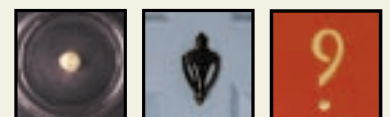




Housing IN THE
NATION'S CAPITAL



2002



The Fannie Mae Foundation creates affordable homeownership and housing opportunities through innovative partnerships and initiatives that build healthy, vibrant communities across the United States. The Foundation is specially committed to improving the quality of life for the people of its hometown, Washington, DC, and to enhancing the livability of the city's neighborhoods. Headquartered in Washington, DC, the Foundation is a private, nonprofit organization whose sole source of support is Fannie Mae, and has regional offices in Atlanta, Chicago, Dallas, Pasadena, and Philadelphia.

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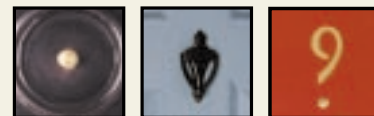
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Housing IN THE NATION'S CAPITAL



2002

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FOREWORD

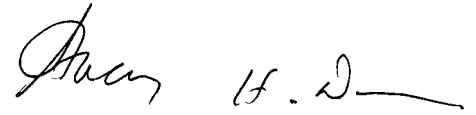
In late 2000, the Fannie Mae Foundation convened several meetings of Washington-area housing experts to discuss information and research needs in the national capital region. Participants in the meetings expressed a common desire for more accessible, detailed, and complete housing information for the District of Columbia and its region.

To help meet this need, the Foundation enlisted the Urban Institute to produce the first edition of *Housing in the Nation's Capital*. Each year, this report will assemble and analyze a wide array of demographic, economic, and housing data for the Washington metropolitan area, with a focus on the District and its neighborhoods. The immediate objective of the report is to inform the public, policy makers, and housing professionals by providing the most comprehensive data and analysis available. Our ultimate goal is to establish the report as a focal point for an ongoing dialogue on housing issues facing the city and its region.

In addition to our desire to fill an information gap, we undertook this initiative for several other reasons. First, the report furthers the Foundation's special commitment to its hometown of Washington, DC. This commitment has long been evident in our investments in community-based organizations that expand affordable housing opportunities and improve the quality of life in the city. *Housing in the Nation's Capital* enhances this commitment by providing an invaluable source of information to help guide our investments and those of our partners.

Our desire to draw on the region's unique concentration of knowledge leaders provided additional impetus for the report. Margery Austin Turner and her colleagues at the Urban Institute's Center on Metropolitan Housing and Communities exemplify the incredible well-spring of housing expertise in the Washington area. In this report, they have fully employed their considerable talents to produce a rich, textured portrait of the region's housing challenges and opportunities. Many other Washington-area housing experts played a key role in developing the report by serving on its advisory board.

Finally, we undertook this initiative because of our belief that the region is at an important juncture in its history. For the first time in decades, the District's population has stabilized and is even showing signs of renewed growth. Housing markets in the city and region have recently displayed considerable vigor. But amidst these encouraging developments, we cannot forget that housing challenges persist for many area households and neighborhoods. Our hope is that the inaugural edition of *Housing in the Nation's Capital* and its successors will keep the region's housing community focused on these outstanding challenges and also provide a knowledge base for lasting solutions.



Stacey H. Davis
President and CEO
Fannie Mae Foundation

ACKNOWLEDGMENTS

The authors thank the Fannie Mae Foundation for this opportunity to examine housing conditions and trends in our city and region. In particular, we thank Patrick Simmons, Director, Housing Demography at Fannie Mae Foundation, whose contributions to the content, organization, and accuracy of this report were invaluable. We also thank Rob Fossi, Greg Taylor, and Kris Rengert of Fannie Mae Foundation, and Steve Green, Office of the Deputy Mayor for Planning and Economic Development, for their helpful suggestions. In addition, Jessica Cigna, Sandra Padilla, and Margaret Browne of the Urban Institute assisted in the assembly and analysis of data and the preparation of maps and graphs. Finally, we appreciate the comments and suggestions provided by a group of advisors convened by Fannie Mae Foundation. Of course, all errors and omissions are the responsibility of the authors.

