Urban

Why D.C.'s Affordable Housing Protections Are Losing a War with Economics

In the nation's fastest-gentrifying neighborhood, some of the strongest affordable housing protections haven't been enough to keep lower-income residents from being priced out of their homes.

J.B. Wogan | February 2015

This story is part of a *series on gentrification, which [appears online](#) and in the February 2015 print issue.*

A mural outside the Harriet Tubman Elementary School in Columbia Heights, a neighborhood not far north of downtown Washington, D.C., depicts portraits of residents. Each one pairs with a different comment about Columbia Heights: "It's diverse." "It's musical." "It's lively." Next to one painting of an African-American teenage boy, the observation is more ambivalent: "It's changing."

In fact, Columbia Heights already has changed a great deal. Tubman Elementary is in the center of the D.C. "riot corridor," where protestors damaged and burned businesses in reaction to the assassination of Martin Luther King Jr. in 1968. More than half the property on 14th Street NW, the neighborhood's main north-south thoroughfare, remained vacant for the next 30 years. Most of the people who lived in the area during that time were black and poor.

A traveler returning to Columbia Heights today after even a 10-year absence would scarcely recognize the place. Gone are the retail establishments that served the community through the years of disinvestment: the 1950s-style waffle shop, the laundromats, the barbershops where neighborhood men used to congregate. They have been replaced by frozen yogurt shops, a vegan bakery, a Greek tapas restaurant and a coffee shop specializing in crepes. The new Columbia Heights has an upscale grocery store, bike rental stations and many, many dog walkers.

The changes are visible as soon as you exit the subway station, which was built in 1999 and was largely responsible for kicking off a period of rapid construction nearby. On the same block as the station now stands a huge shopping center with several big box stores such as Target, Staples, and Bed Bath and Beyond. Walk up the street and you'll pass two Starbucks. At the neighborhood's busiest intersection, 14th Street and Park Road, there's a 1920s-era movie theater -- shuttered for more than 20 years -- that's become a mix of condo units, restaurants, a bank and a performing arts center. Restaurants, bars and nightclubs line the main streets and keep Columbia Heights humming (and generally safe) long after the sun goes down.

The city helped engineer this change. In 2003, then-Mayor Anthony Williams set a goal of attracting 100,000 new residents to D.C. and reversing decades of population decline. "He made us all stretch," says Stanley Jackson, who was the deputy mayor of planning and economic development under Williams. "It was a target, and we all worked feverishly to try to achieve that." By 2014, according to the Census Bureau, the population was up by nearly 90,000 from its low point of 572,059 in 2000. The Williams administration added employees in the planning office, who then drafted neighborhood investment strategies that could be implemented in short order, including one for Columbia Heights. The city used financial incentives to encourage the private market to build dense housing, retail and office space around transit corridors. City planners hoped walkable, mixed-use development would bring in working adults and boost city tax revenues.

In Columbia Heights, the Williams administration believed a subway station, coupled with a few key anchor retail stores, would bring about broad-based revitalization in a comparatively short time. To make the area more attractive, the city also invested $138 million in new or remodeled schools, parks, a recreation center and a civic plaza. The neighborhood started growing again in the early 2000s, increasing its population by 6 percent between 2000 and 2010, and has continued to gain momentum in the years since. In 2012, the Fordham Institute named Columbia Heights one of the fastest-gentrifying neighborhoods anywhere in the country.

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“It looks a lot better than when I first got here,” says Vickey Wright-Smith, a recently retired neighborhood commissioner and Columbia Heights resident for 26 years. Like a lot of longtime residents, Wright-Smith likes the new shopping options, the thrum of foot traffic and commerce in the heart of her neighborhood. But she worries about the cost of living. In most of Columbia Heights, the median rent has grown by more than 50 percent since 2000, even after inflation. Median home prices have more than doubled. While Wright-Smith says she appreciates the amenities, she questions whether they’re for people like her -- or for newcomers who are wealthier, younger and white.

As in communities undergoing similar change throughout the country, race is a central issue. Even though Columbia Heights’ population grew between 2000 and 2010, the neighborhood lost more than a quarter of its black residents and nearly 20 percent of its Latino residents. At the same time, the white population quad-rupled. Wright-Smith saw the change reflected in the Columbia Heights neighborhood commission, an arm of city government that has become majority-white for the first time since the district won home rule in the 1970s. Last year, she was one of four black members on the 12-person body.

