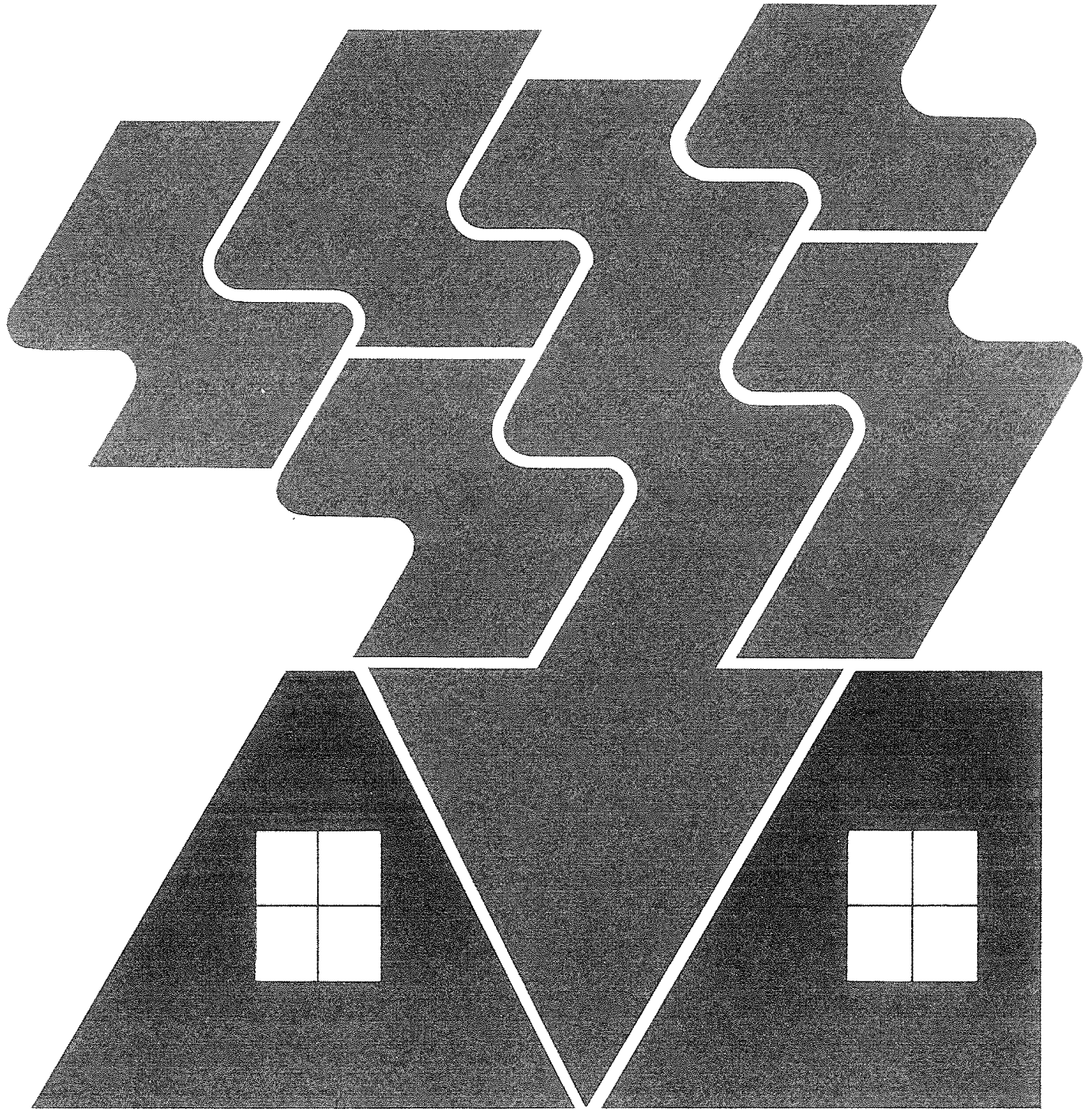


# Neighborhood Renewal—Reinvestment and Displacement in D.C.

February 1981



—A report of the District of Columbia Advisory Committee to the United States Commission on Civil Rights prepared for the information and consideration of the Commission. This report will be considered by the Commission and the Commission will make public its reaction. In the meantime, any recommendations in this report should not be attributed to the Commission, but only to the District of Columbia Advisory Committee.

## **THE UNITED STATES COMMISSION ON CIVIL RIGHTS**

The United States Commission on Civil Rights, created by the Civil Rights Act of 1957, is an independent, bipartisan agency of the executive branch of the Federal Government. By the terms of the act, as amended, the Commission is charged with the following duties pertaining to discrimination or denials of the equal protection of the laws based on race, color, religion, sex, age, handicap, or national origin, or in the administration of justice: investigation of individual discriminatory denials of the right to vote; study of legal developments with respect to discrimination or denials of the equal protection of the law; appraisal of the laws and policies of the United States with respect to discrimination or denials of equal protection of the law; maintenance of a national clearinghouse for information respecting discrimination or denials of equal protection of the law; and investigation of patterns or practices of fraud or discrimination in the conduct of Federal elections. The Commission is also required to submit reports to the President and the Congress at such times as the Commission, the Congress, or the President shall deem desirable.

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An Advisory Committee to the United States Commission on Civil Rights has been established in each of the 50 States and the District of Columbia pursuant to section 105(c) of the Civil Rights Act of 1957 as amended. The Advisory Committees are made up of responsible persons who serve without compensation. Their functions under their mandate from the Commission are to: advise the Commission of all relevant information concerning their respective States on matters within the jurisdiction of the Commission; advise the Commission on matters of mutual concern in the preparation of reports of the Commission to the President and the Congress; receive reports, suggestions, and recommendations from individuals, public and private organizations, and public officials upon matters pertinent to inquiries conducted by the State Advisory Committee; initiate and forward advice and recommendations to the Commission upon matters in which the Commission shall request the assistance of the State Advisory Committee; and attend, as observers, any open hearing or conference which the Commission may hold within the State.

# Neighborhood Renewal—Reinvestment and Displacement in D.C.

—A report prepared by The District of Columbia Advisory Committee to the United States Commission on Civil Rights.

## **ATTRIBUTION:**

The observations contained in this report are those of the District of Columbia Advisory Committee to the United States Commission on Civil Rights and, as such, are not attributable to the Commission. This report has been prepared by the State Advisory Committee for submission to the Commission and will be considered by the Commission in formulating its recommendations to the President and Congress.

## **RIGHT OF RESPONSE:**

Prior to the publication of a report, the State Advisory Committee affords to all individuals or organizations that may be defamed, degraded, or incriminated by any material contained in the report an opportunity to respond in writing to such material. All responses have been incorporated appended, or otherwise reflected in the publication.

## LETTER OF TRANSMITTAL

District of Columbia Advisory Committee to the  
U.S. Commission on Civil Rights  
February 1981

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Louis Nuñez, Staff Director

Dear Commissioners:

In April 1977, the District of Columbia Advisory Committee held a factfinding meeting to study the housing phenomenon known as "revitalization." After the meeting, the Committee continued to monitor the problems associated with neighborhood reinvestment and conducted further research and interviews.

As many have noted, the shortage of adequate affordable housing in the United States has reached a crisis stage, particularly for minorities, the elderly, and for female-headed households. Recently, chronic problems associated with the low incomes of these groups have been compounded by the renovation of inner city housing for more affluent tenants and homeowners. Such renovation has resulted in serious displacement of affected groups.

This case study reflects the information gathered by the Committee covering the period from late 1976 to early 1979, and shows population trends, local and Federal housing and public works programs, and factors in the private housing market that have had an impact on the displacement phenomenon.

These three areas, however, belie the complexities of urban revitalization. Rising real estate taxes and fixed-income home owners; young professionals seeking high quality urban life; speculation for profits; subsidized housing; rapid transit construction and location; code enforcement; urban renewal; Community Development Block Grant programs; and many many other forces are at work in urban revitalization. In addition, during the period of this study, the city administration changed hands, and new approaches have been established.

We trust that the observations reflected in this study will encourage public officials and private individuals involved in housing in the District of Columbia to reexamine their policies, so that both benefits and burdens of "revitalization" are shared equitably by all our residents.

Respectfully,

REV. ERNEST R. GIBSON  
Chairperson

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## **ACKNOWLEDGEMENTS**

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The staff of the Commission's Publications Support Center was responsible for final preparation of the document for publication.

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# Introduction

Decent, safe, and sanitary housing is an essential need of all people that has been recognized as a principle underlying public policies for more than 25 years. Vast, highly profitable private industries have evolved to meet the demand for housing, and sweeping public programs have been mounted to serve those needs unmet by the private sector. Despite these enterprises, inadequate housing has been a chronic condition for the least-affluent groups within our society, particularly minorities.

Not only are these groups victims of poor housing conditions per se, but they are the most vulnerable to being displaced from their homes.<sup>1</sup> Participants at a 1977 conference sponsored by the Legal Services Corporation's Research Institute on Federal housing programs agreed that displacement of poor people was their "overriding" housing concern.<sup>2</sup> Similarly, the December 1978 issue of *Harper's Magazine* reported that in northern cities during the preceding year the "fastest growing social problem. . . was the displacement of the poor and nonwhite."<sup>3</sup>

<sup>1</sup> The most clear-cut form of displacement is legal eviction due to condemnation, renovation, conversion, or sale of the occupied unit. However, official statistics provide only part of the picture. This study regards two other classes of people as victims of displacement: (1) those who move "voluntarily" when condemnation, conversion, etc., appears imminent but no formal eviction notice has been issued; and (2) those who move to seek lower-cost housing because rising costs of the unit they have occupied make continued occupancy impossible. Exact statistics on the size of these two classes of displacees are unavailable, but it can be inferred from trends in the local housing market that the numbers are substantial. Government aid to displacees reaches only the tip of the iceberg recorded in official statistics. The provisions and limitations of the principal relief measure, the Uniform Relocation Act, are described in Chapter 2.

<sup>2</sup> Legal Services Corporation, Research Institute for Legal Assistance, "Report of the Task Force on Displacement and Relocation at the 1977 Federal Housing Seminar", draft, November 1977, p. 1.

<sup>3</sup> T.D. Allman, "The Urban Crisis Leaves Town," *Harper's Magazine*, December 1978 p. 42.

<sup>4</sup> Robert L. Moore, Director, DHCD, argues that it is erroneous to imply that government is the prime "displacer." He asserts that since 1959

Prominent among the forces that displace residents are government "housing improvement" programs, public works projects placed in the "least attractive" or least politically influential part of town, and fluctuations in the private housing market (often in response to government policies) that make the residences of the poor more desirable to the more affluent.<sup>4</sup>

These three forces are currently at work in many American cities. Of particular concern is that since both the populations of our cities and the ranks of the poor include overrepresentations of minority, female-headed, and elderly households,<sup>5</sup> displacement is particularly extensive among such groups. A preliminary study of the displacement issue released by the U.S. Department of Housing and Urban Development in February 1979 states, "Out-movers. . . are repeatedly reported to be elderly households, minority households, and renters."<sup>6</sup>

Displacement is in many respects an invisible problem. The displaced seem to disappear, probably

government housing and community development projects have been designed to attract people back to the city. "Local government should not be blamed for displacements caused by other forces. . . we do what we can to assist those in need. . . the Uniform Relocation Act provides payments and other benefits for everyone displaced by government action, but overall our resources are limited. . . Today I'm working with about 30 percent of what was spent under RLA." Interview with Robert L. Moore, July 21, 1979.

<sup>5</sup> See U.S. Commission on Civil Rights, *Social Indicators of Equality for Minorities and Women* (August 1978), pp. 47-66 and 69.

<sup>6</sup> Susanna McBee, "HUD Finds Little Displacement of Poor in Inner City Revivals," *Washington Post*, Feb. 14, 1979, p. A2. The HUD study was strongly criticized by some national urban organizations for minimizing the problem. HUD officials acknowledged that the findings were preliminary and lacked an exact statistical basis. Susanna McBee, "Urban Group Critical of HUD Findings on Displacement of Poor," *Washington Post*, Feb. 15, 1979. In contrast, there is little argument over the scope and seriousness of the District's displacement problem, and it seems likely that the District is in an advanced stage of a process that is only beginning in other cities.

crowding into the households of friends or relatives or retiring deeper into the ghetto or other low-income pockets. A major problem of dramatizing the issue is that few researchers have addressed the difficult task of tracing the displaced and recording their problems and miseries.