The nonpartisan Urban Institute publishes studies, reports, and books on timely topics worthy of public consideration. The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders.

This report and additional detailed data tables for the region, counties, District, and neighborhood clusters can be found at http://www.knowledgeplex.org/kp/report/report/relfiles/fmf_0507_hnc.html.

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Introduction and Summary OF FINDINGS

This is the first in what will become an annual series of reports on housing in the District of Columbia and the surrounding region. The report assembles and analyzes the most current data on housing supply and demand in the Washington metropolitan area, focusing on the city and its neighborhoods. Its purpose is to help inform the public, policy makers, industry representatives, community-based organizations, and advocates concerned about housing conditions and trends.

This report consists of five core chapters:

- (1) Introduction and Summary of Findings,
- (2) Economic and Demographic Context,

- (3) Housing Stock and Production, (4) Homeownership Market, and (5) Rental Housing Market. Each of these chapters will be updated annually as new data become available. A sixth chapter will focus on a different topic each year, taking advantage of specialized data or responding to emerging issues of particular concern. This year, the focus is on changes in the racial and ethnic diversity of city and suburban neighborhoods, using new data from the decennial census. In addition to the information and analysis presented in this volume, detailed data tabulations are provided at http://www.knowledgeplex.org/kp/report/report/relfiles/fmf_0507_hnc.html.

For most of the analysis presented here, we have adopted the federal government's most recent definition of the Washington, DC, Primary Metropolitan Statistical Area (PMSA) and have defined several subareas within it to facilitate comparisons (see map 1 and appendix A). Within the District, data are presented for neighborhood "clusters," which have been defined by the city government on the basis of consultations with community organizations and residents. In all, there are 39 neighborhood clusters (map 2 and appendix A), each consisting of three to five neighborhoods. Appendix B provides basic demographic and housing characteristics for each of these clusters.

