



**REVITALIZING WASHINGTON'S NEIGHBORHOODS:**

# A Vision Takes Shape

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Revitalizing Washington's neighborhoods and boosting the city's population can make the District of Columbia a better place to live and work for all the city's groups—but only if they work together. To promote such unity, this paper provides a framework for a broad-based dialogue about how best to enhance the future of Washington's neighborhoods.

**W**ashington, DC lost a quarter of its population between 1970 and 2000, including much of its middle-income population. The decline — in customers, in homeowners, in middle-class households — proved disastrous.

Neighborhood businesses closed. Jobs disappeared. And even now vacant, abandoned, and underutilized dwellings and boarded-up stores can be found across large swaths of the city. For the residents who remained, many neighborhoods suffered from a lack of accessible stores, restaurants, cleaners, and other amenities. Meanwhile, the city's tax base suffered, as well as its ability to deliver needed services.

The current revival of the city presents an opportunity to reverse this downward spiral, reinvigorate the city's neighborhoods, and increase the District's population and its tax base. Significant growth in the District's population, especially growth in the middle-income population, would enlarge the market for neighborhood businesses and generate more job opportunities for residents in those businesses. Growth would increase the District's tax base and make it easier to fund improved services. And a higher proportion of middle-income parents would increase support for education and enhance the chances of improving school performance.

Increasing the District's population by 100,000 people of all different household types over ten years would go a long way toward strengthening the city's fiscal health, improving its services and reducing its tax rates. To be sure, the idea of increasing the District's population by 100,000 over ten years has seemed fanciful to many. Where would all those people live? Wouldn't they displace existing residents? Nevertheless, throwing a round number on the table stimulates intensive examination of the potential for residential development in Washington neighborhoods. And the examination of specific neighborhoods has begun to make that 100,000 number seem less fanciful.

What is more, the goal is now official District policy. In his second inaugural address on January 2, 2003, Mayor Anthony Williams endorsed the concept of increasing the District's population by 100,000 over ten years. Accordingly, the city is

currently engaged in an intensive effort to identify citizen priorities with Strategic Neighborhood Action Plans (SNAPs), create neighborhood development plans, and coordinate investment by multiple city agencies. Our paper describes some of the city's development efforts and focuses on issues that still must be resolved if neighborhood revitalization is to benefit all parts of the city's population.

### Targeting Specific Neighborhoods

Concentration must be a basic principle going forward. The District's government simply cannot afford to disperse vast sums in neighborhood development money around the city, given its constrained tax base and urgent need to improve services. The challenge is therefore how to use limited public resources to attract private and non-profit capital so as to create the greatest possible total impact. Which is why a strategy of concentrating resources on specific neighborhoods seems imperative. Pursuing several strategies simultaneously in the same neighborhood can make a visible difference and convince others to invest there. If revitalization of those neighborhoods is successful, resources will be generated to support similar efforts elsewhere.

To be sure, concentrating resources in a limited number of neighborhoods entails risks. One risk is that long-time low-income residents may be forced out of rapidly developing neighborhoods and fail to benefit from the investment. For that reason,



policies to mitigate hardships for low-income residents and preserve affordable housing in targeted neighborhoods and other parts of the city must accompany any targeting strategy. Another risk is that neighborhoods that are not targeted, especially severely distressed ones, could actually deteriorate before the benefits of increased activity in the targeted zones can spread to them.

Over the last three years, the District has used various methods to help identify priority areas for coordinated investments. First, in order to get a clear picture of the conditions of the District's diverse communities, the Office of Planning analyzed key demographic and social indicators such as the poverty rate, public school performance, household income, private sector investments, single family housing values, reduction of the violent crime rate, change in youth and senior populations, home sales and educational attainment. Ultimately the city's analysis broke DC neighborhoods out into four broad categories:

*Stable* — neighborhoods with ample market-driven private investment and social indicators consistent with or higher than the city average.

*Emerging* — neighborhoods that under-perform based on their market potential, though usually with moderately positive indicators.

*Transitional* — fast-developing neighborhoods subject to rapid home sales rising property values, and displacement pressures.

*Distressed* — neighborhoods that face the most extreme challenge of low social indicators and extreme private disinvestments.

The District then conducted a qualitative neighborhood assessment, evaluating where District investments would be most likely to leverage private and philanthropic resources to realize tangible and visible improvements over the next three to five years. Key assets, such as the existence of publicly controlled land, access to transit, institutional anchors, and synergy with other planned investments were identified. The Neighborhood Action Initiatives and the SNAP process also fed into this neighborhood assessment.

Based on the above analysis, the mayor chose 12 neighborhoods that seem to offer the best chances for leveraging city funds to achieve visible near-term success. Most of these neighborhoods are in the “emerging” category, although there are some also in the “transitional” and “distressed” categories.

