Building DC’s Local Economic Infrastructure

The Case for a Land Bank, a Public Bank, and the Staff to Move it Forward

DC Community Wealth Builders (CWB) Coalition | @dccommunitywealth | dccommunitywealth.com

The Problem: Economic Development That Doesn’t Develop

DC’s primary economic development strategy has been built on attracting and retaining corporations through tax incentives, subsidies, and land giveaways. This model is fragile, expensive, and deepens inequality, which is itself bad for the economy. When wealth concentrates at the top, local consumer demand weakens, small businesses lose customers, and the civic trust needed for a functioning city erodes.

The costs are not abstract. The RFK development will cost more than $230,000 per job in public subsidies for positions that are overwhelmingly temporary and that pay a fraction of that per year. Major grocery chains still refuse to come east of the river regardless of incentives offered. Developers continue building the same types of housing, leaving the city perpetually short of permanently affordable and family-sized units. Outside corporations leave when conditions change, taking the jobs and services communities were promised.

DC does run small-scale, local-business-focused programs: Main Streets, small grants, CBE contract carve-outs, and a handful of CDFI relationships. But these tools are tiny in aggregate, only a few grants to a few businesses at a time. And they require navigating bureaucracy or political relationships that most small businesses cannot access. The result is that DC has the stated goals of hiring local (First Source) and buying local (CBE), but consistently cannot find enough locally-rooted businesses and workers to meet those requirements. You cannot buy local if local businesses never get big enough to sell.

What’s missing is local economic infrastructure: shared financial systems that let small and local businesses grow at scale, not just the few who win a grant or get a political introduction.

The Vision: Financial Infrastructure Over Corporate Incentives

CWB’s framework starts from a different premise: the way to create broadly shared prosperity is to build the underlying infrastructure that allows many businesses, organizations, and sectors to thrive instead of picking winners one grant at a time. Just as public roads, water systems, and schools are shared infrastructure that makes all economic activity possible, public financial infrastructure can lower the cost of doing business locally, reduce dependence on extractive private finance, and keep wealth circulating in DC communities.

The two most transformative pieces of local financial infrastructure DC could build right now are:

- A Land Bank: a quasi-governmental authority with special powers to acquire, hold, and dispose of vacant and tax-delinquent properties faster, more transparently, and at below-market prices for community development. This is about getting properties back on the tax rolls without the waste of politically captured disposition processes.
- A Public Bank: a DC-owned financial institution that leverages the city’s massive reserves and deposits to finance the kinds of permanently affordable and community-needs-meeting development that big banks routinely pass on. This can also generate revenue, recapture the interest DC currently pays to Wall Street, and facilitate all sorts of other economic goals.

Together, these institutions would make affordable development financially viable again by removing speculative pressure from public land and offering below-market financing that the private sector will never provide at scale.

The Land Bank: DC's Idle Assets, Put to Work

In 2020, DC owned over 2,000 vacant properties with an assessed value of $3.5 billion (approximately 11% of total DC government assets) sitting off the tax rolls and generating no revenue. The District also auctions tax liens to private investors each year, creating a predatory cycle that strips equity from homeowners of color in Wards 7 and 8.

The existing property disposition process (DC Code §10-801) takes 12 to 38 months from initiation to completion. This is too slow for community development deal-making. By the time DC finishes its process, project financing windows close, community land trust agreements fall apart, and affordable housing opportunities are lost. Meanwhile, well-connected developers navigate around the bottlenecks.

A DC Land Bank Authority (DC LBA) would have special powers current agencies lack:

- Super bid at tax foreclosure sales: acquiring tax-delinquent properties before they go to private speculators
- Tax-free holding during inventory periods: eliminating the carrying costs that make long-term public land management unworkable
- Title clearing authority: removing the legal encumbrances (unpaid taxes, judgment liens, multiple claimants) that freeze development
- Expedited disposition: transferring properties to qualified buyers in 6–12 months instead of 12–38
- Full pricing discretion: selling at below-market prices to CLTs, nonprofits, affordable housing developers, and small businesses

Roughly 120 land banks are already operating across the US. Fulton County/Atlanta's Land Bank Authority has been returning land to productive use since 1990. Denver's Urban Land Conservancy banked land near transit corridors to hold for nonprofit affordable housing developers. New York City's Comptroller estimated that a land bank there could support development of over 53,000 permanently affordable units on vacant city-owned properties alone.

The Public Bank: DC's Reserves, Working for DC

In 2020, the District managed more than $12 billion in funds across dozens of deposit accounts at commercial banks. These deposits generate returns for Wall Street institutions rather than for DC's communities. Meanwhile, DC pays fees and interest to private bond holders in order to borrow money. A public bank would close these loops: interest and returns would flow back to the District's general fund rather than leaving the jurisdiction permanently.