Columbia Heights is part of a district-wide turnaround, marked by a dramatic decrease in violent crime, a string of annual city budget surpluses and modest but steady population gains in many neighborhoods. At the same time, it’s become harder for low- and moderate-income households to stay in D.C. With an average home sales price above $520,000, most people have to rent, but that’s become increasingly expensive. A report last year by the Urban Institute showed that 79 percent of renters in the district are cost-burdened, meaning they spend more than 30 percent of their monthly income on rent. “Keeping people here who are long-term residents is a challenge,” says Anita Bonds, an at-large city councilwoman who sponsored legislation last year to boost affordable housing.

When the revival began in Columbia Heights, the neighborhood seemed relatively well positioned to encourage growth without displacing existing residents. Washington, D.C., had at its disposal some of the strongest affordable housing protection laws in the country. Because the city owned property that had been abandoned after the riots, it had unusual leverage in seeing to it that redevelopment didn’t leave out low- and moderate-income residents. And yet, even here, the policies have made only a modest difference in the creation or maintenance of affordable housing.

“People use it as a model,” says Farah Fossé, a neighborhood housing advocate at the nonprofit Latino Economic Development Center. “It’s confusing to me because so many people were displaced in Columbia Heights. You could literally see people packing up and leaving.”

The city’s current mayor, Muriel Bowser, took office in January with a promise to try again on affordable housing and protecting low-income tenants. The challenge for Bowser is that she presides over a city that’s already tried most of the leading ideas on those issues. In places like Columbia Heights, they only slowed the loss of inexpensive units. The overwhelming bulk of the new construction has been in high-end apartments and condominiums. The next few years will test whether there’s anything else a mayor can do to avoid squeezing out the poor and middle class while reaping the benefits of a growing economy.

Washington, D.C., has a number of affordable housing statutes including rent control, local rent subsidies to boost federal housing vouchers, a law to help tenants buy their buildings, and an affordable housing production trust fund. But all of these tools have flaws that limit their reach and effectiveness.

Rent control has the broadest impact. About 60 percent of D.C. residents are renters, and roughly two-thirds of them are potentially protected by rent control. But the statute affects only units built before 1975, meaning it doesn’t guarantee affordability in new buildings. In older buildings, some landlords use loopholes in the law to push up rents. Last year, the *Washington City Paper* highlighted cases where landlords petitioned for an exemption to rent control because they weren’t making a high enough profit.

The Office of the Tenant Advocate is currently asking the district to do away with another provision that allows landlords to add an automatic 2 percent increase on rents each year, in addition to any inflation-related increase. The office is also pushing for tighter controls on what landlords can charge in expenses chalked up to capital improvements. “It’s always an uphill battle,” says Joel Cohn, legislative director for the Tenant Advocate Office. “A portion of landlords will always try to maximize profits and look to get around rent control.”

D.C. is one of the only jurisdictions in the country to guarantee tenants the right to band together and purchase a building before the landlord can offer it to an outside buyer. On paper, the law -- officially called the Tenant Opportunity to Purchase Act (TOPA) -- is a national model. The city pays nonprofits to advise tenants who want to buy a property and provides low-interest loans so that they can afford to make an offer. The city also funds the Office of the Tenant Advocate, which dispenses legal advice to tenants trying to buy their buildings.

The city invested more than $62 million in Columbia Heights between 2002 and 2009 to preserve existing subsidized housing and help residents purchase their buildings. The highest concentration of tenant purchases anywhere in the city took place in Columbia Heights. Because the city owned many of the neighborhood’s riot-damaged buildings, it was also able to negotiate with developers for the creation of 250 new affordable units.

But more recently, the city’s affordable housing policies have been marginalized by a hot real estate market. Development pressures have increased, and TOPA relies on two funding sources that have been declining -- federal Community Development Block Grants and the city’s affordable housing production trust fund. Starved for funding from both of those sources, TOPA in 2012 was able to protect only 35 out of more than 5,000 units that went up for sale across the district.