Many victims of displacement see their plight as more than a simple consequence of anonymous economic forces. One Hispanic victim, speaking through a translator, told the District of Columbia Advisory Committee:

[I] feel that the reason they asked [us] to vacate is because [we] are Hispanics and blacks, and they don't want Hispanics and blacks in the area, and they want to move them out.<sup>7</sup>

Senator William Proxmire, Chairman of the Senate Banking, Housing, and Urban Affairs Committee, expressed the issue this way:

The Save the City, Save the Neighborhood movement has come of age. Now it is time to ask: Save the city for whom? Will the increasing pace of neighborhood revitalization yield healthy, diverse communities with a mix of race, age and income? Or will it merely dislocate the old, the poor and the black residents of older neighborhoods which are newly-attractive to young professionals?<sup>8</sup>

Senator Proxmire's questions are particularly appropriate to the District of Columbia. Not only have there been massive urban renewal and public works programs in the District, but the real estate market has historically been prone to swift, extensive change.<sup>9</sup> There are many indications that such a change is represented in the surge of investment by affluent whites in low-income, minority neighborhoods. Many D.C. residents, particularly minorities, see in this trend racial patterns that have long characterized activities in the private real estate

market.<sup>10</sup> Also, many citizens have raised questions about the role of the District government in conducting its housing programs, in monitoring and regulating private real estate operations, and in assuming responsibility for displaced residents.

This public concern springs from housing conditions that have become impossible to overlook. The Washington Urban League reported in January 1979 that 47 percent of its survey respondents who had moved in the past 2 years had been "forced out,"<sup>11</sup> and the new mayor's transition task force on housing reported in December 1978 that 60,000 inner-city families here are paying more than 35 percent of their income for rent.<sup>12</sup>

The *Washington Post* termed 1978 "the year of the renter's revolt."<sup>13</sup> In addition to tenant seminars and conventions, marches, rallies, and demonstrations were aimed at landlords, developers, lending institutions, and city agencies.

For those concerned about civil rights in the District of Columbia, two paramount questions are raised by these developments: *Are all groups of citizens sharing fairly in the benefits and burdens created by public and private reinvestment in the District?* and, *Are Federal and local governments meeting their responsibilities to assure fair distribution?*<sup>14</sup>

To help answer these questions, the District of Columbia Advisory Committee to the U.S. Commission on Civil Rights held a public fact-finding meeting on April 15, 1977, interviewed private citizens and public officials, and undertook further research.

This case study is the result of that inquiry. The primary focus is on the displacement and relocation of minority, elderly, and female-headed households in the District of Columbia from late 1976 to early 1979. Pertinent economic and demographic trends, public policies and practices, as well as private

<sup>7</sup> District of Columbia Advisory Committee to the U.S. Commission on Civil Rights, Factfinding Meeting, Apr. 15, 1977, Transcript, p. 315 (hereinafter cited as D.C. Transcript).

<sup>8</sup> *Washington Star*, May 12, 1978, p. D-3. Some observers refer to the movement of the affluent into low-income neighborhoods as "gentrification."

<sup>9</sup> See, for example, Constance McLaughlin Green, *Washington: A History of the Capital, 1800-1950* (Princeton, N.J.: Princeton University Press, 1962).

<sup>10</sup> See U.S. Commission on Civil Rights hearing, "Housing in Washington," April 12-13, 1962; and U.S. Commission on Civil Rights Hearing, "Suburban Development," June 14-17, 1971.

<sup>11</sup> Washington Urban League, "Major Survey Shows Blacks and Latinos Being Dispossessed in the Nation's Capital" (press release, Jan. 31, 1979).

<sup>12</sup> Milton Coleman, "Barry Groups Find a Boggled-down D.C. Bureaucracy," *Washington Post*, Dec. 23, 1978.

<sup>13</sup> Blair Gately, "Tenant Rebellion Fueled by Increases in Rent, Evictions," *Washington Post*, Dec. 12, 1978.

<sup>14</sup> The District of Columbia is not the only jurisdiction in the metropolitan area in which civil rights leaders have felt it necessary to raise these questions. In Alexandria, Virginia, the Northern Virginia Branch of the Washington Urban League prepared a report on displacement due to revitalization in that community. Northern Virginia Branch of the Washington Urban League, *Report and Recommendations of the Community Workshop on Housing* (January 1978). A year later, the Northern Virginia Branch of the Washington Urban League and the Fairfax County Chapter of the NAACP reported housing displacement to be a key concern in Fairfax County, Virginia. Northern Virginia Branch of the Washington Urban League and Fairfax County Chapter of the National Association for the Advancement of Colored People, *Report and Recommendations of the Community Forum on Issues and Concerns of Fairfax County Minority Residents* (January 1979).

activities that influenced displacement and relocation during that period are included. In order to establish the context for the period studied, some information is included from as early as 1970.

The study begins with a profile of the District's housing situation and is followed by a discussion of government programs that have produced displacement and of how the District government has handled its responsibilities toward these displaced residents. The study then examines private reinvestment activities in the District, focusing particularly on the process of speculation; several District neighborhoods are described to illustrate the problem.

There are no formal findings, conclusions, or recommendations in this study. The dynamic forces at work in the housing market in the District of

Columbia are in constant flux and continually open to change by the efforts of policymakers and private entrepreneurs to improve housing opportunities for all our residents. The facts of the displacement and relocation situation during the period of inquiry speak for themselves.

The Advisory Committee hopes this study will aid those public and private agencies and individuals who are involved in revitalization in the District, and that all of the city's residents—majority or minority, male and female, young and old, rich and poor—will benefit from a renewed city and enjoy decent, safe, and sanitary housing.

Perhaps this analysis of the trends and policies at work in the Nation's capital will provide guidance for decisionmakers in other cities as well where displacement is now emerging as a serious problem.

# The Metropolitan Washington Housing Market

The entire Washington, D.C., Standard Metropolitan Statistical Area forms a single market for housing. This SMSA consists of the District of Columbia; Charles, Montgomery, and Prince Georges Counties in Maryland; Arlington, Fairfax, Loudon, and Prince William Counties in Virginia; and the independent Virginia cities of Alexandria, Fairfax, and Falls Church.

All of the conditions of geographical proximity, commuting patterns, and economic interdependence influence housing supply and demand throughout metropolitan areas such as Washington. Policies and trends in one part of the metropolitan area affect the relative attractiveness of housing in other parts; similarly, a shift in the modes or routes of commuting, the rise of a local problem, or the development of a local amenity can cause shifts in the relative desirability of different areas.

During the last several decades, Washington area residents and new arrivals exhibited a great willingness to rearrange their preferences regarding the attractiveness of different sections of the metropolitan area and to make locational decisions accordingly. A central issue was the repercussions of such choices on other Washington residents whose status guaranteed them little, if any, choice in housing.<sup>1</sup>

A housing demand that was distributed broadly throughout the metropolitan area seemed to be

focused in significant part on a few central city neighborhoods. This severe disproportion of supply versus demand produced disorder, inequity, and human damage during the period covered by this study.

## Factors Limiting The Central City Housing Supply

Several conditions limited the District's ability to accommodate all the people who would like to have lived here.

First, approximately 32.0 percent of the District's area of about 39,000 acres was federally owned, and hence unavailable for residential or commercial use and off the tax rolls.<sup>2</sup> Second, Congress imposed a strict height limitation on buildings in the District<sup>3</sup> which limited the construction of highrises for either residential or commercial use. Third, the commercial and office district, including Federal and non-profit land users, was pressing hard for more space, so that "downtown Washington spread into some of Washington's most desirable neighborhoods,"<sup>4</sup> thus limiting residential space even more.

One residential area that experienced such pressure is Dupont Circle, which lies just north of the office district; the neighborhood lost 13.2 percent of its population between 1970 and 1975.<sup>5</sup> Neighbor-

<sup>1</sup> One recent study reported that 83 percent of all newcomers to the District (including 84 percent of all white newcomers) in the period 1970-74 came from entirely outside the SMSA. George Grier and Eunice S. Grier, Washington Center for Metropolitan Studies, *Movers to the City* (May 1977), pp. 63 and 67. Thus although the attractiveness of the central city was not sufficient to overcome the inertia of current residence in a D.C. suburb, it was very persuasive to those without such a prior commitment.

<sup>2</sup> U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States 1978*, p. 237.

<sup>3</sup> D.C. Code §5-401-430 (1973).

<sup>4</sup> Neal R. Peirce and Michael Barone, *The Mid-Atlantic States of America* (W. W. Norton, 1977), p. 44.

<sup>5</sup> Ward Bucher, "Dupont Circle: Killed by Kindness," *D.C. Gazette*, Aug.-Sept., 1978.

hood organizations vigorously but unsuccessfully fought up-zoning of the area.

The loss of residential space may be one cause of the city's decline in population in the last several decades from its 1950 maximum of 802,178. By 1974 the District's population was down to 722,700 while the SMSA had swelled to 3,015,300.<sup>6</sup> A further sign of the District's limited capacity was that in 1974 the central city accounted for only 24 percent of the SMSA population, compared to the national figure of 44.5 percent of all SMSA residents living in central cities.<sup>7</sup>

In addition to the conditions listed above, local government practices seem to have been factors in the city's chronic shortage of housing. For example, in April 1978 it was learned that the District had failed to enter an application for an Urban Development Action Grant—a HUD program specifically aimed at problems like those of the District.<sup>8</sup> A few months later, a House Appropriations Committee reported that the city government spent a far higher proportion of its community development housing funds for overhead than any other city studied—a full 34.1 percent.<sup>9</sup> Then, a month later, the D.C. Auditor stated that “a lack of leadership and concern by the D.C. Department of Housing and Community Development [DHCD] had caused the city's federally funded rent subsidy program to fall short of its potential.”<sup>10</sup>

Another practice was the rezoning of land from residential to commercial use. The fact that such a small portion of the District's land was taxable and that even that portion was shrinking<sup>11</sup> meant that the District government was increasingly pressed for sources of revenue. The city's frequent solution was to convert land from low-yield residential use—to high-yield commercial use for example, in the expansion of the office district into the West End.

City policies relating to vacant housing exacerbated the housing situation further. Lorenzo Jacobs, then director of the District Department of Housing

and Community Development, told the Advisory Committee in 1977 that there were “in excess of 1,400 vacant residential units owned by the District of Columbia Redevelopment Land Agency, the National Capital Housing Authority, and the District of Columbia Department of General Services,” principally in Community Development areas. He also estimated that HUD owned approximately 300 vacant residential units.<sup>12</sup> A 1977 DHCD study listed the aggregate of long-term vacant housing in the District privately-owned and owned by HUD as 3,106 units.<sup>13</sup>

In 1978 the U.S. General Accounting Office criticized the District for its lack of a program to get vacant or abandoned housing back on the market and for the failure to compile accurate, current information on such houses systematically. GAO charged that “District officials do not view housing abandonment as a problem.”<sup>14</sup> A GAO audit of District housing records had revealed 2,500 such houses in the District. District officials, according to GAO, were proceeding on the assumption that private revitalization efforts would bring these houses into use, and were trying to facilitate this by selling tax-delinquent houses, providing lists of the houses to prospective buyers, and publicizing the availability of Federal funds for rehabilitation. However, GAO declared that “more needs to be done” and that the current efforts “did not provide any support for their [the District's] optimism.” The GAO report also noted that the District had failed to act on a 1972 consultant's report, prepared for the D.C. Redevelopment Land Agency, linking vacant housing to advancing blight and the low-income housing shortage.

Local officials also showed confidence in the efficiency of the private sector in expanding the housing supply when, “in the spring of 1974, the District sold most of the choice, centrally located land it still owns to investors who plan to put up mostly high-income housing.”<sup>15</sup>

<sup>6</sup> U.S. Department of Commerce, Bureau of the Census, *1977 Statistical Abstract of the United States*, 97th ed., Appendix I, p. 909.

<sup>7</sup> *Ibid.*, table 15.

<sup>8</sup> Jacqueline Bolder, “Everyone Gets Urban Grant Millions—Except D.C.,” *Washington Star*, Apr. 13, 1978.

<sup>9</sup> Kenneth Bredemeier, “Third of Federal Housing Aid to City Spent for Overhead,” *Washington Post*, July 21, 1978.

<sup>10</sup> Jack Eisen, “Rent Program Said to Stumble,” *Washington Post*, Aug. 30, 1978.