The proof of concept is the Bank of North Dakota (BND), founded in 1919 and still operating. BND is a state-owned wholesale bank that holds state deposits and participates in loans alongside 72 community banks and credit unions. It has an A+/Stable S&P credit rating, a net charge-off rate under 15 basis points annually for a decade, and posted $192.7 million in net income in 2023. North Dakota had consistent budget surpluses during the years following the 2008 financial crisis. When private interbank lending froze, BND provided $318 million in liquidity lines to 95 community financial institutions, keeping them solvent. This is not a fringe experiment; it is a 105-year track record.

For DC, a public bank could:

- Finance affordable housing construction and acquisition at below-market rates, making projects pencil that LIHTC alone cannot support
- Provide wholesale capital to CDFIs and community banks, amplifying the institutions that already serve DC's underbanked communities and businesses (not replacing or competing with them)

- Purchase DC's own municipal bonds, eliminating underwriting fees and rating agency gatekeeping, and returning interest payments to the general fund
- Finance infrastructure, shared cost centers for small businesses and nonprofits, and other business sectors that aren't served by the current financial system

The Prior Studies: What They Found, What They Missed, and Where They Fall Short

DISB Public Bank Feasibility Study (2020)

In FY2018, the DC Council directed the Department of Insurance, Securities and Banking (DISB) to study a public bank, growing out of a 2017 resolution to divest from Wells Fargo over its Dakota Access Pipeline financing. DISB hired NYMBUS Corporation as prime contractor, with Econsult Solutions as subcontractor.

The conflict of interest here matters: NYMBUS is a fintech company that sells cloud-based core banking software to private banks and credit unions. Its business depends on private financial institutions. Commissioning a company that profits from the private banking system to study whether DC should create a public bank is structurally analogous to hiring a private prison company to study criminal justice reform. The study's cautious conclusions reflect this posture.

What the DISB study got right: It mapped a useful spectrum of public bank models (Levels 1–6, from city programs through a full retail bank), confirmed DC has the legal authority to charter a bank through DISB, and honestly identified the central constraint: the $50–60 million capitalization requirement. It also confirmed the scale of DC's unmet financial needs: 8% of households unbanked, 21% underbanked, and 80% of DC's 216 bank branches located in Northwest (although banking these communities would only be a potential future possibility the Public Bank could create).

What the DISB study missed or got wrong:

- No analysis of debt service savings: Focus groups explicitly raised "how a public bank could save the District money on debt service," and the study never modeled it. This is arguably the strongest financial case for a public bank and was left unquantified.
- No long-term financial model: Projections are point-in-time snapshots, not trajectories. BND took years to become profitable; a 20-year model would show a very different picture.
- Treated CDFIs as substitutes for a public bank, not complements: The study rated affordable housing impact as "low" because DC already has DCHFA, ignoring that a public bank's wholesale capital would amplify CDFI capacity, not duplicate it. FDIC data shows community banks hold 36% of small business loans nationally but are consolidating rapidly; the public bank's role is to backstop them.
- No opportunity cost analysis: What does DC lose annually by keeping $3B+ in deposits at commercial banks instead of in a public institution that recycles interest internally? This number is calculable and was not calculated.

DGS Land Bank Authority Proposal (2020)

The Department of General Services produced a detailed internal proposal for a DC Land Bank Authority in February 2020: a thoughtful, evidence-based design grounded in comparative analysis of 10+ state programs. It was presented to internal stakeholders and then stalled, almost certainly because COVID-19 diverted political attention in March 2020.

Its gaps: governance accountability is underspecified (board composition and appointment process are not fully designed, leaving the land bank vulnerable to capture by developer interests - the same political corruption the land bank is meant to cure). The three proposed funding sources are named but not stress-tested for adequacy. There is no analysis of how the land bank connects to the financing ecosystem, and no long-term affordability preservation mechanism (deed restrictions, CLT requirements) to prevent below-market properties from being flipped.

Both studies are now five years old. Neither has been acted upon. The policy case has only gotten stronger, and DC's current fiscal pressure makes the revenue-generating potential of both institutions more relevant than ever.

Building on What DC Already Has

The good news is that DC does not need to start from scratch. Two existing institutions provide the foundation for a phase-in approach that avoids the full upfront capitalization cost the DISB study flagged as the central constraint:

DC Housing Finance Agency (DCHFA)

DCHFA already issues bonds, finances affordable housing, and operates as a quasi-public financial institution. A public bank for broader community investment (covering small business infrastructure, green infrastructure, and community development alongside housing) is an extension of what DCHFA already does, not a wholly new concept. DCHFA could be the legal vehicle for expanding into Level 3 (revolving loan fund) or Level 5 (wholesale bank) functions without requiring a new charter from scratch.