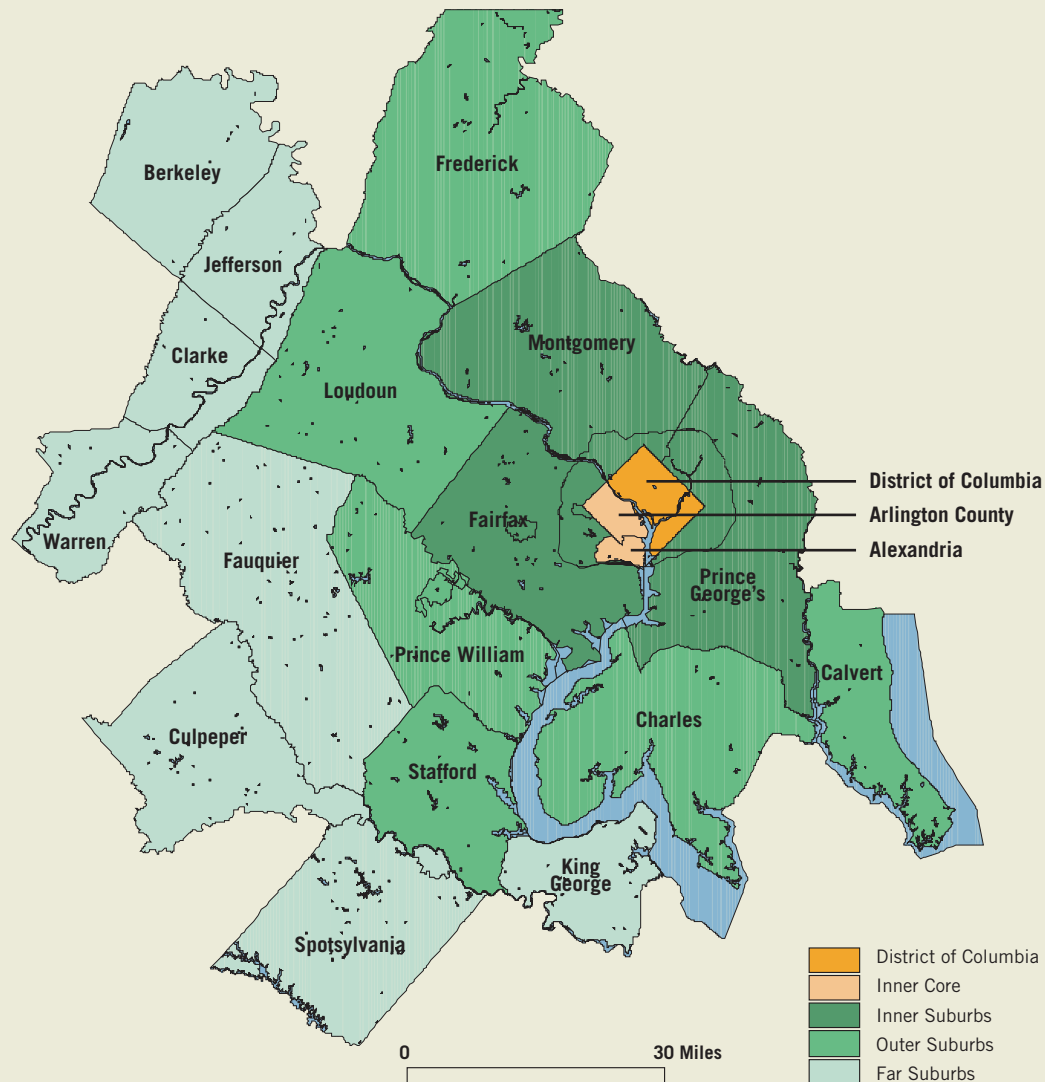
FINDINGS

The Washington region's economic prosperity and growth have fueled a booming housing market and contributed to a resurgence of demand for housing in the District.

Over the past two decades, the number of jobs in the Washington region grew by 63



Map 1. Washington, DC, Metropolitan Area 2000



Source: Office of Management and Budget.

percent. While public sector employment declined, jobs in high-paying private services expanded dramatically, increasing the region's per capita income levels. Economic growth was strongest in the suburbs, but by the end of the 1990s, the District stopped losing jobs and even appeared to have started gaining households. This economic prosperity translated into a strong regional housing market, with higher-than-average household growth, falling vacancy rates, and rising rents and house prices.