<sup>11</sup> “. . . Taxable acreage has declined from 44.8 percent of the District's total land area in 1935 to 34.2 percent today.” Paul Valentine, “Taxable Property Shrinks in District,” *Washington Post*, Apr. 17, 1978, p. C-1.

<sup>12</sup> Lorenzo Jacobs, Jr., Director, District of Columbia Department of

Housing and Community Development, Supplemental information requested by the District of Columbia Advisory Committee to the U.S. Commission on Civil Rights at the Committee's Factfinding Meeting, Apr. 15, 1977, pp. 7-8.

<sup>13</sup> District of Columbia Neighborhood Reinvestment Commission, “Background Paper for a Meeting on Expansion of Mortgage Lending Policies,” Dec. 22, 1977, p. 5, citing District of Columbia Department of Housing and Community Development, *Vacant Residential Structures and Their Owners* (1977).

<sup>14</sup> U.S. General Accounting Office, *The District of Columbia Needs a Program to Identify Vacant Houses and Get Them Back on the Market* (February 22, 1978), p. 3.

<sup>15</sup> Peirce and Barone, *The Mid-Atlantic States*, p. 48.

This reliance on the private sector to supply housing continued despite the fact that in the period 1970-74 the number of housing units in the District declined by 2.2 percent (from 278,400 to 272,400).<sup>16</sup>

In spite of these realities it was not until 1976—8 years after the riots of 1968—that construction of the first federally-sponsored housing began on 14th Street.<sup>17</sup>

## Supply of Specific Types of Housing

An apparent effort to strengthen the city's tax base by attracting more high-income residents by expanding the supply of the type of housing the private sector was most likely to provide—luxury apartments and single-family houses—involved three distinct categories of housing: supplies available for either ownership or rental, for either speculation or occupancy, or for either large households or small. Current trends within these three dimensions of the housing supply severely reduced the supply of housing available to low-income households—precisely the class of household most likely to be displaced.

## Owner-occupied vs. Rental Units

One development in the period 1970-74 was a shift of units from the rental side to the owner-occupied side of the market. In this reversal of a 1960s trend, the number of owner-occupied units rose by 3,600 while the number of units occupied by renters dropped 8,500; the squeeze in rental housing was apparent in the decline in the rental vacancy rate from 5.3 percent in 1970 to 4.9 percent in 1974.<sup>18</sup>

Most constrictions in the District's rental supply also represented constrictions in the District's low-cost housing supply. When the median home sales

price in more than half of the city's neighborhoods was \$100,000 or more<sup>19</sup>, the supply of low-priced homes available for owner-occupancy plainly was extremely limited. Because low-income households for all practical purposes *had to* choose housing from the rental supply, any constriction of that supply hit them especially hard.

## Large vs. Small Units

The size of former rental units appearing on the sales market was also of interest. Houses that had been subdivided into several apartments (a common situation) were typically occupied after sale by a single family of owner-occupants. For example, the anticipated renovation of 2,000 homes in the H Street, N.E., area would replace 4,000-4,500 lower-income units with 2,000-2,500 higher-income ones. "Houses once accommodating two to four families are rehabilitated so as to accommodate only one or two households. This is one reason for the current decline in population size for the H Street area."<sup>20</sup> Not only did such conversion produce displacement per se, but also, because entire floors or upper portions of subdivided, unrenovated houses provided many of the city's larger moderate- or low-cost apartments, such shifts meant less housing for *large*, low-income households.

Condominium conversions contributed to the decline in availability of large units. Where house sales involved transforming several large rental units into one very large owner-occupied unit, condominium conversions frequently involved subdividing a large apartment into smaller units so as to provide a higher volume for sale. Thus, the renovation of older apartment buildings in this form further

<sup>16</sup> U.S. Department of Commerce, Bureau of the Census, *Annual Housing Survey: 1974*, Washington, D.C.-Md.-Va. Standard Metropolitan Statistical Area, series H-170-74-18, p. A-16.

<sup>17</sup> Regarding the 14th street situation, a February 1976 Government Accounting Office report requested by Senator Lawton Chiles, Chairman of the Subcommittee on the District of Columbia of the Senate Committee on Appropriations, found that:

—Records were so poor that the agency did not know how many properties it owned, whether they were occupied or vacant, how many tenants it needed to relocate, or the status of relocation progress.

—Some 14th Street residents did not receive benefits to which they were entitled, or they did not receive them on time.

—Some payments were made for contracted services that were never performed or were inadequate.

—232 tenants were allowed to live in agency-owned property without being asked to pay rent, because the agency had not obtained lease agreements from the tenants. Six of these tenants were paying rent. Delinquent rents from other tenants totaled about \$550,000 as of March 1, 1974.

Since our review, the agency made some management improvements, such as establishing control over acquired property, but much more can be done to improve urban renewal efforts in the 14th Street area.

Redevelopment Land Agency officials generally agreed with our findings. Their comments and actions taken to correct problems brought to their attention have been considered in the preparation of this report. The details of our work have been furnished to the agency for its use in improving the urban renewal process.

Comptroller General of the United States, Report Number B-118638, Feb. 9, 1976, pp 1-2.

The city asserts that:

Over the last three years, more than 5,000 units of new or rehabilitated lower-income housing have been completed or are under construction, and more than 3,000 additional units are in active planning pending construction.

District of Columbia Department of Housing and Community Development, *Application for Federal Assistance for a Community Development Block Grant Program, 1978* (HUD Submission, resubmitted July 31, 1978), p. 96.

<sup>18</sup> *Annual Housing Survey: 1974*, p. A-16.

<sup>19</sup> Kenneth R. Harney, "Ten More D.C. Neighborhoods Move Into \$100,000 League," *Washington Post*, Feb. 17, 1979.

<sup>20</sup> Real Estate Development Corporation, *Summary Report: H Street Economic Development Potential*, submitted to District of Columbia Department of Housing and Community Development, September 1975, p. 4.

constricted not only the rental supply generally but particularly the supply of large, low- and moderate-cost units. The pace of condominium conversion accelerated from 415 in 1977 to nearly 2,000 in 1978; conversion approvals shot up past 10,000.<sup>21</sup>

This surge in conversion of rental units to the sales market occurred after the rental unit decline of 1970-74 reported by the Census Bureau, and despite the passage of a law by the District government (effective March 29, 1977) severely limiting conversion of low-rent apartments to condominiums when the citywide vacancy rate for low-rent housing is 3 percent or lower.<sup>22</sup>

Although one might expect the smaller units produced by condominium conversion to be more accessible to less-affluent homebuyers, that did not appear to be the case. The city's assessment office recorded average unit sales of \$100,000 in 13 condominium projects in 1978; citywide, single-family houses sold for \$74,000 and condos for nearly \$63,000.<sup>23</sup>

### Consumption vs. Speculation

The great interest in living in the District led to property value increases. Speculative demand joined consumption demand (in housing, occupancy, or leasing) in bidding for the available supply. However, speculation focused on a specific portion of the housing supply—that likely to experience the greatest appreciation. Thus, the aforementioned 2,500 vacant houses reported by GAO may have been vacant because their owners were not interested in occupancy or in rental income but in value appreciation leading to eventual sale at great profit. Property whose value was depressed by location in “marginal” areas or by minor damage or need for repair was also attractive to investors. This was also the kind of property likely to be used for housing by low-

income persons. When such property leaves the hands of owners interested in occupancy or rental use, and enters the hands of owners interested in profit from appreciation, the supply and quality of low-income housing often decline because such owners invest as little as possible in maintenance of such property.

The number of properties in the District potentially attractive to speculators was large enough that many of the District's low-income tenants may already have thought of themselves as potential displacees. In a survey<sup>24</sup> of over 58,000 District buildings, 36,175 were in areas where between 20 and 80 percent of the structures had housing code violations. Of these 36,175, 48 percent had housing defects indicating continual neglect and need for repair; 10 percent were in such disrepair that they required extensive rehabilitation; and 42 percent were free of housing defects or had slight flaws correctable through regular maintenance.

### Low-Income Housing

Because low-income households were disproportionately minority or female-headed,<sup>25</sup> it was appropriate to examine the housing supply in terms of majority or minority group, and male and female.

In a *Washington Post* article on housing discrimination, James Harvey, executive director of the Metropolitan Washington Housing and Planning Association, said of the housing market, “The demand [for housing] far outstrips the supply and this allows for more discriminatory practices to take place. The landlord is in the driver's seat.”<sup>26</sup> Although the District of Columbia had exemplary fair housing legislation,<sup>27</sup> the District's extremely limited supply of low-income housing meant that many displaced persons had to look to the suburbs. There, despite legal protections,<sup>28</sup> they still apparently

<sup>21</sup> Patricia Camp, “Mayor Proposes Bill to Make Condo Conversion Tougher,” *Washington Post*, May 12, 1978, p. B-5, and Patricia Camp, “Condominium Eligibility Soaring,” *Washington Post*, Mar. 2, 1979.

<sup>22</sup> D.C. Code §5-1281 (Supp. V, 1978). Councilmember Hilda Mason in July 1978 proposed raising the vacancy rate trigger to 5 percent, but the Council failed to act on the proposal. *Washington Post*, Dec. 19, 1978.

<sup>23</sup> Kenneth R. Harney, “Prices of D.C. Condos Rival Those of Houses,” *Washington Post*, Mar. 10, 1979.

<sup>24</sup> District of Columbia, Department of Housing and Community Development, *Application for Federal Assistance for a Community Development Block Grant Program, 1978* (HUD Submission, July 15, 1978), p. 14.

<sup>25</sup> See U.S. Commission on Civil Rights, *Social Indicators of Equality for Minorities and Women* (1978).

<sup>26</sup> *Washington Post*, Sept. 2, 1978, p. F-11.

<sup>27</sup> D.C. Code §6-2231 (Supp. V, 1978), entitled “Housing and Commercial Space,” prohibits discrimination based on race, color, national origin, sex, age, marital status, personal appearance, sexual orientation, family

responsibilities, physical handicap, matriculation, political affiliation, source of income, or place of residence or business in transactions over real property and lending practices and procedures (including the purchase, acquisition, construction, alteration, rehabilitation, or maintenance of real property).

It also prohibits blockbusting and steering (§222); discrimination by brokers or sellers of real property (§223); discrimination in the use of public accommodations (§231); and discrimination in educational institutions (§241).

<sup>28</sup> In Northern Virginia's Fairfax County, the fair housing law is incorporated as part of the Fairfax Human Rights Law, Fairfax County, Va., Code §11-1-3(9) (Supp. 7, 1978); in Arlington, Virginia, it is entitled the Fair Housing Ordinance; in Alexandria, Va., the law is cited as Unlawful Housing Practices, Sale or Rental, Alexandria, Va., Code §18A-4 (Supp. 13, 1975).

In Prince Georges County, Md., the fair housing law is cited as Prince George's County, Md., Code §2-210 (Supp. 5, 1979). in Montgomery

faced discriminatory practices similar to those documented in a recent HUD study as pervading real estate markets throughout the country despite a decade of open housing laws.<sup>29</sup> In September 1978, William Welch, executive director of the Prince Georges County Human Relations Commission, reported that his office had received numerous complaints about "steering," and he noted that "realtors are generally going to steer black families into Prince Georges County and whites into the Virginia counties." Patricia Horton, executive director of the Fairfax County Human Rights Commission, observed, "Fairfax County has a reputation as a white community that serves to discourage minority people from even looking for housing in the county."<sup>30</sup>

These local human rights offices also reported that discrimination based on sex or marital status has eclipsed racial discrimination as the most frequent basis for housing complaints. Harvey observed that in his opinion discrimination against women "is worse than what is surfacing. A lot of women don't know what their rights are."<sup>31</sup>

These comments indicate that the suburbs could not be presumed to offer a convenient, viable housing alternative for displaced District residents. Instead, displacement seemed likely to produce more crowding in low-income areas.

## Housing Demand and Housing Need in the District

Demand is not equivalent to need. Demand derives from purchasing power; need is a fundamental requirement of existence. Levels of need established by a government serve as definitions as well as social goals.

In housing, such goals are expressed in terms of safety and sanitation requirements, the presence of a minimal set of facilities in working condition, reasonable percent of income spent on housing, and acceptable levels of crowding. A city fails to achieve its housing goals to the extent that such requirements are not met for its residents.

## Demand

Magazine articles in the late 1970s focused on the greater Washington area's prosperity.<sup>32</sup> Much of this purchasing power was centered in the suburbs which meant that many households outside the District were affluent enough to acquire housing in the District should such housing appear preferable to them.