The affordable housing production trust fund depends on tax revenue collected from real estate transactions, which declined during the recession. Last year the outgoing mayor, Vincent Gray, borrowed money from the city’s general accounts to boost the fund for one year. His successor, Bowser, shepherded a bill through the council in late November that promises an annual investment of $100 million in the fund -- more than the amount the district spent in 2011 and 2012 combined.

The fact that housing is getting more expensive in Columbia Heights, despite all the laws on the city’s books, may say less about policy than about economics. Jacob Vigdor, a public affairs professor at the University of Washington and a student of gentrification across the country, says the price of housing in the district is driven mostly by constrained geography, strict height limitations and historic preservation rules. All of these factors combine to create a situation in which the city cannot build enough units to meet demand for housing -- let alone housing at an affordable price.

Relative to other large cities, the district hasn’t tapped the potential of increased density. It ranks outside the top 125 U.S. cities by density, according to an analysis by the Urban Institute. In 2010, it had about 9,900 people per square mile, only a minor increase from 2000. In comparison, New York City had 26,000 people per square mile. “People treat gentrification as a disease,” Vigdor says. “It is a symptom. There are too many people and too few houses. If you refuse to allow the supply to expand because this existing supply needs to be preserved, greater expense is what you should expect.”

If Bowser and the next council follow through on their commitment to beef up TOPA through the affordable housing trust fund, the next neighborhoods to gentrify might be able to keep or create a larger number of affordable units. Jackson, the former deputy mayor who oversaw much of the redevelopment in Columbia Heights, says $100 million in the trust fund could give TOPA teeth it didn’t have during and after the recession. He also believes the city has learned from its experience in Columbia Heights. Before the subway stop opened, the city couldn’t even convince McDonald’s to move into a neighborhood known mostly as an abandoned riot corridor. Now it seems clear that targeted public investments, particularly new transit options, can spur change.

“I’m still a strong proponent of attracting new population and new income spans,” Jackson says. “Change doesn’t have to be negative. It doesn’t have to mean displacement. The city is rich with diversity. The question is, how do we maintain it?”

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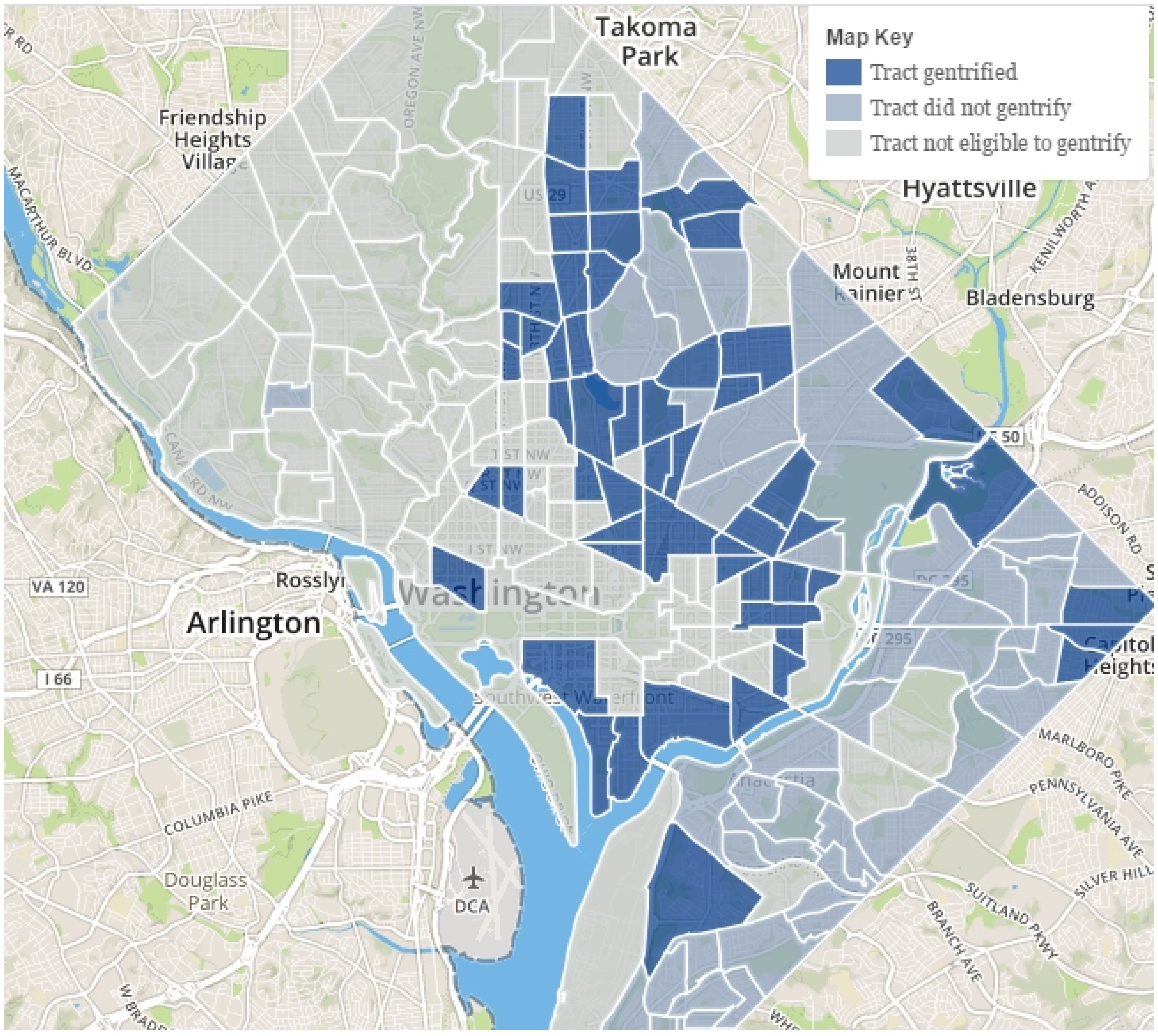
Washington, D.C., Gentrification Map