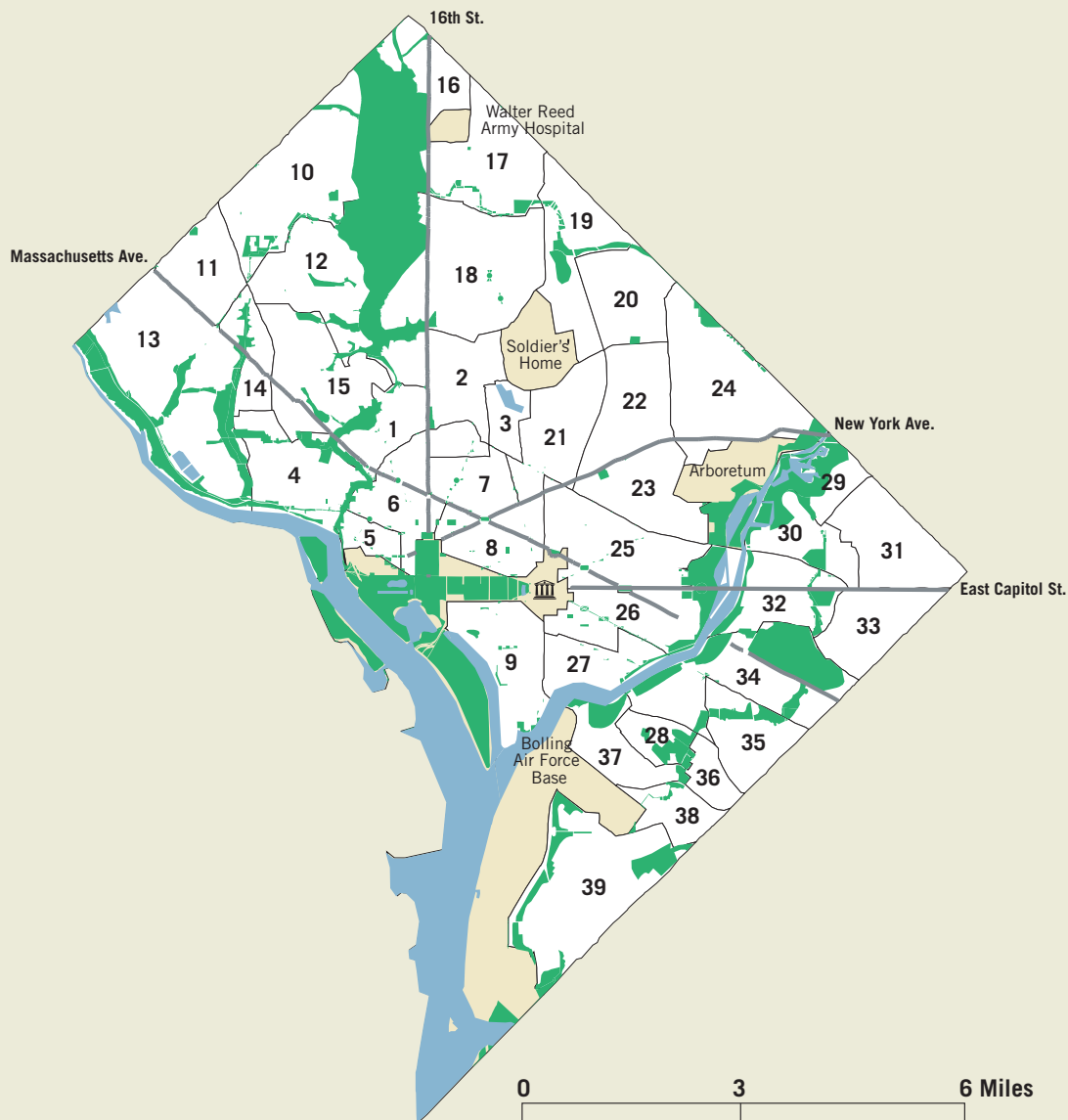
Although the District had fewer housing units in 2000 than in 1990, housing production picked up toward the end of the decade,

rental vacancy rates dropped, and rents and house prices rose. The share of city rental units that were vacant and available for rent fell from 8.0 percent in 1990 to 5.9 percent in 2000, with rates below 2 percent in some neighborhoods. Census 2000 data on rent levels are not yet available, but advertised rents for houses and apartments currently on the market in the District average almost \$1,000 for efficiencies and over \$1,800 for two-bedroom units, substantially higher than rent levels recorded across the city in 1998. Average home sales prices in the District reached \$250,000, a 16 percent increase from 1998 to 2000.

Racial and ethnic minorities have played a central role in the region's growth, and both city and suburbs have become more diverse. But segregation, particularly for blacks, remains high.

In the Washington region, the minority share of the population has increased considerably over the past two decades, from about one-third in 1980 to 43 percent in 2000. Blacks make up about a quarter of the region's population, but their share has stayed constant, while the Hispanic and Asian shares of total population have grown to 8.7 percent and 7.4 percent, respectively.

Map 2. Neighborhood Clusters in the District of Columbia, 2000



Source: District of Columbia Department of Planning.

Note: See Appendix A, Table A.2, for names and descriptions of clusters.