Many households with the means to choose *did* believe District living *of a specific kind* to be preferable to suburban. The Washington Center for Metropolitan Studies reported that, of the 500,000 households in the metropolitan area that in 1975 paid rents above the median or owned houses valued above the median,

... more than one household out of six... "would like very much" to live in Georgetown or a nearby area—a total of some 90,000 households—[indicating] that the market for this type of neighborhood is far from saturated.<sup>33</sup>

It is noteworthy in the study just cited that the interest of these potential in-migrants was not in the District generally but in a specific "type of neighborhood." This self-limiting behavior of these housing consumers ensured that the disproportion of supply and demand prevailing generally would appear in exaggerated form in particular neighborhoods.

Moreover, there was particularly strong interest in houses to renovate. A prominent item in area bookstores during 1978 was *How to Find a House to Renovate in Washington, D.C.*,<sup>34</sup> and the city's newspapers featured profiles of successful renovations and "how-to" articles. This interest in older houses was probably quickened by the well-publicized activities of historic preservationists, who were well-represented in the District.

The demand for ownership of smaller units was also substantial. The number of small households in the city was large, owing to Washington's large class

County, Md., the act is cited as the Fair Housing Law, Montgomery County, Md., Code §27-11 (1977). Maryland's fair housing law is cited in its Human Relations Law, Md. Ann. Code, art 49B, §§19-30(1979). The Commonwealth of Virginia has no human relations law; however, its Fair Housing Law is cited at Va. Code §36-81(1976).

<sup>29</sup> Betty James, "Survey: Blacks Remain Housing Bias Victims," *Washington Star*, Apr. 17, 1978.

<sup>30</sup> *Washington Post*, Sept. 2, 1978, p. F-11.

<sup>31</sup> *Ibid.*, p. F-10.

<sup>32</sup> See, for example, the following cover articles: John S. Lang, "Washington: Gold Coast on the Potomac," *U.S. News and World Report*, Aug. 29, 1978; and Tom Bethell, "The Wealth of Washington," *Harper's Magazine*, June 1978.

<sup>33</sup> George Grier, with Janice Outtz, Washington Center for Metropolitan Studies, *Private Housing Market Potential for the Central Renewal Areas of the District of Columbia*, (May 1977), p. 63.

<sup>34</sup> R. J. Turner, *How to Find a House to Renovate in Washington, D.C.* (Wash., D.C.: Turner Publishing, 1977).



of young professional persons, the city's large homosexual population,<sup>35</sup> and working women who were on average the highest paid in the Nation.<sup>36</sup> One effect of this great demand was an acceleration of the rate of condominium conversions.

Strong preference and high income were not of themselves sufficient to effect a locational decision—access to credit was often a determining factor. Two developments eased access to credit and therefore spurred demand in the ownership portion of the housing market.

The first of these was the Equal Credit Opportunity Act of 1974,<sup>37</sup> which prohibited discrimination on the basis of sex or marital status. This made it much easier for single persons, unmarried couples, and other combinations of unrelated individuals to buy property. One response of the housing market to the rather abrupt appearance of this form of demand was the wave of condominium conversions described above.

The second development that eased access to credit was the passage of strict antiredlining legislation in the District.<sup>38</sup> "Redlining" refers to the practice of mortgage lenders of designating certain areas of a city as poor credit risks by circling those areas on maps. The practice has been opposed as racist by civil rights groups because minority neighborhoods were most frequently been denied credit. However, redlining was for the most part racist in effect rather than intent; its distinctions were typically geographical rather than racial, and some of the most effective antiredlining activities were carried out by groups of urban white ethnics.<sup>39</sup> Whether antiredlining measures improved homeownership opportunities for minorities is unclear, but the general reassessment by the lending community of policies toward inner-city mortgages can only have expanded the possibilities for upper-income whites who were viewed as inherently good risks.

The overall effect of the prosperity, attitudes, and credit opportunities of Washington area residents

was that "Washington. . . has what many cities do not have and desperately want: a large affluent population willing to pay premium prices to live close in town."<sup>40</sup> This pressure on the market, focused on a few neighborhoods, produced rapid increases in property values; in turn, this condition, as shown in the discussion of supply, created interest in speculation.

In Washington, speculative demand was fueled not only by parties professionally involved in the real estate market, but by numerous small investors—private citizens who viewed the local real estate market as the best investment for their extra cash.<sup>41</sup> The discussion of supply above further suggested that speculative demand was most likely to pursue the same properties sought as housing by low-income persons. Thus, to the degree that this demand was satisfied, the city may actually have lost ground in its attempt to meet its citizens' housing needs.

## Need

There was great *need* in the District for low-cost housing. In 1974, more than a third of the city's renter-occupied households reported incomes of less than \$7,000.<sup>42</sup> The city's computations based on the same year showed 51,201 households requiring assistance, of which 26.4 percent consisted of families of five or more persons.<sup>43</sup> The District, with only 24 percent of the metropolitan area's population, had 54 percent the area's poor,<sup>44</sup> and in 1974 had 72 percent of the area's direct public assistance cost.<sup>45</sup> The city ranked fourth nationally in the percentage of its citizens receiving public assistance.<sup>46</sup>

The District reported that some 47,085 low-income, renter households lived in substandard or overcrowded units. That total included 6,000 lower-income households that were in overcrowded units; 8,936 low-income elderly persons who paid more than 25 percent of income for housing; and 32,064

<sup>35</sup> One gay activist estimates the number of homosexuals in the District at 60,000. *Washington Post*, Sept. 4, 1978.

<sup>36</sup> Judy Mann, "Area Leads Nation in Women's Income," *Washington Post*, Aug. 30, 1978, p. A-1.

<sup>37</sup> 15 U.S.C. §1691 (1976). The regulations governing the implementation of this act may be found at 12 C.F.R. 202.

<sup>38</sup> D.C. Code §6-2231 (Supp. V, 1978), prohibits discriminatory lending practices for the purpose of ". . . purchase, acquisition, construction, alteration, rehabilitation, repair or maintenance of real property." This provision also declares the practice of discrimination in ". . . any transaction involving real property on account of the location of the residence or business (i.e., to redline)" to be illegal (D.C. Law 2-38, Part C, §221 (a)(6)).

<sup>39</sup> For example, the National Center for Urban Ethnic Affairs and Chicago's Metropolitan Area Housing Alliance.

<sup>40</sup> Peirce and Barone, *The Mid-Atlantic States*, p. 49.

<sup>41</sup> G. V. Brenneman, head of a Washington condominium marketing firm, estimated that small investors purchase and rent out about 1 of 12 resale units and 1 of 8 new units in the District's condo market. Kenneth R. Harvey, "Condos Have Arrived for Realty Investors in Many Urban Areas," *Washington Post*, Oct. 14, 1978.

<sup>42</sup> *Annual Housing Survey: 1974*, p. C-20.

<sup>43</sup> *CDBG Application*, 1978, p. 104.

<sup>44</sup> Louise Brown, "Needed: More Upper Income Taxpayers to Foot D.C.'s Bills," *Washington Post*, n.d.

<sup>45</sup> District of Columbia, Municipal Planning Office, newsletter, January 1977, p. 4.

<sup>46</sup> Peirce and Barone, *The Mid-Atlantic States*, p. 22.

lower-income families that paid more than 25 percent of income in rent. In addition, 24,898 nonelderly, single renters paid more than 25 percent of income for housing.<sup>47</sup>

The District never had enough resources to subsidize or provide housing by itself. It had to rely on Federal funding; federally subsidized public housing programs have been used extensively in the District and had produced, as of August 1978, 22,690 rental units—amounting to nearly one of every eight rental units in the city.<sup>48</sup> However, a moratorium on new funding for public housing subsidy programs was imposed by the Federal Government in January of 1972, and remained in effect until recently.

The institution of the moratorium on housing construction subsidies was followed by the Housing and Community Development Act of 1974, Section 8 of which provided subsidies directly to low-income families to reduce their housing costs to 25 percent of income.<sup>49</sup> Under the Section 8 program, recipient households received rent certificates that landlords could redeem for the difference between what the tenant paid and the amount of the rent. However, recipients had to find their own housing and a landlord who would accept the certificate—tasks that were particularly difficult for the types of households likely to be displaced.

The demand forces at work in the city's housing market seemed certain to exacerbate the city's problems in meeting its residents' housing needs. Excessive demand harmed low-income residents not only directly by displacement and the constriction of the low-cost housing supply, but indirectly by upward pressure on rents and taxes. Rent increases may have compelled persons with low or fixed incomes to seek less expensive housing, while tax

increases may have caused fixed income homeowners to sell their houses at less than optimal terms because homeownership became too expensive; in situations such as these, the persons who forsook their homes did not appear in official displacement statistics as recorded for Uniform Relocation Act benefits, though they were plainly victims of the same forces.

In January 1978, the District's Congressional Delegate, Walter Fauntroy, published a survey conducted through his office on the "most important problem facing the ward: rising property taxes, delivery of city services, economic development, transportation, public safety or undecided?" The survey indicated that 42 percent of the respondents expressed concern about property tax increases. Public safety was the next greatest concern, indicated by 22 percent of the respondents.<sup>50</sup>

## Summary

This cursory overview of the District's housing market leads to several conclusions that should be borne in mind through the following chapters. First, the powerful forces and great market disproportions described above indicate that the District's housing market may be approaching (or already in) an aberrant condition of the kind that has caused Americans, in the past and in other markets, to look to government to monitor and explain developments and to assume responsibility for preventing gross inequities. Second, the displaced household is likely to face formidable difficulties in locating suitable replacement housing. Third, a sizeable number of District residents must be viewed as potential displacees.

payment on behalf of an eligible family is to be determined in accordance with schedules and criteria established by HUD, but in no event should the gross family contribution exceed one-fourth of the family's adjusted gross income.

<sup>50</sup> "News and Views from D.C. Congressman Walter E. Fauntroy" (newsletter), January 1978, p. 2.

<sup>47</sup> *CDBG Application*, 1978, p. 13.

<sup>48</sup> *Ibid.*, p. 96.

<sup>49</sup> The Housing and Community Development Act of 1974, P.L. 93-383, 42 U.S.C. 1401 et seq. provided for a number of housing assistance plans, all of which are popularly referred to as "Section 8" programs. Under 24 C.F.R. §889, .Id (1979) the amount of the housing assistance

## Public Actions That Cause Displacement

Our Nation has committed a major portion of its financial resources to a "save the cities" strategy, most recently through the Housing and Community Development Act of 1974.<sup>1</sup> One hope of these efforts has been to salvage the cities through extensive housing construction and/or rehabilitation.

Federal programs such as Urban Renewal, Model Cities, and Community Development Block Grants have influenced local decisionmaking in the area of housing because Federal legislative mandates and application requirements have shaped the types of housing solutions chosen.

Despite these Federal influences, most of the responsibility for the effects of Federal and federally-assisted housing programs lies at the local level. It is the local government that describes the housing need, develops proposed solutions, and pursues the Federal funds. Even in a program like urban renewal, the actual taking of land for renewal sites depends on the power of eminent domain, which is strictly a local prerogative.

### Displacement-Causing Programs

The Legal Services Corporation Research Institute's Task Force on Displacement and Relocation identified the following U.S. Department of Housing and Urban Development programs, most of them locally administered, as causing displacement:

1. *HUD eviction of people from buildings that it owns or controls*. In a variety of situations, HUD itself evicts people from units it owns or

controls because HUD wants to demolish the units(s) or change the use to which the property is put. These situations cause particular problems because they not only displace specific people but also absolutely reduce the number of units available to house the poor. HUD also displaces people from such buildings by poor maintenance and high shelter costs.

#### 2. *Eviction of people as part of HUD-subsidized projects*.

- (a) In some cases, occupants are being displaced directly to make way for new construction or rehabilitation under section 236, section 8, and other programs.

- (b) In other situations, people are displaced because [of] poor maintenance/high rents resulting from HUD's failure to provide adequate subsidies and use its authority to enforce reasonable maintenance requirements.

- (c) The Section 8 existing program can cause displacement when the certificates can be used only in certain places. In addition, members of the task force reported that when some landlords receive section 8 monies for one portion of their housing, they then raise the rents of the other units to meet that amount, thereby making it too expensive for some tenants without section 8 certificates.

