

Statement of the Honorable Eleanor Holmes Norton
The New DHS Headquarters at St. Elizabeths: Local Business Opportunities

Welcome to today's hearing entitled "The New Federal Headquarters at St. Elizabeths: Local Business Opportunities" concerning an unprecedented federal development to be located on the federally owned West Campus of St. Elizabeths Hospital in Anacostia in Southeast Washington. This property is the only significant federal site in the District of Columbia available for federal development. This construction will mark the first decision by the federal government to place a federal agency east of the Anacostia River since the District was established.

In 1984, Congress authorized the transfer of the St. Elizabeths East Campus to the District of Columbia in Public Law 98-621, the St. Elizabeths Hospital and District of Columbia Mental Health Services Act, and that transfer occurred in 1987. However, the federal government has insisted on retaining the West Campus because of the savings from building on its own land, because of the presence of two Metro stations and other public transportation, and because of the accessibility and proximity of the site to other federal agencies in the District. The federal government will break ground next year on its 176 acre West Campus site. The components identified for consolidation are the DHS Headquarters, the Transportation Security Administration, Customs and Border Protection, Immigration and Customs Enforcement, the Federal Emergency Management Administration, and the United States Coast Guard. An addendum for inclusion in the record follows my written statement describing the evolution of the federal land, from the establishment of St. Elizabeths as a state-of-the-art mental institution in 1855, when local government here was in the exclusive control of the federal government, to today.

The General Services Administration (GSA) and I have always worked closely with the community and the District government concerning planned federal development. This cooperation has been as beneficial to local communities as to the federal government because federal construction that brings federal employees and federal business to an area has unfailingly sparked local retail and commercial development. For example, the development of the M Street SE neighborhood was an almost exact parallel of Martin Luther King Jr. Avenue, the main commercial thoroughfare that borders St. Elizabeths. Blocks of abandoned, federally owned and blighted land in the M Street SE community deterred development for decades in the adjacent communities. Change could not and did not occur as long as two vast federal properties responsible for the decay, the 66 acre Navy Yard remained a nearly empty relic and the 57 acre Southeast Federal Center continued as an unsightly and abandoned brown-field. When we were able to get a government agency, the Naval Sea Systems Command, to come to the Navy Yard, M Street almost spontaneously developed. With the assistance of the Great Streets initiative, developed by the Williams administration and help from officials at the new Navy Yard, 5,000 new federal employees helped spur retail. Structural changes and improvements were made to the 8th Street SE corridor, which had been largely moribund. New restaurants and amenities that serve local residents and federal employees alike resulted from the federal partnership with the city,

local businesses, and residents. Nevertheless, the adjacent, abandoned Southeast Federal Center property continued to stunt full development until Congress passed our Southeast Federal Center Act. We have tried to replicate that Act to benefit other communities here and elsewhere, but federal scoring procedures stand in the way.

This hearing continues the process we began shortly after the federal government funded the new DHS headquarters. In 2006, we held a town meeting, where top GSA, Coast Guard and District officials participated in the standing-room only meeting, taking questions from residents. The GSA has continued to assure community participation, in countless meetings, working with Ward 8 residents by informing them of developments and getting their feedback to assist federal authorities in making decisions. The project has been well received by community residents, who are sick of decades of blight and decay from the huge abandoned federal property in their midst and are hopeful that the new headquarters will help spur retail and other efforts underway to secure increased commercial development. In September 2007 GSA and I cosponsored a small business forum on opportunities that will become available.

This is the first congressional hearing on the new headquarters development, aside from the prescribed authorizing and appropriation proceedings. This hearing is intentionally devoted to local interests and concerns in light of the challenges that must be carefully thought through, by all concerned, regarding the unprecedented nature of this project. Witnesses representing Ward 8 and other local business leaders will testify; Mayor Adrian Fenty was invited, but he was unavailable.

The federal government is crossing the Anacostia with one of its most prestigious and important agencies at a time when Wards 7 and 8 are seeking to become destination points like the rest of the District. The city is looking at the option of building a soccer stadium for D.C.'s champion soccer team, D.C. United, on the Poplar Point site, authorized for transfer to the District last year by our bill, Public Law 109-396. Last Friday, Giant opened the largest supermarket in the region in the Camp Simms section of Ward 8, using federal New Market Tax Credits.

The new headquarters carries significant promise if local residents and businesses and the federal and local governments work and plan closely together. We focus particularly on local concerns today because D.C. residents and businesses alone will have to live with the headquarters. A continuing complaint of Ward 8 residents has long been that, despite hosting the greatest number of housing starts in the District, even the most basic retail has not followed the Ward's growing population. We cannot afford to assume that the retail and commercial development that the community most needs and desires will arrive spontaneously, in part because prime parts of the headquarters property will be enclosed by a long wall that must be preserved because of its historic significance. Consequently, large portions of MLK, Jr. Avenue will continue to be unavailable for the local retail activity that usually follows federal workers. It is important for all concerned to begin assessing now where development is likely to occur and what sort of development should be encouraged. Special attention to long-neglected community concerns and close cooperation between the D.C. and federal governments will be

necessary to assure that the needed high quality retail and other businesses are attracted in a manner consistent with maximizing the potential generated by the presence of 14,000 federal employees.