The old stereotype of a predominantly black city surrounded by white suburbs no longer holds true here. Minorities dominated suburban population growth during the 1990s, with the total number increasing by 304,000 for blacks, 191,000 for Hispanics, and 161,000 for Asians and Pacific Islanders. Suburban whites increased only 70,000 over the same period. A majority of District residents are black, but their share of the city's population fell from 65 percent in 1990 to 61 percent in 2000, while the number and share of Hispanics and Asians increased. In some neighborhoods, the share of whites increased

slightly, and a growing percentage of home buyers are white.

Despite its increasing diversity, the region remains profoundly segregated on the basis of race. Minority households—especially blacks—remain relatively concentrated in the District and in Prince George's County. In fact, Prince George's County accounts for 64 percent of the region's black households (but only 16 percent of all households), and two-thirds of the county's census tracts were majority black in 2000. Across the region, segregation of blacks from whites remains high (63 on a scale of 0 to 100), although it declined from

66 in 1990. Further, Hispanics and Asians became increasingly segregated from whites during the 1990s. Levels of segregation for these groups are lower, but rose from 44 to 48 for Hispanics and from 37 to 39 for Asians during the 1990s.

Homeownership rose both in the region and in the District, and the gap between minority and white homeownership has narrowed.

The region's sustained prosperity contributed to rising homeownership rates, especially among minority households. Almost two out of

every three households in the region now own their homes, and the gap between minority and white homeownership rates has narrowed from 26 percentage points to 23. Blacks enjoyed the greatest gain in homeownership rate—from 42 percent in 1990 to 49 percent in 2000.

As of 2000, more than 101,000 households owned homes in the District, and over the past decade, both the number of homeowners and the homeownership rate increased. As is the case with most central cities, the District's homeownership rate (41 percent) is considerably lower than in the surrounding suburbs, in part because the types of households that prefer central-city living (young singles and childless couples) are less likely to be homeowners than families with children. But during the 1990s, the District's homeownership rate rose faster than in many other big cities. And the gap between white and minority homeownership in the city is only 12 percentage points, about half that for the region as a whole.

The region's booming housing market has intensified hardships for very low income households.

For most households in the region, employment and income growth have more than kept pace with rising housing costs. But declining vacancy rates and rising rents and house prices make it harder for very low income households (those with incomes under \$41,400) to find units they can afford. (See appendix C for income categories used in this report.) As a result, a growing number of very low income households are faced with unaffordable housing costs (table 1).

Almost three-quarters of very low income renters in the region face housing problems—unaffordable rent burdens, physical deficiencies, or overcrowding. By far the most prevalent problem is affordability; roughly two-thirds of very low income renters pay more than 30 percent of their monthly income for rent (“excessive cost burden”). Rent consumes more than 50 percent of income (“severe cost burden”) for almost 40 percent of these households. Although the proportion of very low income renters experiencing any type of housing problem did not change measurably over the 1990s, the share of these households



Table 1. Percentage of Very Low Income Households with Housing Problems in the Washington Region

	Inner Region			
	1993		1998	
	Renters	Owners	Renters	Owners
Excessive cost burden	68	47	67	72
Severe cost burden	28	26	36	52
Physical deficiencies	10	6	12	5
Severe deficiencies	4	2	3	1
Overcrowding	5	1	3	0
One or more problems	74	51	73	74

Source: American Housing Survey, 1993 and 1998.

Note: Very low income is defined as all households whose income is less than 50 percent of the area median income.

with severe cost burdens rose by about 10 percentage points.

Among very low income homeowners, the incidence of housing hardship is equally high, with about three-quarters of these homeowners facing one or more housing problems. Again, affordability is the most prevalent problem, and among very low income homeowners, the incidence of excessive cost burden climbed dramatically between 1993 and 1998, from 47 percent to 72 percent. During the same period, the percentage of very low income homeowners with severe cost burdens doubled. Very low income homeowners in the District appear to have experienced the same worsening trend, but sample sizes are not large enough for precise comparisons.