#### 3. *Displacement by Section 312 Rehab*. Since this administration has proposed a substantial expansion of the section 312 program, the program warrants close attention. Section 312

<sup>1</sup> 42 U.S.C. §§5301-5317 (1976).

could benefit lower-income people, especially if HUD aggressively honored the provision of priority to lower-income recipients. But to the extent that section 312 loans encompass rental units, unless rents are controlled as a condition of the loan, the rehab loan will cause more displacement.

4. *Community Development Block Grants, Urban Development Action Grants, Urban Renewal Projects*, are major cause of displacement. Although the Uniform Relocation Act was intended to cover displacement by urban renewal, HUD has interpreted that coverage as narrowly as possible and has refused to extend it to the successor programs.

5. *Historic Preservation*. The program is reported to encourage higher-income people to move into a neighborhood.

6. *Public Housing*. By demolition, modernization—and lack of modernization—tenants are being displaced from public housing. As 40-year contracts expire, the fate of projects—and tenants—is uncertain.

7. *Expiration of Uniform Relocation Act Benefits*. In many of these situations, HUD has facilitated displacement by ruling that the Uniform Relocation Act does not apply. But even where the URA concededly is applicable, there are problems in enforcement, for the relocation agencies often are so slow, so late, so reluctant, and so discouraging that displaced people get no benefits at all. And when people do get benefits under the Uniform Relocation Act, those benefits are so inadequate that if they're used to secure decent housing, they'll soon be used up, bringing on another displacement.<sup>2</sup>

The task force also listed programs of other Federal agencies:

While we cannot essay a complete survey, these are some displacement mechanisms that we know are causing trouble for people.

1. *Federal Home Loan Bank Board*. The board is relaxing restrictions, making more money available for longer periods of times in previously "redlined" areas. This will work to the advantage of richer people and mean more displacement of poor people.

2. *General Revenue Sharing*. We've heard of two situations in which revenue sharing money is being used in support of programs that displace people.

3. *FmHA and VA programs* displace people in many of the same ways HUD does. In rural areas, the *Army Corps of Engineers* and federally-approved strip mining operations have been the subject of complaints by displacees.<sup>3</sup>

Although District of Columbia did not participate in all available programs, it was the site of several Federal projects and the city government actively utilized several Federal programs.

Eviction from a HUD-owned building occurred in the District when that agency foreclosed on the Sky Tower public housing project with intent to demolish it. In 1974 HUD issued eviction notices that were challenged by the tenants. In 1978 those tenants who had remained finally won a measure of security when the project was sold to the District government.<sup>4</sup> (The tenants also fought to qualify for Uniform Relocation Act benefits, and the case reached the U.S. Supreme Court in their unsuccessful struggle.)<sup>5</sup>

Federally funded, locally administered housing activities were more common in the District than were federally controlled ones. The city's fourth-year application for Community Development Block Grant funds, for example, stated that modernization was underway in 1,140 units of public housing and requested \$1.4 million for continued modernization at 14 projects.

The same application reported that the Federal Section 312 Rehabilitation Loan program has provided, since its inception, nearly \$5 million of loans in the District, while the District Department of Housing and Community Development's Rehabilitation Loan Program has financed over \$2.9 million of loans for 606 units of housing. The fourth-year program anticipated involving \$2.7 million in rehabilitation loans from block grant funds and up to \$3 million from Section 312 private mortgage commitments.<sup>6</sup>

DHCD has been criticized for extending Section 312 loans to high-income households undertaking private home renovations in the \$100,000 plus range.

<sup>2</sup> Legal Services Corporation, Research Institute, Task Force on Displacement and Relocation, draft report (November 1977), pp. 1-3.

<sup>3</sup> Ibid.

<sup>4</sup> Patricia Camp, "D.C. Buys Apartments for Low-Income Families," *Washington Post*, July 22, 1978.

<sup>5</sup> *Alexander v. U.S. Department of Housing and Urban Development*, 441 U.S. 39 (1979).

<sup>6</sup> District of Columbia, Department of Housing and Community Development, *Application for Federal Assistance for a Community Development Block Grant Program, 1978* (HUD submission, July 15, 1978), pp. 10, 34, 35, 38, 42.

In April 1979, DHCD changed its section 312 program and also the city's own low-interest loan program to ensure that low-income families get the first chance at obtaining the loans.<sup>7</sup> DHCD also has acted to mitigate the potential displacing effect of Section 312 by entering into rent regulation agreements with the recipients.<sup>8</sup>

Fourteen District neighborhoods were designated historic districts, making them more attractive to affluent persons. This added to the upward pressure on property values and rents that may have forced low-income residents to leave. Moreover, there were claims that the facade requirements within historic districts meant that owners could not always choose the most economical way of keeping their homes up to code—a factor that may have jeopardized continued ownership by low-income or fixed income homeowners.<sup>9</sup> DHCD was of the opinion that official designation of historic districts followed rather than preceded reinvestment.<sup>10</sup> Certainly, historic designation alone did not generate reinvestment pressures, but it did seem a likely contributor to the intensification of those pressures that drove the last low-income pockets from such districts.

The District has used Federal funds for urban renewal projects for decades. The Southwest urban renewal project became famous for its scope and notorious as a demonstration of the conviction that wholesale rebuilding was a benefit outweighing the social cost of wholesale displacement.<sup>11</sup> The District has since adopted a “subsidies and staging” approach to urban renewal in lieu of the earlier clearance strategy. DHCD said that there have been no renewal acquisitions causing displacement since 1975.<sup>12</sup>

A still active urban renewal project was the H Street, N.E., corridor, which begins just north of Union Station and extends east toward the Anacostia River. In the late 1960s, the D.C. Redevelopment Land Agency moved 281 households out of the area, 31 of which later returned through the support of

government rehabilitation loans. One local businesswoman has observed, “They have destroyed all the houses that support the businesses and replaced them with nothing. The government has driven the people away. . .”<sup>13</sup> DHCD challenged this interpretation of the decay of the area, citing riots and a general economic decline instead. Moreover, the department stated that it has put replacement housing into renewal areas at a 2 for 1 ratio. In the H street area, 391 units were completed and 383 more had been funded pending construction.<sup>14</sup>

A 1975 report on the H Street corridor by the Real Estate Research Corporation noted that private renovation following in the wake of the public clearance activities also displaced low-income residents: “Not only is the number of households being reduced, but the families moving into the renovated housing are of smaller size. Therefore, while the number of housing structures has remained relatively the same, they are accommodating far less people.”<sup>15</sup> From 4,000 to 4,500 low-income housing units were going to be replaced by from 2,000 to 2,500 higher-income units in the period 1975-80, the report said.<sup>16</sup>

The District's application for fourth-year Community Development Block Grant funds noted that in the area just south of H Street “substantial private rehabilitation has occurred which is resulting in the upgrading of residential structures and, in some places, the displacement of low- and moderate-income families. . .” This pattern was expected to continue as renovation spread.<sup>17</sup> Although the city government acknowledged the problem, it was not legally responsible for persons displaced by private actions—even if such actions had been fostered by the sort of public programs underway on H Street. Responsibility aside, DHCD questioned the linking of previous urban renewal to ongoing private reinvestment, citing Adams-Morgan as a neighborhood that was experiencing private reinvestment without ever having been a renewal area. The department

<sup>7</sup> Patricia Camp, “Changes Urged to Curb Abuse of Rehabilitation Loans in D.C.,” *Washington Post*, Apr. 13, 1979.

<sup>8</sup> James Clay, Deputy Director; Knox Hayes, Chief of Program and Policy, Planning, and Evaluation; Bob Raffner, Acting Administrator, Office of Policy, Planning, and Evaluation; D.C. Department of Housing and Community Development, interview, April 24, 1979. [hereafter cited as DHCD interviews.]

<sup>9</sup> LaBarbara Bowman, “Paying the Historic Price,” *Washington Post*, Feb. 5, 1979. Some black residents of the District voiced a different grievance against the preservation movement. They claimed that sites important in the development and life of the black community were overlooked and left unprotected. Anne Oman, “Two NW Neighborhoods Named Historic Districts,” *Washington Post*, June 30, 1977.

<sup>10</sup> DHCD interviews.

<sup>11</sup> See, for example, Daniel Thursz, *Where are they now?* (Health and Welfare Council of the National Capital Area, 1966).

<sup>12</sup> DHCD interviews.

<sup>13</sup> Phil McCombs, “Bitterness and Despair on H Street NE,” *Washington Post*, Nov. 27, 1977.

<sup>14</sup> DHCD interviews.

<sup>15</sup> Real Estate Research Corporation, *Summary Report: H Street Economic Development Potential*, submitted to D.C. Department of Housing and Community Development (September 1975), p. 4.

<sup>16</sup> *Ibid.*, p. 14.

<sup>17</sup> *CDBG Application*, 1978, pp. C-26, C-27.

also pointed out that where speculation seemed likely, as in the Shaw renewal area, the city bought up private land so as to prevent it.<sup>18</sup>

## Relocation Services

The District's involvement with Federal programs that might have produced displacement suggested the need to monitor the District's discharge of its responsibilities toward those it was displacing. This meant assessing the District's interpretation and application of the Uniform Relocation Act (URA).<sup>19</sup> In early 1978, the DC Legislative Commission on Housing characterized the District as inconsistent in its assistance to displacees, despite being a pacesetter in most forms of tenant protection.<sup>20</sup>

The District of Columbia Department of Housing and Community Development

... is responsible for relocating and assisting all families displaced by local government action, including community development, District highways and public works programs, code enforcement and rehabilitation.<sup>21</sup> All eligible displacees are entitled to relocation services and payments (except that code enforcement displacees receive only services, and do not receive payments) under the provisions of the Uniform Relocation Assistance Act, effective January 2, 1971, and District law.<sup>22</sup>

On May 29, 1979, the U.S. Department of Housing and Urban Development issued revised regulations to implement the Uniform Relocation Assistance and Real Property Acquisition Act of 1970<sup>23</sup> The regulations became effective on September 26, 1979.

The purpose of the relocation regulations was "to insure that persons displaced as a result of HUD-assisted projects are treated fairly, consistently, and equitably so that such persons will not suffer disproportionate injuries as a result of projects designed for the benefit of the public as a whole."<sup>24</sup> The regulations defined "Federal financial assistance" as "any grant, loan, or contribution except a Federal guarantee of insurance, made by HUD to a

State agency."<sup>25</sup> A list of 19 specific Federal-funding programs was then listed.<sup>26</sup> This brief list obviously did not include all HUD, much less all Federal, programs that bear on the problem of displacement. HUD noted this in a discussion of the applicability of the regulations:

The Department recognizes and is very much concerned about the hardships to persons forced to move by HUD or HUD-assisted activities that are not covered by the Uniform Act and is actively considering what measures it can take to address the relocation needs of these persons.<sup>27</sup>

Several such initiatives were then briefly described.

One significant restriction on the application of URA benefits was that "...the Uniform Act does not apply to the acquisition of real property carried out by a private entity or to resulting displacements. The Uniform Act applies only to acquisitions by a 'State agency. . .'"<sup>28</sup>

Another relocation benefits eligibility limitation concerned HUD's *intent* in acquiring the property. The U.S. Supreme Court ruled in April 1979 that persons ordered to leave their households for a Federal program are eligible for relocation benefits only if the agency involved planned at the time of acquisition to use the property for that program.<sup>29</sup> This ruling resulted in tenants at the Sky Tower housing project in the District of Columbia being declared ineligible for URA benefits, because HUD had decided to close the project after acquiring it through foreclosure. Thus HUD was deemed not to have acquired the property with intent to carry out a project covered by the URA.<sup>30</sup>

Thus, the URA had certain crucial limitations regarding eligibility for benefits. The new regulations broadened eligibility somewhat by stipulating that notices of displacement would be issued not later than thirty (30) days after the initiation of negotiations to acquire a property rather than upon acquisition.<sup>31</sup> This afforded a measure of protection to tenants who might otherwise have moved (with-

<sup>18</sup> DHCD interviews.

<sup>19</sup> 42 U.S.C. §§4601-4655 (1976).

<sup>20</sup> Patricia Camp, "Attack on Housing Costs," *Washington Post*, May 14, 1978.

<sup>21</sup> D.C. Code §5-1003 (Supp. V, 1978).

<sup>22</sup> D.C. Code §5-728 (1973).

<sup>23</sup> 42 U.S.C. §§4601-4655 (1976).

<sup>24</sup> 44 Fed. Reg. 30955 (1979).

