

# Financing Tools

The federal government, the District, and private interests can use a variety of funding tools to implement components of the Ecodistrict recommendations. In some cases, it may be appropriate to use an agency's existing funding resources. However, it is more likely that implementing the *SW Ecodistrict Plan* recommendations will require new funding approaches. Given the largely public ownership interests in the area, a combination of any number of partnerships among the federal government, the District, another public entity like WMATA, and the private sector offer significant opportunities to leverage resources. This is possible because the plan's recommendations achieve broad benefits that extend to the federal government, to the District, its workers and residents, and to existing property owners in the area. Potential financing mechanisms include:

## FEDERAL GOVERNMENT FUNDING SOURCES

- › Capital budgets: Agencies could prioritize projects in annual budgets.
- › Congressional appropriations: Congress could appropriate money for individual projects.
- › Land dispositions: GSA is allowed to use money from the disposition of federal land to reinvest in GSA buildings and sites.
- › Federal grants: The federal government offers grants to state, regional and local jurisdictions and to public and private entities. These grants include the Better Buildings Initiative (DOE), the Sustainable Communities Initiative (DOT/EPA/HUD), and TIGER Grants (DOT).
- › Federal payment to a BID: The federal government can make payments to business improvement districts (as it does with the Downtown BID) to receive services provided by the BID.
- › Federal bonds: Build America Bonds program expired in 2011 but other programs could exist in the future.

## THE DISTRICT

- › Capital budgets: Agencies could prioritize projects in annual budgets.
- › Tax Increment Financing (TIF): TIF creates funding for public projects by borrowing against the future increase in property-tax revenues. The District of Columbia uses the TIF tool for projects that create a public benefit such as the Great Streets Program or affordable housing.
- › Payments in Lieu of Taxes (PILOT): Pilot funds allow the District to collect funding that replaces lost property tax revenues on federally owned property or other non-taxable entities. PILOTs can also be made with private entities as part of public/private partnerships for development.

- › Freeway air rights Title 23 funds: If the FHWA approved the sale of the air rights over the Southwest Freeway, the District is allowed to use the money from the sale to reinvest in Title 23 eligible projects (i.e. road infrastructure).
- › Local Improvement District (special assessment district): see "partnership" section below.

## PRIVATE

- › Private development: New construction could be financed by private investors.
- › Energy saving performance contracts: A company pays the upfront investment for energy-efficiency renovations and retrofits in a building in exchange for payments from energy savings over time.
- › Special purpose entity for Water/Energy Systems: A privately- owned entity could build, own, and operate a district-scale water or district-energy system (with revenue coming from energy/water sales and local credits).

## PARTNERSHIPS

- › Public private partnerships for site redevelopment: The federal government could partner with the private sector to develop a new federal building in exchange for federal land.
- › Enhanced-use Leases: A company is allowed to develop government land with renewable energy or other projects in exchange for payment or in-kind services such as reduced-rate energy.
- › Local Improvement District Tax Assessment: A special assessment could be levied against property within the Ecodistrict to fund infrastructure/ public realm projects in the ecodistrict. The basic principle is that it is a charge imposed upon property owners who receive special benefits from the improvement beyond the rest of the community. While federal government land cannot be assessed, an alternate form of payment could be considered.
- › Special purpose entity/partnerships for energy and water systems: This model would be a shared district system between the local and/or federal government and a private entity.