The following map shows the extent to which D.C. neighborhoods have gentrified since 2000. (Click to view interactive map)



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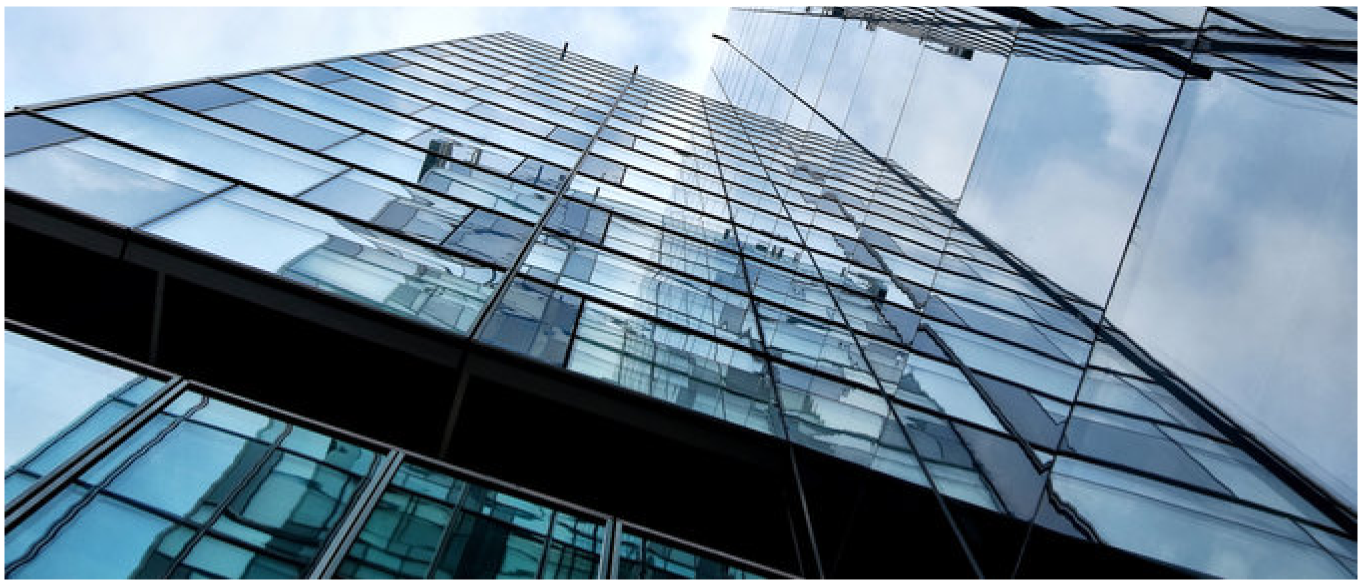

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