<sup>25</sup> 44 Fed. Reg. 30958 (1979).

<sup>26</sup> Id.

<sup>27</sup> 44 Fed. Reg. 30946 (1979).

<sup>28</sup> 44 Fed. Reg. 30947 (1979).

<sup>29</sup> *Alexander v. U.S. Dept. of Housing and Urban Development*, 441 U.S.C. 39 (1979).

<sup>30</sup> Lawrence Meyer, "D.C. Tenants Lose Fight for Relocation Benefits," *Washington Post*, Apr. 18, 1979.

<sup>31</sup> 44 Fed. Reg. 30964 (1979).

out benefits) out of uncertainty about the future of the building in which they lived.

For those who were eligible, rights were clearly set forth in the regulations. The paramount right was that:

... no person can be required to move, unless he is given a reasonable choice of opportunities to relocate to a comparable replacement dwelling. Comparable replacement dwellings must be decent, safe, sanitary, and within a person's ability to pay.<sup>32</sup>

For physically handicapped persons, "decent" and "safe" meant also "free of any architectural barriers."<sup>33</sup> For minority or low-income persons, "reasonable choice" meant "opportunities to relocate to a comparable replacement dwelling that is not located in an area of low-income and/or minority concentration, if such opportunities are available."<sup>34</sup>

A second crucial right of relocatees was that they should be presented with suitable potential replacement housing options not later than 1 year after being displaced.<sup>35</sup>

The regulations also required State agencies to provide written assurances that URA activities would be carried out in accord with the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964 and Title VIII of the Civil Rights Act of 1968.<sup>36</sup>

The URA's benefits and services were provided through local government agencies. In the District, this meant that DHCD's social service division provides financial assistance or emergency relief, help with employment, training or retraining, and other social services.<sup>37</sup> Relocation payments included funds for moving expenses and replacement housing. Displaced persons were able to receive assistance in:

- buying a new home on the private market;
- renting a house or apartment in the private market;
- applying for rent supplement programs;
- applying for subsidized homeownership programs; and

- applying for public housing or temporary relocation.<sup>38</sup>

Despite the intent of the law, many displaced persons in the District did not receive relocation benefits.

Another source of difficulty for persons who had been displaced by government action was a shortage of relocation funds owing to DHCD underestimates of the number of displacees. The DHCD estimate of households to be affected by government action in 1976 amounted to only about a quarter of the actual need. In the Community Development Block Grant application for 1976, the DHCD anticipated that approximately 140 families would be needing relocation payments,<sup>39</sup> whereas 574 households were actually relocated by government projects.<sup>40</sup> Using an estimated average relocation cost for the District of \$3,300 per household, DCHD had requested for 1976 only \$462,000 in relocation assistance funds from the Federal Government.<sup>41</sup> The request in 1976 should have been \$1,894,200, or \$1,462,200 more than the amount actually requested from the Federal government. This discrepancy represented hundreds of persons displaced in 1976 without benefit of the assistance to which they were entitled under the Uniform Relocation Assistance Act.

In 1977, the Department of Housing and Community Development submitted its third-year application for Community Development funds (CD-3) for review by the D.C. City Council. The Department's projection was that about 190 households would be relocated to meet new developments and housing rehabilitation schedules involving property owned by the Redevelopment Land Agency. Payments to these households were estimated at \$600,000, including payments for households permanently displaced by the District Rehabilitation Home Program (including Section 312 loans).<sup>42</sup> Despite the continued high level of displacement-causing activities and the apparent shortfall in relocation assistance in 1976, DHCD proposed relocation payments in 1977 for 384 households fewer than the actual number relocated in the 1976 Community Development Year.

<sup>32</sup> 44 Fed. Reg. 30965 (1979).

<sup>33</sup> 44 Fed. Reg. 30957 (1979).

<sup>34</sup> 44 Fed. Reg. 30966 (1979).

<sup>35</sup> 44 Fed. Reg. 30965 (1979).

<sup>36</sup> 44 Fed. Reg. 30955 (1979).

<sup>37</sup> Mr. Cleophas Johnson, Assistant Chief, Housing Resources Division, D.C. Department of Housing and Community Development, telephone interview, July 30, 1979.

<sup>38</sup> D.C. Code §5-732b (Supp. VII, 1980).

<sup>39</sup> District of Columbia, Department of Housing and Community Development, *Application for Federal Assistance for a Community Development Block Grant Program, 1976* (Sept. 24, 1976), p. 61.

<sup>40</sup> Jacobs, supplemental information to Factfinding Meeting, p. 11.

<sup>41</sup> *CDBG Application, 1976*, p. 61.

<sup>42</sup> District of Columbia, Department of Housing and Community Development, *Application for Federal Assistance for a Community Development Block Grant Program, 1977* (City Council submission, Apr. 1, 1977), p. 62.

Those who received relocation support from the city stood a good chance of having an unpleasant, confusing experience. Although Federal regulations stipulated that displaced families were to be relocated in up-to-code, permanent housing within a year, many families displaced by the District were lodged in dilapidated "temporary" housing for periods of 2 years and longer. This condition caused the City-wide Housing Coalition, Neighborhood Legal Services, and other groups to file an administrative complaint with HUD on August 25, 1978. HUD, in turn, threatened to withhold from the city \$26 million in Community Development Block Grant funds, citing "non-compliance with laws and regulations pertaining to relocation issues."<sup>43</sup>

<sup>43</sup> Terry C. Chisholm, Area Manager, Washington, D.C., Area Office, U.S. Department of Housing and Urban Development, letter to Mayor Walter E. Washington, Washington, D.C., Sept. 22, 1978, p. 1.

<sup>44</sup> Patricia Camp, "Eviction Notices," *Washington Post* Nov. 11, 1978.

<sup>45</sup> Patricia Camp, "Relocation of Families Criticized," *Washington Post*, Dec. 1, 1978.

<sup>46</sup> DHCD asserted that the defects attributed to its relocation program arose from a decision to emphasize other legitimate priorities in the program. DHCD chose to attempt to meet the "same-neighborhood" relocation ideal by keeping displacees in temporary housing until rehabilitation was completed on their old residences (or on comparable residences in the same neighborhood). Sometimes this required more than a year. DHCD officials stated that this arrangement, while technically a violation of the 12-month limit, was tolerated for several years by the HUD area

The city responded to this development by sending letters to the more than 300 temporarily-housed families telling them to find other housing. D.C. Housing Director Lorenzo Jacobs told the press that the city had been too "kind-hearted" in urging the displacees to accept the alternative permanent housing the city had offered.<sup>44</sup> These actions aroused a storm of protest from community groups that led the city to mail a second round of letters to "clarify" its intent.<sup>45</sup>

It was not until February 1979 that the city produced a relocation plan, based on quarterly goals, acceptable to HUD. HUD will examine the city's performance in each quarter.<sup>46</sup>

office as a legitimate policy choice. DHCD stated that the threatened fund cutoff came when the caseload was actually at its lowest point in several years.

DHCD asserted it complies with the URA by relocating households from its caseload as fast as space permits.

DHCD defended its past relocation policy choice by noting that other aspects of relocation innovations or policy departures by DHCD have subsequently been adopted by HUD—specifically, 2-move relocation payments.

DHCD officials also stated that the Department has been flexible in using city funds to augment URA funds and to extend aid when URA benefits have expired.

DHCD acknowledged that the actual living conditions in some of the temporary housing it provided were substandard. DHCD interviews.



## Private Actions that Cause Displacement

Much has been written about a national trend of "return to the cities" by affluent younger households, principally white, who are rehabilitating city houses. The National Center for Urban Ethnic Affairs found sufficient interest in the topic to publish an extensive bibliography.<sup>1</sup> Nathaniel Rogg, in a survey conducted for the United States League of Savings Associations, found indications in many cities of such a trend and provided in his report an elaborate set of recommendations to accelerate it.<sup>2</sup>

Whether there actually is such a trend nationally has been disputed. However, even skeptics acknowledge that Washington is an exception to their reservations.<sup>3</sup> Between mid-1975 and mid-1976, the District for the first time in 25 years increased in its white population, both in absolute number and as a proportion of the whole population.<sup>4</sup> The *Movers to the City* study of in-migration in the period 1970-74 reported that 26,100 white households moved into the District during that period, accounting for 63 percent of new arrival households in a city that was more than 75 percent black. The study further showed a great predominance of one- and two-person households among these new arrivals,<sup>5</sup> which was consistent with the rising demand reported in chapter 1 for small housing units like condominiums.

The opportunities to upgrade the housing stock and improve the tax base were persuasive reasons

for the city to encourage this trend, and the city was urged to do so. For example, the chairman of the city's largest savings and loan association recommended to the District's legislative commission on housing that the District try to attract more affluent residents and to locate housing in the suburbs for some of the city's poor.<sup>6</sup>

Although the District's announced housing goals included encouraging rehabilitation and increasing the owner-occupied share of the housing supply,<sup>7</sup> the District did not need to pursue these goals through the sort of aggressive, imaginative programs found in other cities. The demand for District housing was so formidable that rather than stimulation, it needed monitoring, management, and effective action to minimize such side effects as displacement.

Many of the activities that have elicited calls for action by the District government could be grouped under the rubric "speculation." Speculative investment is a traditional and generally accepted part of the free enterprise system. Part of the intention behind L'Enfant's original plan for the capital was to safeguard the tract from large-scale speculation.<sup>8</sup> This precaution notwithstanding, Washington journalist and political analyst Sam Smith has called land speculation the District's "biggest local industry."<sup>9</sup>

<sup>1</sup> National Center for Urban Ethnic Affairs, *Neighborhood Reinvestment: An Annotated Bibliography*, compiled by Karen Kollias (1976).

<sup>2</sup> United States League of Savings Associations, *Urban Housing Rehabilitation in the United States*, by Nathaniel H. Rogg (1978).

<sup>3</sup> Susanna McBee, "Is There a National Back-to-the-City Trend?—Probably Not," *Washington Post*, Sept. 4, 1978, p. A-2.

<sup>4</sup> Ibid.

<sup>5</sup> George Grier and Eunice S. Grier, Washington Center for Metropolitan Studies, *Movers to the City*, (May 1977), pp. 12 and 47.

<sup>6</sup> Louise Brown, "Needed: More upper bracket taxpayers to Foot D.C.'s Bills," *Washington Post*, n.d., 1978.

<sup>7</sup> District of Columbia, Municipal Planning Office, newsletter, January 1977, p. 7.

<sup>8</sup> Neal R. Peirce and Michael Barone, *The Mid-Atlantic States of America* (New York: W.W. Norton, 1977), p. 29.

<sup>9</sup> Sam Smith, "Love of Land," *D.C. Gazette*, September 1977, p. 12. This

Many business persons believe that it is through speculation that the benefits of neighborhood revitalization came to the city. The prospect of high profits in real estate, they believed, helped to strengthen the value of neighborhood property, improve the city's housing stock, and attract people with high incomes back into the city.

The National Urban Coalition, on the other hand, offered this view:

... speculative rehabilitation affects whole areas and represents a threat to the integrity of the existing community which comes from outside the community. Speculative activity is impersonal; monied forces appear to manipulate the lives of those with little money who have lived in the neighborhood and yet have no control over their future there.<sup>10</sup>

The speculator's interest was in profit from value appreciation rather than in rental income from the property or in occupancy. Thus, speculation differed from other kinds of real estate activity by the following:

- Active solicitation of homeowners to sell their property;
- Multiple sales of the same property within short periods of time;
- Low purchase but high resale prices;
- The lack of any substantive improvements or renovations to the property prior to resale.<sup>11</sup>

In short, in speculation, property was acquired for short-term investment and profit. The variations on the basic theme included holding vacant property for a time period of up to 5 years, cosmetic renovation, quick multiple sales of one property, "flipping" (selling of contracts-to-buy prior to settlement), and buying and selling through straw parties and/or dummy corporations. Speculators would buy in the vicinity of blocks undergoing restoration and sell only when the area became desirable enough to ask high prices. The pattern consisted of buying several houses on a block, evicting low-income residents, and reselling. The aggressive property acquisition techniques of speculators were particularly effective against homeowners who were ill-

informed about current market conditions and real estate practices and who were fearful that they may be unable to meet rising home maintenance costs—people like the fixed-income elderly.