## Combining Neighborhood Development Strategies

Neighborhood revitalization is complex. Many aspects of neighborhood life — housing, commercial establishments, education, access to transportation — have to be addressed simultaneously. Many tools have to be used. Already the city has announced a variety of strategies to accelerate neighborhood development. Giving priority to target neighborhoods in the implementation of these strategies offers the hope that their combined effects will jump-start revitalization in these neighborhoods, attract additional private and non-profit resources, and create visible, self-sustaining improvement.

### *Generating Quality Affordable Housing*

**The problem:** The increased attractiveness of the District has fueled a strong real estate boom, which has increased property values and rents and boosted housing construction and renovation in many parts of the city. Increased property tax revenues help the District balance its budget and improve services. But the real estate boom also increases the difficulty that low- and middle-income people have in finding and retaining affordable housing.

**The tools:** The Housing Act of 2002 provided new tools for increasing affordable housing and reducing displacement. The act limits property tax increases for long-time low-income homeowners, provides tax credits for home improvement by homeowners in historic neighborhoods and instituted tax incentives to keep landlords from opting out of the Section 8 program. The act also revived the Housing Production Trust Fund, capitalizing it with the proceeds of the sale of city property and funding it with a local tax revenue stream. The fund can be used to provide loans or grants to build or rehabilitate affordable housing, offer rental or mortgage assistance to low-income households, or provide incentives to developers to build mixed-income housing.

The District is also working to deconcentrate poverty while protecting public housing for those in need, using the HOPE VI program to develop distressed public housing. The city has received five HOPE VI awards for sites that are in varying stages of completion. These projects are likely to create more viable mixed-income neighborhoods but risk reducing the supply of housing available to the lowest income groups.

**The challenges:** The first challenge is creating an adequate funding stream for affordable housing. To be effective in mitigating the District's affordable housing crisis, the Housing Production Trust Fund needs more funding than is currently earmarked for it — possibly a percentage of the city's incremental residential property tax revenue.

The second challenge is deciding how best to use the limited funds available for housing subsidies. Households with incomes under \$25,000 clearly face the greatest difficulty finding decent housing they can afford. However, the cause of attracting and retaining families with moderate incomes, who also face high housing costs in the city, justifies some subsidies for households with incomes in the \$25,000 to \$40,000 range and possibly higher.

### *Eliminating Blight*

**The problem:** Numerous vacant and abandoned properties pock the city as a result of population loss and neighborhood deterioration. A 2003 estimate by the Department of Consumer and Regulatory Affairs puts the figure at 2,900. Some are privately owned; others are owned by the city or the federal government. Vacant properties are often unsightly and unsafe and depress neighborhood property values. Returning them to productive use is an opportunity to increase the city's housing supply and contribute to neighborhood recovery.

**The tools:** The city's Home Again Initiative is designed to convert abandoned properties into quality, affordable homes by creating bundles of five to 20 properties and selling them to for-profit and non-profit developers. The initiative focuses on empty lots and homes with no occupants, and targets neighborhoods that have high concentrations of vacant properties. It provides families with access to pre- and post-home purchase counseling and sets aside 30 percent of converted homes for low-income families.

**The challenges:** The process of identifying abandoned properties, obtaining legal control, and putting them up for sale is slow and cumbersome. The process needs to be expedited to permit more rapid movement of blighted properties into productive uses.

### *Taking Advantage of Transit*

**The problem:** More than half of District residents live within a 20-minute walk of a transit station and nearly every District resident lives within a 10-minute walk of a bus stop. However, the city has not taken maximum advantage of its multi-billion dollar transit system to increase the density of residential and commercial development around transit stops and enhance the livability of neighborhoods.

**The tools:** Transit Oriented Development (TOD) is a land use strategy designed to create compact mixed-use neighborhoods within a half mile of bus and rail stops. The Mayor's Task force on TOD proposed city investment in TOD districts, supported by innovative zoning, a streamlined development process, training for community leaders and other measures.

**The challenges:** Development around transit is an extremely sensitive issue in many neighborhoods. There are likely to be competing claimants for choice locations. Advocates of denser development often face strong resistance from existing residents and commercial establishments, while the beneficiaries of the new density may not yet have a voice. The challenge is to organize a planning process that will reflect community views, give adequate weight to the advantages of density, and result in timely decisions and implementation. Once a decision has been reached, city leaders committed to increasing denser mixed-use development around transit stops will need the courage to stick with their commitment, even in the face of some opposition.



### *Enhancing Neighborhood Commercial Centers*

**The problem:** Many of the District's commercial centers took a hit during the years of decline. Many District residents need to travel out of their neighborhoods, often into Maryland or Virginia, to do their shopping. Sales tax revenue is lost to the District.