Thus, almost 85,000 very low income households (both owners and renters) in the District faced one or more housing problems in 1998, while across the Inner Region, more than 370,000 very low income households faced problems. Moreover, recent counts indicate that almost 13,000 people in the Washington region are homeless.

Almost half of all federally subsidized rental units in the Washington region—and two-thirds of public housing units—are located in the District, although a majority of eligible households live in the suburbs. The city's stock of public and assisted rental housing (units that the poorest households can afford) has been shrinking over the past decade because of the expiration of federal assistance contracts and the demolition and reconstruction of distressed public housing developments. Federal policy has increasingly relied on vouchers to help very low income renters meet their housing needs, with the goal of offering recipients a greater choice about where to live and counteracting the concentration of poverty. But in a tight housing market with low vacancy rates and rising rents, it can be difficult for recipients to find units where they can use their vouchers.

The recent housing boom has created intense market pressures for some District neighborhoods, while others continue to struggle with weak demand and disinvestment.

Renewed demand for housing has been particularly pronounced in some District neighborhoods. A few neighborhoods experienced rapid household growth, declining vacancies, and

escalating house prices during the late 1990s, raising serious concerns about affordability and possible displacement. For example, in five of the District's neighborhood clusters, average house prices rose \$75,000 between 1999 and 2000. These extraordinary increases may not have been sustained through all of 2001, but they do raise questions about the ability of low- and moderate-income households to find housing they can afford in many parts of the city.

In other District neighborhoods, however, demand for housing remains very weak; the population continues to decline, vacancy rates are high, and house prices are stagnant. Many of these neighborhoods are blighted by large numbers of deteriorated or abandoned properties. For example, in three neighborhood clusters, 1 out of every 10 properties is vacant, boarded up, or abandoned.

Current forecasts for future population growth suggest that the District could gain as many as 33,000 to 55,000 households by 2010. If recent rates of new housing construction persist, net increases in the housing stock would not keep pace with this projected level of new demand, even if the District stopped losing units through demolition and conversion. In theory, the District has enough vacant units to accommodate substantial growth, but vacant housing is geographically concentrated in neighborhoods where demand has been weak.

The Washington region's economic strength offers opportunities to better address housing needs in the future.

The Washington region has enjoyed a sustained period of economic vitality, but it still faces formidable challenges, with serious social inequities high on the list. The high incidence of housing hardship among very low income households, the persistence of racial and ethnic segregation, rapidly escalating housing costs in some neighborhoods, and continued disinvestment in others demand serious attention from policy makers across the region. In recent years, the District government has increased its commitment to affordable housing; and, beginning in 2000, this commitment included funds from local revenue sources. But the District alone cannot solve the region's housing challenges or ensure adequate and affordable housing for the region's poor.



The prosperity and growth that the region as a whole enjoys offer the opportunity to improve housing and neighborhood conditions across the region. Of course, the fallout from September 11 and the general weakening of the world economy could prove more debilitating than is evident to date. Nonetheless, no one can review the history of this region since 1980 without being impressed by its growing strength and resilience and by the evidence of revitalization in the District. Metropolitan Washington should be positioned to address the needs of its residents—including the provision of ample, good-quality, affordable housing—as well as any urban region in the country.



Economic and Demographic CONTEXT

The housing problems and opportunities of any city are shaped by the larger forces operating in the region of which it is a part. Housing prospects and appropriate policy responses for a city in a region with a stagnant economy and high concentrations of poverty, for example, will obviously be very different than they are for a city in a region where jobs are plentiful and levels of social and economic segregation are low.

Therefore, we begin by reviewing the dynamics of economic and demographic change in the Washington region. The analysis reaffirms findings from other recent studies, but it goes further in several respects: in particular by being the first to make extensive use of the 2000 census and by using new data files from the Internal Revenue Service (IRS) to characterize inter- and intraregional migration flows.