A city council study of properties sold more than once during the period October 1972-September 1974 found that 69 percent of all such sales were concentrated in only five neighborhoods; that the properties were held on the average only 6.3 months (barely past the 6-month limit after which one half of the profit is tax-free); that in the five high-activity neighborhoods the average transaction profits ranged from 43 to 86 percent; and that in each of these five neighborhoods, less than 35 percent of the houses resold had had any repairs or alteration by the interim owner. The study concluded that speculation was widespread and that it "exaggerates the inflationary trend in the city's high-demand housing market."<sup>12</sup>

Phenomenal increases in assessed value in the last several years indicated the spiraling upward of prices following the entrance of speculators into the housing market. For example, biennial assessments on Capitol Hill increased in 1975 by an average of more than 25 percent.<sup>13</sup>

One real estate company issued eviction notices to 26 low income black families on Seaton Street in Adams Morgan to make way for rehabilitation work. One of these properties was bought for \$14,000, renovated, and offered to the tenant for \$54,000 in one year.<sup>14</sup>

A large and vocal contingent of neighborhood groups objected to the effects of speculative real estate sales. In neighborhoods undergoing revitalization, the strongest protests were motivated by fear of speculation. Protesting residents cited such effects of speculation as displacement of families, greater tax burdens on already burdened homeowners, and denial of an opportunity to become homeowners to low- and moderate-income persons. One indication of the importance of speculation to the public was that, during the 1978 election campaign, two candidates for city office issued vehement but conflicting

"local" industry apparently encompassed Baltimore, with some of the same speculators who made money in the Capitol Hill and Mount Pleasant neighborhoods of the District investing also in Baltimore neighborhoods. Eugene Meyer, "Land Rush in Baltimore," *Washington Post*, Dec. 11, 1978.

<sup>10</sup> National Urban Coalition, *Displacement: City Neighborhoods in Transition* (1978), p. 21.

<sup>11</sup> Council of the District of Columbia, Committee on Finance and Revenue, "Facts About Real Estate Speculation" (staff report), pp. 2-3; the period studied was October 1972 to September 1974.

<sup>12</sup> *Ibid.*, p. 14.

<sup>13</sup> Dennis Gale, *The Back-to-the-City Movement. . . Or Is It?* (Washington, D.C.: George Washington University Department of Urban and Regional Planning, Occasional Paper Series, Fall 1976), p. 10.

<sup>14</sup> Frank Smith, "Reinvestment in Adams-Morgan" (April 1977), p. 10; submitted to the District of Columbia Advisory Committee to the U.S. Commission on Civil Rights, Factfinding Meeting, Washington, D.C., Apr. 15, 1977.

claims to have authored the city's anti-speculation law.<sup>15</sup>

The anti-speculation law went into effect on July 13, 1978.<sup>16</sup> It taxed profits on housing held for less than 3 years, computing the tax on the basis of percentage of gain and time held. There were a number of exemptions. The law was widely publicized at the time of its passage because it was the first such tax in the country on urban speculation. It made headlines again in early 1979 when D.C. officials disclosed that it had been almost entirely unenforced. Only one person had paid the tax in its first 7 months and fewer than 15 percent of homesellers filed the required forms.<sup>17</sup> However, the new city administration's first budget proposal included \$221,500 to improve enforcement of the tax.<sup>18</sup>

The consequences and equity dimensions of the private rehabilitation process appeared to jeopardize that process as a whole. Displacement from some neighborhoods may have produce overcrowding and strained services in other already-weak neighborhoods. Disappointment and frustration may have led to explosive conditions. Nathaniel Rogg writes of the displacement of the poor by affluent in-migrants:

This may become the most serious problem to be resolved if we are to have successful urban rehabilitation. Otherwise we will be setting the stage for a massive inner-city confrontation. The city in which this was most evident was Washington, which has witnessed a substantial return to the city by self-sustaining families. . . .

Failure to anticipate this problem [i.e., social pressures resulting from displacement] may prove the most intractable stumbling block to inner-city rehabilitation.<sup>19</sup>

There was no systematic effort on the part of the District to monitor displacement stemming from private actions. However, the results of speculation and privately sponsored rehabilitation in city neighborhoods inevitably included a growing number of displaced residents.

A survey of recent in-migrants to Mount Pleasant concluded:

. . . though this new immigration creates many benefits for the city, such as an improved housing stock and increased tax revenues, it comes not without its negative consequences. As the overall supply of low and moderate income housing—especially rental units—dwindles in the District, the impact of neighborhood conservation and renovation on disadvantaged families grows more severe with each passing year.

Because virtually no subsidized housing currently is being built in Washington, they will find a paucity of alternative housing choices. There seems to be no solution to this dilemma through traditional market dynamics. . . only underscoring the critical importance of a vigorous subsidized housing construction initiative by the District of Columbia Government. To date such an effort has not been forthcoming.

The relatively uniform economic and racial characteristics of recent homebuyers in renovation neighborhoods. . . only serve to emphasize the highly restrictive nature of neighborhood resettlement in Washington. Though many benefit from this process, it seems likely that they do so at a severe price to many more.<sup>20</sup>

## Case Studies

### Capitol Hill

Friendship House, a multiservice settlement house and community action program, has provided a wide range of services to people of near Southeast for more than 70 years. During the 1960s the agency experienced an increase in requests for assistance with individual housing problems, such as poor maintenance and security, that often resulted in evictions. The program personnel could not determine the cause of the increases in problems, but began to note a physical change in the area. The change appeared pervasive and it was occurring at a fast pace. "It was clear to us that someone was making big profits on Capitol Hill real estate,"

<sup>15</sup> Robert Pear, "Clarke Challenges Barry on Campaign Ad Puffery," *Washington Star*, Aug. 29, 1978, p. B-1. The antispeculation law is formally known as the Residential Real Property Transfer Act of 1978, D.C. Law 2-91 (July 1978).

<sup>16</sup> D.C. Code §47-3302 (Supp. VII, 1980).

<sup>17</sup> Patricia Camp, "D. C. Speculators' Tax: Few Comply, Fewer Pay," *Washington Post*, Feb. 12, 1979.

<sup>18</sup> "Barry Budget Highlights," *Washington Post*, Feb. 27, 1979.

<sup>19</sup> *Urban Housing Rehabilitation in the United States*, pp. 12 and 21.

<sup>20</sup> Dennis Gale, *The Back-to-the-City Movement Revisited* (Washington, D.C.: George Washington University Department of Urban and Regional Planning, Occasional Paper Series, Fall 1977), pp. 14-15.

according to Friendship House spokesperson Gilda Warnick.<sup>21</sup>

Friendship House joined other community groups in a coalition to serve as a neighborhood advocate, a role which later involved community organizing and housing counseling. The goal was to maintain a racial mix on the Hill and maintain a place for low- and moderate-income people in a neighborhood that was quickly pricing them out.

The coalition immediately postulated that the activities of various real estate companies operating in the neighborhood were the source of the problem, and research confirmed that realtors were involved in the process. However, they were clearly not the culprits, says Warnick:

...we gathered the names of every agent in all Hill real estate offices. And, where we failed miserably at linking real estate companies...with property transactions, we did find transactions that occurred in the names of individuals. This finding opened a whole new avenue of investigation: we began to associate area property sales with certain names—not just those of real estate agents acting as individuals—but names of what we later defined as speculators. At the same time, our individual counseling and community organizing efforts identified more names of landlords who were evicting low- and moderate-income people, and we proceeded to check each one out.<sup>22</sup>

The Friendship House group defined speculators as those who seek quick profits by buying properties in deteriorated areas at or below the market rates and, through a variety of schemes, selling them at inflated values. Chief elements in the Capitol Hill speculation process were the limiting effects on housing choices for less affluent residents, the prohibitive resale prices of rehabilitated units, and the displacement of residents. The human price of this private revitalization was recorded by Friendship House in such cases as these:

- Mrs. J. and her 8 children faced immediate eviction from a house they had rented for 11 years. The house was sold out from under her for \$9,950. She sought housing unsuccessfully for 2 months. Eventually, she went to Friendship House for assistance. Through Friendship House

intervention, the new owner was convinced to extend Mrs. J's stay for 4 weeks. He offered to sell her the house for \$19,000. The owner said his plans were to do some renovation and then sell the house for \$40,000.

- An elderly couple on G Street, S.E., was told to move from an apartment that had been their home for 6 years. The husband was totally immobile; his wife was forced to move into property owned by a known speculator. They occupy their new home with no degree of permanence.

- A couple with five children was told to vacate a rental home on A Street, S.E., after having lived there for 7 years. The family was harassed by the property's new owners, who threatened to begin rehabilitation on the property while the family was still living there. They finally got new housing on Capitol Hill, where they were paying \$350 a month—close to half their income for rent.<sup>23</sup>

A 1977 survey<sup>24</sup> of recent homebuyers on Capitol Hill indicated that new households in the area tended to consist predominantly of single individuals or couples in their late twenties, thirties, and early forties. Only one-fifth of the surveyed households had children; only a small number of those were of school age. The households were overwhelmingly (97 percent) white.

The educational level of these new residents was high—more than three-fourths of household heads had earned graduate degrees. Annual household incomes ranged from \$10,000 to more than \$50,000; three-fourths were above \$25,000.

Seventy-two percent of the respondents had lived in the District prior to purchase of their new homes, while 15 percent of the households surveyed had residents who came from the suburbs.

The most important reason for locating on Capitol Hill seemed to be closeness to place of employment. Favorable prices of housing in comparison to houses elsewhere, the historical/architectural nature of the neighborhood, the proximity of Capitol Hill to social and cultural attractions, several new Metrorail stations, and the financial promise of investment in the house were among other reasons cited.

<sup>21</sup> Gilda Warnick, Statement Submitted to the District of Columbia Advisory Committee to the U.S. Commission on Civil Rights, Factfinding Meeting, Washington, D.C., Apr. 15, 1977, p. 1.

<sup>22</sup> Ibid. p. 2.

<sup>23</sup> Ibid., pp. 6-7.

<sup>24</sup> Gale, *The Back-to-the-City Movement Revisited*, p. 2. The two census tracts included in the survey (66 and 67) abut East Capitol Street on the north and are located close to the Capitol and the Library of Congress, slightly east of and removed from the Federal enclave.

In assessing negative factors of their neighborhood, the newcomers pointed to excessive crime problems, excessive real estate taxes, excessive neighborhood traffic, and inadequate public schools. Excessive street litter and noise related to traffic or dogs also were mentioned.

### Mount Pleasant

Mount Pleasant, with nearly 10,000 residents, is situated between the National Zoo and 16th Street to the north of Adams-Morgan in Northwest Washington. It is another area experiencing rapid change. The *Washington Post* reported in 1978 that Mount Pleasant residents "claim real estate speculation has been the major factor in many of the neighborhood changes. They said it has robbed the area of most of its minorities and of affordable rental housing."<sup>25</sup>

The area's streets are lined with Victorian homes, early 20th century rowhouses, and larger, mansion-like dwellings. During a 15-month period from August 1974 to October 1975, 180 property transfers were recorded in this area.<sup>26</sup> Between September 1977 and September 1978, one real estate firm sold nearly 40 homes in Mount Pleasant.<sup>27</sup>

Ray Nosbaum of the Mt. Pleasant Advisory Neighborhood Commission (ANC) reported to the District of Columbia Advisory Committee that two population movements have occurred in Mount Pleasant since 1970.<sup>28</sup> The Hispanic population has risen, and middle- and upper-income people, mostly white, are buying houses to renovate for both owner and tenant occupancy. Housing purchases by the latter group and by real estate speculators, he said, were responsible for some displacement, especially of Hispanics, and for a trend toward escalating real estate prices. Those prices ranged upwards to \$80,000.

Though housing was available at lower prices, he said it tended to require extensive rehabilitation at a high cost, which put it out of the range of most of the current residents.

He also indicated that the neighborhood's diversity, while often referred to as a strength, was also a weakness in that local real estate entrepreneurs, absentee landlords, and some high-income owners have interests different from those of tenants and many long-time, low-income owners. Therefore, the

community did not have common housing goals, a condition that creates anxiety. While Mount Pleasant Neighbors concentrated on housing code enforcement and neighborhood cleanup, the Advisory Neighborhood Commission promoted tenant organization and city legislation to ease residents' problems.

