



# Grants Committee Report

July 24, 2023

## Special topic: Capital Projects/Large Capital Projects (LCP)

- **Ongoing community Feedback on Legislation**
  - 30-minute conversations with 31 organizations thus far
    - Representatives across seven of eight wards
    - Representing annual organization budgets of <\$200,000 to >\$17,000,000
    - Reflecting a wide variety of arts and humanities disciplines
  - Core findings and initial response
    - **75% of respondents** were not aware of the legislation or the pending grant program

Passed Legislation	Commission Suggested Rule	Suggested Changes to Legislation
<p><b>1. The minimum award for a Large Capital Project grant for facility improvement will be \$900,000</b></p>	<p>a. Cap the maximum award to \$1,500,000.</p>	<p>i. The minimum award amount should start at \$500,000.</p> <ol style="list-style-type: none"> <li>1. Based on community feedback, most organizations will never encounter a \$900,000 project. Even large organizations encounter far more \$500,000 projects.</li> <li>2. This adjustment would resolve the gap of project award sizes between the Large Capital Project grant and Capital Projects (FAB).</li> </ol>
<p><b>2. Applicants must either own the facility to be improved or possess at least a 30-year lease on the facility to be improved</b></p>	<p>a. The 30-year lease criteria can include both lease history and extensions.</p> <p>b. The 30-year lease also includes other legally-bound terms of occupation or possession. This can include residence by Congressional mandate, by Federal/District government agreement, and similar.</p>	<p>i. Regardless of the lease term, the criteria should additionally permit applicants intending to own a facility upon the project's completion.</p> <ol style="list-style-type: none"> <li>1. 60% of surveyed organizations hope that this grant would fund facility purchases.</li> <li>2. A facility purchase is the largest project most organizations will pursue.</li> </ol> <p>ii. The lease term requirement should be reduced to 15 years.</p> <p style="padding-left: 20px;">Based on community feedback, 30-year leases do not exist in a traditional landlord arrangement.</p> <p>ii. The lease criteria should additionally permit an intent to lease contingent on the receipt of award funds.</p> <p style="padding-left: 20px;">Community feedback indicates that this can encourage landlord negotiations and increase organizational stability.</p>

Passed Legislation	Commission Suggested Rule	Suggested Changes to Legislation
<p><b>3. Approved projects will improve a facility with a tax valuation of at least \$1,000,000</b></p>	<p>a. Facility purchases qualify as an eligible facility improvement. As such, applicants that possess a 30-year lease on a sufficiently-valued property should be eligible to purchase that property.</p>	<p>i. The amount should be lowered to \$500,000</p> <p>1. Survey respondents, particularly those in Wards 7 and 8 said their property does not meet the tax valuation threshold. Based on circumstances beyond their control, they would be ineligible to apply for the largest CAH grant.</p>
<p><b>4. In the same fiscal year, grantees cannot receive a grant from both Capital Projects programs</b></p>	<p>a. No additional rule recommended</p>	
<p><b>5. Grantees cannot apply for another Large Capital Project award for the following two fiscal years</b></p>	<p>a. No additional rule recommended</p>	
<p><b>6. (No legislated reference)</b></p>	<p>a. The applicant provides a measurable plan committed to inclusion, diversity, equity and access for constituents, staff, board, and their broader communities; The project increases access for DC residents according to geography, race and ethnicity, ability, discipline, or other categories; the project increases arts and humanities residential and/or studio spaces</p>	

## **ATTACHMENT 1.**

### **Fiscal Year 2024 Budget Support Act of 2023, Sec. 2161 (b)**

#### **Large capital grants program**

(a) There is established within the Commission a Large Capital Grants program to provide subgrants to eligible organizations for the purpose of funding large capital grants for facility improvements in an amount exceeding \$900,000 per grant.

(b) Eligibility for a large capital grant shall be limited to organizations that:

(1) Own the facility to be improved in fee simple, or hold a lease the facility to be improved on a long-term basis of greater than 30 years; and

(2) Use the grant to improve a facility with a real property tax assessment of \$1 million or more.

(c) An organization awarded a large capital grant pursuant to this section shall not be eligible for a grant to fund capital projects pursuant to section 6(c-1)(2)(A)(i) in the same fiscal year.

(d) An organization awarded a large capital grant pursuant to this section shall not be eligible for a large capital grant for two subsequent fiscal years.

(e)(1) The Commission, pursuant to Title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*), shall issue rules to implement the provisions of this section. Such rules shall set forth eligibility and disbursement requirements in addition to the requirements in subsection (b) of this section.

(2)(A) By November 1, 2023, proposed rules for implementation of this section shall be submitted to the Council for approval.

(B) If the Council does not approve or disapprove the proposed rules submitted pursuant to subparagraph (A) of this paragraph, in whole or in part, by resolution within a 60-day period that commences on the date of their submission to the Council and excludes days of Council recess, the proposed rules shall be deemed approved.

(C) The Commission may not advertise or award any grants under this section until the Council has approved the proposed rules in whole or in part or the proposed rules are deemed approved pursuant to subparagraph (B) of this paragraph.