**The tools:** The city initiative, *reSTORE DC*, is aimed at revitalizing the city's commercial corridors. Under the program, certain thoroughfares compete for the designation, "DC Main Streets." Winning areas get a package of technical and financial assistance to help revive their businesses. Technical assistance and various kinds of funding are available to businesses in other commercial districts as well. The city is also using tax abatement and other tools to attract national retailers to the city.

**The challenges:** In neighborhoods whose commercial strips have deteriorated, a substantial investment may be necessary for a turnaround, and new sources of funding must be tapped. Tax increment financing (TIF) has been used in the downtown area. The potential for using TIF-like approaches to neighborhood commercial development should be explored.

### *Modernizing and Reenvisioning Schools*

**The problem:** Enrollment in the DC Public Schools (DCPS) declined steeply over the last three decades, especially at the high school level, as families with children moved out of the District. School buildings are old and many have deteriorated. Many schools stand in distressed neighborhoods that have high concentrations of poor children, high dropout rates, and low average academic performance. It will be difficult to attract middle-income families with children to the District until the schools are visibly improving. But it will be difficult to improve the schools without a larger proportion of middle-income families using and supporting the schools.

**The tools:** DCPS has made considerable progress in repairing buildings, hiring more teachers, updating curriculum and improving administration. Fourteen schools have been identified as "transformation schools" and are undergoing restructuring to improve their performance. An ambitious plan for replacing and modernizing school facilities has been adopted and is beginning to be implemented. However, the facilities planning and priorities of DCPS are not coordinated with the neighborhood efforts of the District.

**The challenges:** The District and DCPS must work together to modernize and reenvision schools in targeted neighborhoods, so that school improvement and neighborhood revitalization reinforce each other. Schools should be seen as major anchor institutions in neighborhoods and become central to revitalization plans. The District should work with DCPS to integrate schools in targeted neighborhoods into the process of designing and implanting neighborhood revitalization. DCPS, for its part, should prioritize modernizing schools in targeted neighborhoods, even if it means altering the priorities in the Master Facilities Plan. This may, however, require putting someone in charge of creating a new process of joint planning and action between the city and DCPS, since the two administrations have a history of non-interaction. Through such coordination, planners should consider bringing together schools, libraries, recreation centers, and other public facilities in one building to create community centers in revitalizing neighborhoods.

A final rationale for joining school and facilities planning is simple efficiency. Capital funds are scarce, and Washington has many needs for modernizing and replacing community facilities and infrastructure. For that reason, the capital budgets of the major city agencies and DCPS ought to be considered together. Joint planning for construction and renovation of libraries, schools recreation centers, clinics, and other facilities would help the District use its limited investment funds more efficiently and make a major contribution to neighborhood revitalization.

### *Partnering with Anchor Institutions*

**The problem:** Many of the District's large employers (including District and federal agencies, universities, health providers, and hotels) depend on workers who endure long, tiring commutes from suburban areas where schools are better and affordable housing is more attractive and available. Some workplaces are in distressed neighborhoods that offer few stores, restaurants, or other amenities. Some employers report that shortages of good affordable housing in the District make it hard to attract and retain workers. Employers and employees alike would benefit if workers could live closer to their jobs and work in an area with more opportunities for shopping and recreation.

**The tools:** The District has partnered with a few major employers, such as Howard University and the Navy Yard, to improve adjacent neighborhoods and add to the housing stock, but there is enormous potential for increasing such efforts. Tools such as employer-assisted housing can have a role. Churches and other faith-based institutions, community development corporations, and other non-profit groups also have a strong commitment to their neighborhoods and can be effective partners in neighborhood revitalization.

**The challenge:** The city has to reach out to anchors and potential anchors in each neighborhood and get them involved in planning at an early stage. Anchors for their part have to be willing to come forward with constructive ideas and be willing to invest in the long-term improvement of their neighborhood.

The mayor and other city officials have discussed all of these strategies in public meetings and are implementing them in various parts of the city. What is critical now is combining these various efforts in order to jump-start revitalizing in specific neighborhoods.

### Conclusion

Washington's leaders and citizens urgently need to engage in a dialogue about the future of Washington's neighborhoods. Focusing resources on a series of target neighborhoods offers a promising strategy for mobilizing public, private, and non-profit resources to make a visible difference in diverse parts of the city. Growing the population by 100,000 over this decade is a feasible part of this agenda and will at once energize neighborhood development and increase the city's tax base. However, the District's leadership and citizens need to discuss openly what is happening in various parts of the city and evolve new policies to ensure that all groups share in the benefits of neighborhood revitalization.

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