Luis Rumbaut, a Mt. Pleasant resident and attorney for Ayuda, an organization that provides legal assistance for low-income Hispanic Americans, offered this explanation of the dramatic occurrences that are changing the neighborhood:

Properties in the area have become very desirable. We are now undergoing an acute process of displacement of the residents, who in their majority, represent the Afro-American and Latin American. In brief, what is happening is that white people or Anglo-American—nonminority at any rate, usually professionals with some money—are buying up the available properties wholesale. At the same time, commercial interests, anticipating a new and lucrative market, are involved in displacing the minority businesses of the area in order to hasten the process and secure their investment.

In our case, the clearly racist and discriminatory interests on the part of the forces that are operating to achieve this change stand out openly, much more beyond that institutionalized discrimination that is hidden under the concept of market forces that occur with supply and demand.

The unjustified evictions, harassment of tenants on the part of owners, the illegal rent increases, the threats, follow one after another. Those who can fight back do so. Those who can't, simply leave, except in that case, they have to leave the area completely, finding that they no longer can find units suitable to their needs and their ability to pay.<sup>29</sup>

What has happened to the Hispanics who have been displaced in Mount Pleasant was not fully known. It was difficult to track the displaced population. It was easier to determine who the newcomers are. A study<sup>30</sup> conducted in the summer of 1976 revealed that about 60 percent of the new households were composed of couples either mar-

<sup>25</sup> Joann Stevens, "Mount Pleasant," *Washington Post*, Sept. 21, 1978.

<sup>26</sup> Gale, *The Back-to-the-City Movement. . . or is it?*, Appendix 1.

<sup>27</sup> Joann Stevens, "Mount Pleasant," *Washington Post*, Sept. 21, 1978.

<sup>28</sup> Ray Nosbaum, Statement to the District of Columbia Advisory Committee to the U.S. Commission on Civil Rights, Factfinding Meeting, Washington, D.C., Apr. 15, 1977.

<sup>29</sup> Luis Rumbaut, Statement to the District of Columbia Advisory Committee to the U.S. Commission on Civil Rights, Factfinding Meeting, Washington, D.C., Apr. 15, 1977.

<sup>30</sup> Gale, *The Back-to-the-City Movement. . . or Is It?*

ried or cohabiting and 23 percent were singles. The remainder represented mixed arrangements such as communes, cooperatives, or various relatives living together.

Slightly more than one-third of the households had one or two children; 61 percent had no children. The children were mostly preschool age. Seventy-seven percent of the new households were white, while 14 percent were black; the study noted that in the 1970 census, overall population in the area was 68 percent black and 32 percent white. The survey indicated that if migration trends continued, the neighborhood would become, or may already have become, predominantly white.

Gross household income in 1975 in the sample ranged from as little as \$10,000 to as high as more than \$50,000. Only 11 percent of survey households earned less than \$15,000; in 1970, 81 percent of Mount Pleasant families had been in that income category. This growth in income is not accountable solely by inflation. Forty-four percent of newcomers earned \$15,000 to \$25,000; 39 percent were in the \$25,000 to \$50,000 category. Newcomers in general were substantially more affluent than established residents.

As the survey indicated, "It is not surprising, then, that older Mount Pleasant residents have been unable to compete successfully with the newcomers for housing in their neighborhood."<sup>31</sup>

As to reasons for the move to Mount Pleasant, survey respondents cited their homes as good financial investments that would grow significantly in value; the shorter distance to place of employment; the historical and architectural character of the neighborhood; and the desire to live in a racially integrated neighborhood. On the negative side were excessive crime problems and insufficient parking.

Two-thirds or 67 percent of homeowners had moved from other District neighborhoods, including other locations in Mount Pleasant. Eighteen percent had lived in the District suburbs before moving to the neighborhood.

The survey suggested that upgrading of Mount Pleasant was a long-term process that could result in a more vigorous turnover rate in housing ownership

as the tax burden grows to exceed the economic limits of long-time homeowners.

### Adams-Morgan

Adams-Morgan was an area of racial, ethnic, and economic diversity. It was also the site of the most noticeable revitalization and displacement activity in the city. Located in Northwest, Adams-Morgan was roughly bounded by Harvard Street on the north, S Street on the south, 16th Street on the east, and Rock Creek Park on the west. Several professional observers and the media have devoted considerable attention to the rising costs of housing for both homeowners and renters.

According to the 1974 census update, 20,500 people live in Adams-Morgan. Its population was 33.7 percent white and 66.3 percent non-white, many of whom were foreign born and had a native language other than English.<sup>32</sup> Many undocumented aliens were also believed to reside in the area. The census had been challenged by representatives of the Hispanic community, which had long decried Census Bureau undercounts of its population.<sup>33</sup> The consequence of the undercount, according to Latinos, was a disproportionately low share of the city's community service funds. Frank Schafer-Corona, a member of the District School Board, described the area as the hub of the Latino community in Washington. The heaviest concentrations of that community stretched from Mount Pleasant through Adams-Morgan to Dupont Circle. Estimates of Hispanics in the area described above ranged as high as 50,000.<sup>34</sup>

Frank Smith, a community leader, described the diversity of the neighborhood in this way:

A walk down Columbia Road, the main commercial street in Adams-Morgan, shows the rich diversity of the area. Young people of Spanish heritage—perhaps Cuban, Brazilian, Peruvian—sit together in a small triangular park, absorbed in the rhythms of their drums. Africans and Latinos crowd the Mom and Pop type stores which sell plantains, cassava, goat's meat, and freshly baked bread. Some of the senior citizens of Barney Neighborhood Center enjoy lunch together, while others work at their crafts—crocheting, re-upholstering. Conscientiously

<sup>31</sup> Ibid., p. 5.

<sup>32</sup> U.S. Department of Commerce, Bureau of the Census, 1974 update. "Sonia Gutierrez, chairman of a council of 18 Hispanic community agencies, estimates 60 percent of [Washington's Hispanics] speak little or no English." "Hispanics Praise Police Facility," *Washington Post*, n.d. 1978.

<sup>33</sup> See U.S. Commission on Civil Rights, *Counting the Forgotten* (1974) and *Improving Hispanic Unemployment Data* (1978).

<sup>34</sup> "Latino leaders claim that there are 50,000 persons of Spanish origin in the District of Columbia, most of them in Adams-Morgan and Mount Pleasant. But the 1970 census counted only 15,108. A sample survey in 1976 estimated no more than 19,000." Mary Lenz, "Concern in Washington's 'Latin Quarter': How Much Longer Can the Melting Pot Survive?" *Washington Post*, Sept. 7, 1978, p. D.C.-2.

dressed families as well as those dressed for the playground stop off at Arabic and Spanish restaurants which are inexpensive enough to accommodate a family. . . Blacks and whites study the offerings of the health food stores for the best buys of the day.

Adams-Morgan is a diverse neighborhood, well situated for inner city development.<sup>35</sup>

Smith also noted that the area was within bike-riding and walking distance of the downtown Connecticut Avenue commercial area that offered the greatest amount of private sector employment in Washington, D.C. Moreover, 12 different bus routes through Adams-Morgan made it easily accessible to other areas of the city.

Another attraction was the recently opened Marie H. Reed Learning Center, a \$10 million facility featuring tennis courts, an Olympic size pool, an amphitheater, and a senior citizens center. The school also was one of only two that are community-controlled in the city. Also, D.C. government had agreed to spend over \$2 million to purchase the 4-acre Shapiro tract in Adams-Morgan for a community playground. These improvements, long struggled for by neighborhood residents, now served to attract more affluent persons who displaced the original residents.

A rash of buying and selling in the Adams-Morgan area over a period of 5 years and the displacement of low-income residents prompted a study of the reinvestment patterns in the neighborhood. Sales between 1966 and 1975 in the census tracts (38, 39, 40, and 42.01) comprising more than 90 percent of Adams-Morgan were analyzed. A definite price increase was detected beginning in 1971. Between 1971 and 1975, the average selling price in tract 42.01 doubled—from \$14,000 to \$28,000 per property. In that tract, there were 336 real estate transactions between 1966 and 1975, of which 234 or 63 percent occurred between 1971 and 1975.<sup>36</sup>

The pattern of increased real estate transactions and increased sale prices held throughout the other census tracts studied. A prime example of such activity was found in what happened on Seaton Street on the southern and less-developed edge of Adams-Morgan:

In March of 1976, a real estate company bought several properties and 26 families on this street were soon given eviction notices and told to move. These families included about 100 people, approximately one half of whom were children, the other half working age adults.

After a year of legal struggle, 10 families (72 people) still remain. In an effort to obtain out-of-court settlement, the real estate developers made bona fide offers to sell the property to those tenants. These offers were 75 percent to 100 percent higher than the developers paid for the property.

In the Seaton Street case, 700 housing code violations had been cited against these properties during the year, and, because the owner had sought appeal of the citations, no repairs were made. The remaining properties that the developer obtained title to during this time were purchased at about \$15,000 each, renovated, and offered for sale at \$54,000 to \$69,000.<sup>37</sup>

In the Beekman Place development on the eastern edge of Adams-Morgan, 213 units of new housing on a previously vacant tract were sold at prices ranging from \$65,000 to \$80,000. The new housing units, it had been estimated, would net the city \$3 million annually in taxes—a quantum jump from the pre-construction sum of \$56,000.<sup>38</sup>

A low-income homeowner in the neighborhood told the Advisory Committee of her experiences in relation to that development effort:

I have lived on Ontario Road for 16 or 17 years. I have seen a change because of the Beekman Hill housing that has come. It is right in back of my street. Since they built the houses there, my taxes have gone up as well as the other residents. On the street where I live, there are like 9 or 10 widows facing these high taxes. They have had to . . . not remodel their houses, but they had to do things to bring them up to the standards of, I guess, to meet the requirements like Beekman Hill. That, too, has affected me as well as the rest of them on Ontario Road. Many of my neighbors—some of them—have been moving out. The ones that own the homes have . . . one or two of them . . . sold their houses because they could not afford the high taxes. Just behind where Beekman Hill is being structured, there is a row of houses, about 25 maybe 26, that have moved. Just about all of

<sup>35</sup> Frank Smith, "Reinvestment in Adams-Morgan" p. 6.

<sup>36</sup> Ibid., p. 8.

<sup>37</sup> Ibid., p. 10.

<sup>38</sup> Ibid., p. 11, citing the *In-Towner*, an Adams-Morgan neighborhood newspaper.

them have gone, but five families. I have been working with them along with the Adams-Morgan Organization to replace them. But they have gone. I don't know, Southeast, way out Northeast, Southwest, and wherever.<sup>39</sup>

Neighborhood organizers told the Advisory Committee that they were concerned about the "profound effect" of speculation on the black homeowners as a result of the increased real estate activity. Adding to the burden were stepped up housing code inspections in "developing" neighborhoods that resulted in financial strains, especially on the elderly blacks on fixed incomes who tended to be the predominant nonwhite homeowners in Adams-Morgan.

The effects of these neighborhood strains resulted in organized community opposition toward any new developments in Adams-Morgan. The Adams-Morgan Organization (AMO), for instance, opposed licenses for the Beekman Place Project, a liquor store, and numerous Georgetown-like shops. AMO's position was that all development must stop until a way is found to prevent the widespread evictions that the area has experienced.

<sup>39</sup> D.C. Transcript, pp. 330-31.

Residents of the area continued to protest redevelopment efforts. In February 1978, residents held a protest march in Adams-Morgan and Mount Pleasant to object to the continuing evictions, rent increases, and the lack of jobs. Revitalization came to be viewed as a destructive and racist force by some neighborhood residents.

Marie Nahikian, Advisory Neighborhood Commission member and former member of the District Rental Accommodations Commission, found fault with the Advisory Committee's use of the word "revitalization" to describe the process occurring in her neighborhood:

I think the Commission [on Civil Rights] in many ways plays into the hands of this whole process by referring to this issue as revitalization, because that is an awfully nice, an awfully subtle term for it. That is like many of the terms we all know have been used in the past for pure and simple racism. The word revitalization is a positive word—it means new life. There is nothing wrong with the life in Adams-Morgan that existed 7 years ago.<sup>40</sup>

<sup>40</sup> D.C. Transcript, p. 328.



## Postscript

This study has touched on some of the forces at work in the residential housing market in Washington, D.C. The goals, constraints, premises, policies, and practices of government and private sector leaders in the area of housing have been examined. Many of these elements bear on displacement either actively or by omission.

The situation revealed in this case study underscores the need for careful and creative reexamination of displacement, the factors that cause it, and means to reduce it. The human price exacted from those least able to pay for urban revitalization is enormous. It is a cost the entire community will eventually share in terms of increased dependency and social ills that result from displacement.



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