make existing rental housing affordable for households with the lowest incomes.

Source: Meeting the Washington Region’s Future Housing Needs - September 2019 Report
www.urban.org/research/publication/meeting-washington-regions-future-housing-needs



Capital Region Housing Challenge

Housing Leaders Group of Greater Washington

Autumn 2019

What is the Capital Region Housing Challenge?

This is a multi-faceted, regional effort to secure one billion dollars of new capital commitments for housing affordability by the end of 2020.

New capital will be counted above current baseline levels, with equal goals of \$500 million in new commitments by the private sector, and \$500 million in new public sector commitments, by December 2020.

The Challenge is not the creation of a new fund. Rather, it is a campaign to foster greater regional commitment to investing public and private resources at a higher level of scale to meet regional housing, for both preservation and production needs.

It is clear that new funding secured during the Challenge and via existing efforts will not alone solve all of the region's housing needs, especially for those lower income residents facing greater financial pressures.

As well, the Challenge is focused on a share of the capital aspect of the solution. Land use and cost reduction issues also need to be addressed. HLG will work intentionally and in collaboration with other regional efforts and many diverse stakeholders focused on closing the region's housing affordability gaps.

Our intention is for the Challenge to amplify, not to compete, with individual efforts and priorities.

We want to reinforce a regional common cause, and greater visibility to the spectrum of housing needs, and opportunities, for many public and private stakeholders to take action.

What ways exist to support the Challenge?

Initial options include researching regional capital initiatives to consider for potential contributions, and supporting organizations working to increase state and local public sector investments in housing affordability.



HLG Regional Impact Series Meeting

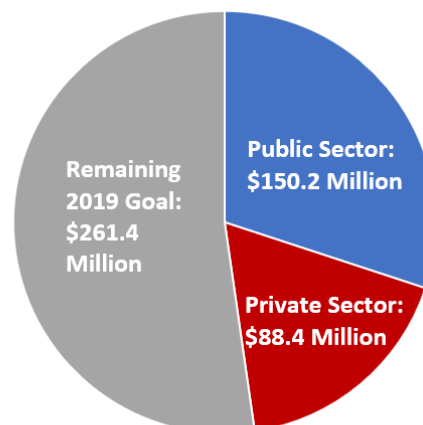
We expect more efforts to be added over time as the HLG continues its outreach and collaboration with other stakeholders across the region.

Will commitments be tracked?

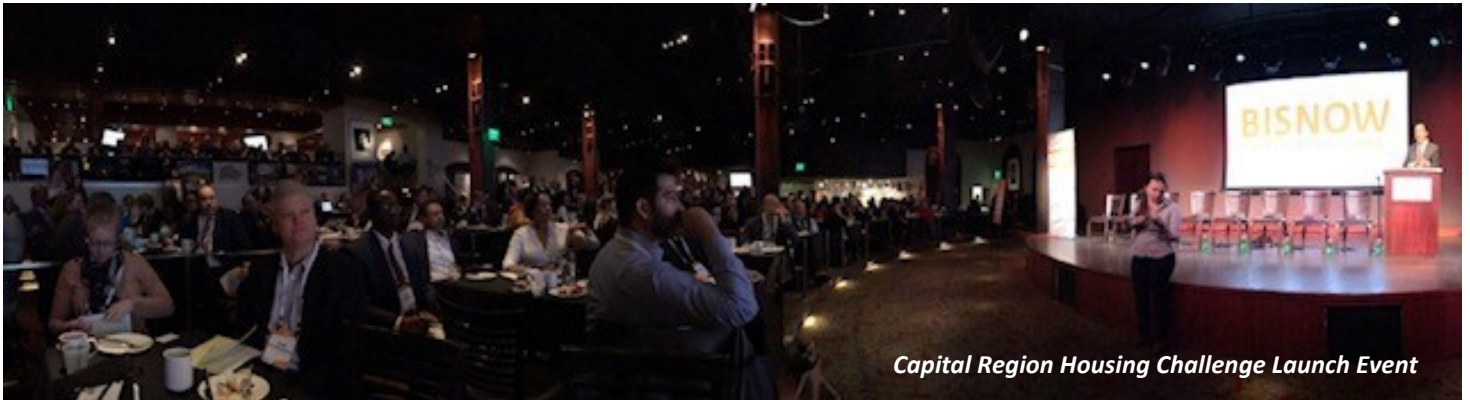
HLG will track net new commitments from governments and private sector contributors directed toward both the production and preservation of rental and ownership housing for households making below 120% of the Area Median Income.

Current progress based on available data is provided in the graphic below:

Progress: \$238.6 Million secured for Housing Affordability



Housing Leaders Group
of Greater Washington



Capital Region Housing Challenge Launch Event

What Metro-area capital programs are available?

A select set of known local and regional initiatives is listed here. It is not intended to be a complete list. HLG welcomes additional efforts designed to meaningfully support housing affordability via program-related, social impact, and other forms of capital investment.

The Greater Washington Community Foundation Partnership to End Homelessness alongside the DC Interagency Council on Homelessness has launched a public-private partnership to end homelessness in the District of Columbia, applying traditional and innovative funding models to increase the supply of supportive housing and to expand nonprofit capacity.

Contact: Silvana Straw,
Senior Community Investment Officer
SStraw@TheCommunityFoundation.org

The Washington Housing Initiative (Federal City Council and JBG SMITH) whose regional DC, MD, and VA objectives are to raise up to \$150 million impact pool of capital to provide secondary financing to preserve or build 2,000-3,000 units of workforce housing in high-impact locations for 15 years committed affordability.

Contact: AJ Jackson, Executive Vice President
BAJackson@jbgsmith.com

Metro IAF Community Restoration Fund, LLC, raises capital to finance the acquisition, pre-development expenses and development of real estate for affordable housing and neighborhood revitalization.

Contact: Martin Trimble, Supervising Officer
MPTrimble@mac.com

Montgomery Housing Partnership is a leading provider of affordable housing and resident services, is currently preparing for a comprehensive capital campaign, including a “quick strike” fund to preserve and create additional affordable housing. This fund will combine philanthropy and impact investments from individuals and organizations to help finance acquisitions.

Contact: Robert Goldman, President
rgoldman@mhpartners.org

Jubilee Justice Housing Partners, LP is an innovative social investment that provides fast strike capital designed to facilitate Jubilee’s purchase of some of the last remaining affordable housing development opportunities in Washington, DC. This innovative fund has purchased multiple properties.

Contact: Jim Knight, President, Jubilee Housing
JKnight@JubileeHousing.org.

Capital Impact Partners Investment Notes, rated A+ by S&P, provide a unique opportunity for individuals and organizations to invest in our nationwide efforts to create impact for underserved communities. Capital Impact Partners is a national nonprofit Community Development Financial Institution. Funding will increase access to critical social services, including health care, education, healthy foods, affordable housing, cooperatives, and dignified aging facilities in underserved communities nationwide.

Contact: Jessel Amin,
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AGENDA ITEM #11

OTHER BUSINESS

AGENDA ITEM #12

ADJOURN