DC Green Bank

The DC Green Bank already does green infrastructure financing. It operates at Level 3–4 on the DISB spectrum. A public bank partnership or expansion of the Green Bank's mandate would capture significant community development financing capacity at lower political cost than a new institution.

The Phase-In Path

DC does not have to go from nothing to a full retail bank (Level 6). The DISB spectrum offers a sensible escalation:

- Near term - Level 3: A revolving loan fund, likely housed within or adjacent to DCHFA, that buys down interest rates on land bank acquisition loans made by CDFIs and community banks. No new bank charter required. Achievable under existing authority.
- Medium term - Level 4/5: An economic development corporation or wholesale bank that pools DC government deposits and deploys them through CDFIs and community banks like the BND model. Requires new charter but leverages existing DCHFA and Green Bank relationships.
- Long term - Level 5/6: Full BND-style wholesale bank, potentially with limited retail functions for unbanked populations. Built incrementally from the infrastructure established in earlier phases.

How the Land Bank and Public Bank Work Together

The most powerful design is not two separate institutions but an integrated pipeline: Land bank acquires a vacant or tax-delinquent property and clears title. Public bank or revolving loan fund finances the acquisition and development at below-market rates. A community land trust or nonprofit takes permanent ownership with deed restrictions. The property never returns to the speculative market. The development of affordable housing, grocery stores, childcare centers, and shared commercial spaces like Union Market start to generate tax revenue, jobs, and services that the incentive-driven model has chronically failed to deliver.

The practical integration model recommended: keep the two as separate entities with separate balance sheets and regulatory treatment (important because Basel III capital adequacy rules treat real property holdings punitively, which would penalize a bank that directly holds land inventory), but connect them through a dedicated revolving fund. The public bank purchases down land bank acquisition loan rates, participates in 50–80% of qualifying loans, and recirculates interest. The land bank clears title and moves properties. CDFIs and community banks originate loans with public bank participation. This is the Bank of North Dakota PACE model applied to DC's community development needs.

NYC provides a live precedent: in 2026, Mayor Mamdani suspended New York City's predatory private tax lien sale (absorbing an $80M near-term revenue hit) and the City Council is replacing it with a nonprofit land bank designed to work out payment plans with owners and redevelop delinquent properties as affordable housing. The standard objection to this kind of reform is the revenue cost. Mamdani absorbed it. That precedent weakens the "we can't afford to stop" argument in DC.

The Ask: An FTE to Build the Infrastructure That Builds the Infrastructure

CWB is not pushing for more studies or legislation this budget cycle. We are asking for one employee (although it would be even more successful if we have one in each of the three most relevant agencies) whose job is to do the design work that makes legislation possible and implementation real.

Specifically, we are asking for a dedicated FTE added at DMPED, and ideally parallel FTEs at DGS and the CFO's office, to:

- Fill the gaps in the 2020 DISB and DGS studies: model debt service savings, stress-test the land bank funding model, design governance accountability structures, develop a long-term financial trajectory for both institutions
- Work across DCHFA, DC Green Bank, DGS, CFO, DISB, DMPED, and other agencies to develop a phased implementation plan using existing institutional capacity
- Design the revolving loan fund model that connects land bank disposition to public bank financing without requiring a new bank charter in the near term
- Develop the legislative and regulatory pathway for a Level 5 wholesale bank over a multi-year horizon
- Let the Mayor begin to implement transformative financial structures that save the city money and develop affordable community assets starting with what already exists

This is the minimum viable investment to move from two stalled 2020 studies to a real implementation plan. One person at DMPED to design local financial infrastructure is not a big ask. It is, in fact, the smallest possible next step.

Resources for Learning More

On Public Banking

- Public Banking Institute - publicbankinginstitute.org - the central hub of the US public banking movement: model legislation, implementation guides, active campaign tracking, and connections to advocates in cities running public bank campaigns
- Bank of North Dakota 2023 Annual Report - bnd.nd.gov - the 105-year proof of concept, with $192.7M net income and A+/Stable S&P rating

- FDIC 2020 Community Banking Study - fdic.gov - documents community bank consolidation and the resulting gaps that a public wholesale bank would backstop
- Ferguson & Suksawat, “Reclaiming the Public Interest,” MR Online (March 2026) - the core argument for cities purchasing their own municipal bonds through a public bank
- Haas Institute, “Doubly Bound” - documents how cities with majority-minority populations pay structural premiums in the private bond market

On Land Banks

- Center for Community Progress - communityprogress.org - the leading national technical assistance provider for land banking: model legislation, implementation guides, and case studies

DC-Specific Studies

- DISB Public Bank Feasibility Study (2020) - the foundational DC study, with both its useful data and its noted gaps
- DGS Proposed DC Land Bank Authority (2020) - available on request from DGS - detailed design for a DC Land Bank Authority with comparative state analysis