There is no magic formula for success, but the pieces appear to be aligned – a community that has thought long and hard about economic development in the ward; a major federal headquarters coming to the neighborhood at St. Elizabeths; development opportunities from the federal land transfer of the poplar Point site; and a long tradition of federal and local collaboration to assure mutual benefit. If all roll up their collective sleeves to get the job done together, we will not fail. However, an indispensable step for all concerned should be to look to the community for advice and counsel. We continue that process with today’s hearing.

Addendum to Statement of Honorable Eleanor Holmes Norton on “The New Federal Headquarters at St. Elizabeth’s: Local Business Opportunities.”

The Department of Homeland Security (DHS) was created in 2002 to protect the nation from terrorist attacks and natural disasters. In order to improve management of the 22 disparate agencies within DHS, the administration and the Congress have pursued a program to house some of the critical elements of DHS on the West Campus of St. Elizabeths Hospital, located in the Anacostia section of Ward 8.

The St. Elizabeths site is bisected into two campuses by Martin Luther King Jr. Avenue SE. The East Campus, which was transferred to the District of Columbia in 1987, comprises 154 acres and now houses the D.C. Unified Communications Center and a local mental health facility under construction.

The West Campus of St. Elizabeths consists of 183 acres of land and 61 buildings with approximately 1.1 million square feet under the custody and control of the General Services Administration (GSA). It is located in the Congress Heights neighborhood of Ward 8. The site occupies an expansive bluff overlooking the Anacostia River, with unique views of Washington, D.C. that will be preserved and will remain accessible, approximately three miles from the U.S. Capitol. The entire West Campus, including buildings and landscaping, was designated a National Historic Landmark in 1990. The West Campus is bounded by Martin Luther King Jr. Avenue to the East, Interstate 295 to the West, Barry Farm Dwellings to the North, and Shepherd Park/Congress Heights to the South.

The Anacostia neighborhood is centrally located, has excellent Metro services, and unique topography with its sweeping views of the Capitol, the Anacostia River, and National Airport. With more housing starts than any other Ward, the Ward 8 population is growing, and the new home ownership rate is rising. Unfortunately income and employment rates continue to lag behind the rest of the City. However, household growth projections indicate an increase of about 32 percent in households, marking a major shift

in population after over five decades of decline. Most desired by the community are additional retail outlets, especially supermarkets and “sit-down” restaurants.

Currently, GSA is working with consultants to assemble a master plan for the consolidation of some of the most important component agencies of the Department of Homeland Security to accomplish the agency’s mission post-9/11 of bringing together agencies that must work jointly to prevent and respond to terrorist events and natural disasters in this country. The Department will relocate federal tenants currently in leased space to federally owned space. Unlike lease payments, placing federal employees in government owned space enhances the vitality of the Federal Building Fund (FBF) because lease payments are directed to the FBF rather than private developers. GSA also has as its mission maintaining and preserving St. Elizabeths as a National Historic Landmark, including many of its historic buildings for reuse.

St. Elizabeths Hospital, founded by Dorothea Dix, began operations in 1855 as one of the nation’s first mental health hospitals. In addition, during the Civil War the hospital housed wounded Union soldiers. For the next century St. Elizabeths hospital was a mental health hospital. During its peak use in the mid 1960’s it housed as many as 7,000 patients and it employed 4,000 people.

Early history of land east of the Anacostia suggests that this land was devoted to tobacco farming. Anacostia was originally included within the bounds of the Federal City as a line of military defense, as well as an opportunity to claim the commercial and recreation potential of the Anacostia River. As early as 1790 developers anticipated the establishment of a port at the confluence of the Anacostia and Potomac Rivers. This positioning would lead to the development of Southeast Washington. Directly across the river in southeast, the Washington Navy Yard began construction in 1799 and became the Navy’s first home port. In the 1820’s, the town of Good Hope was established on the southbound road near the bridge leading to the Navy Yard. In 1854, 240 acres were purchased by local developers to build a new community to appeal to Navy Yard workers. After the Civil War, in 1865 under the direction of General Oliver O. Howard, 375 acres known as Barry Farm were purchased in Anacostia to develop as a community to enable slaves to become home owners. The freedmen worked in the city during the day and walked at night to Barry Farm to develop their land and construct their homes.

In the decades after the Civil War, official and downtown Washington developed in northwest rather than the southeast. The Depression and post World War II periods were not kind to Anacostia. A large portion of the vibrant Barry Farm community was demolished to make way for public housing. The fragmentation created by the Suitland Parkway added to the area’s decline. Additional roadways and bridge approaches further cut off this section from the rest of the city.

Today, the area east of the Anacostia is ripe for business development. Last year we got Congress to enact P.L. 109-396, “The Federal and District of Columbia Government Real Property Act of 2006,” that directed the transfer of Poplar Point, 110 federal acres along the Anacostia river, to the District of Columbia for mixed use development. These anticipated developments a mile from St. Elizabeths along with the

consolidation of the DHS headquarters on St. Elizabeths West Campus represent a unique opportunity for Ward 8 small businesses and the District itself. We also anticipate additional opportunities for residents to participate in the building of the Department of Homeland Security through an apprenticeship program we previously negotiated with the GSA, which requires an apprenticeship training program to be a part of the competitive bidding process on all GSA building projects in the National Capital Region. This program has been successful in providing local residents with job opportunities.

There is no magic formula but the pieces are all here for success – a new, stable federal presence in the neighborhood, a city ready to participate along with the Federal Government, and local business based groups who will roll up their collective sleeves to get the job done.