THE ECONOMY

The economy of the Washington region has grown substantially stronger and more diverse over the past two decades, as government employment has leveled off and jobs in high-paying private services have increased.

Between 1980 and 2000, employment in the Washington region expanded from 2.1 million to 3.5 million—an increase of 63 percent. At \$233 billion, metropolitan Washington's gross regional product in 2000 was fourth in the nation. This expansion was not a product of business as usual, and it did not occur smoothly. In 1980, Washington was still what it had always been: a government town. One-third of the region's jobs (twice the national average) were in the public sector. In the 1990s, however, government was downsizing; public sector jobs in the region dropped by 10 percent—from 753,800 to 684,200—between 1993 and 1998 (figure 1). When a region's dominant industry declines by that much, serious repercussions normally result, and yet in metropolitan Washington, the private economy continued to boom throughout the period.



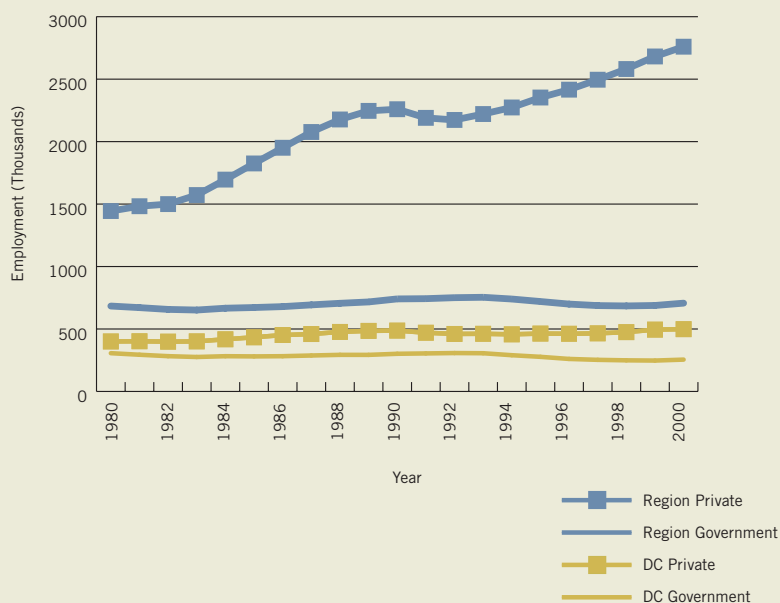
The most important explanation lies in the fact that while government was cutting employment, it was expanding its contracting to private firms in the region, and by a large margin.¹ Federal procurement spending went up nationally from \$175 billion in 1993 to \$194 billion in 2000, and metropolitan Washington captured a remarkable 60 percent of that growth. But government was not simply outsourcing the same work that civil servants had done in the past. Rather, procurements focused on much higher-value private services, particularly in information technology. High-value service employment was thus rapidly upgrading the productivity of the region's economy.

By 2000, government jobs represented only 20 percent of the region's workforce (much closer to the national average of 14 percent—see table 2). Private employment had grown to 2.8 million, up 90 percent from its 1980 level, and within the private sector, services accounted for 52 percent of all jobs, compared with 37 percent nationally. While information technology has been the focus, other types of services have also done well. This is particularly true for those linked to the special functions the region performs because it is the nation's capital: for example, international finance, hospitality and tourism, and legal and other business services.

This incredible transformation toward high-value private services has contributed to the region's affluence. In 2000, per capita income in metropolitan Washington was \$37,400—56 percent higher than the national average. Thus, the region's economic boom has not only brought more workers into the housing market, but it has generated considerable purchasing power as well.

The future of the region's economy is uncertain. The combined effects of September 11 and the national recession may undermine key sectors and reduce employment opportunities. It has been argued, however, that the region's comparative advantages are likely to expand as the government invests in antiterrorism activities. Yet more important for the longer term may be the diversification toward private services that has occurred over the past two decades. Whatever the future brings, the chances are that the metropolitan Washington economy will outperform that of the nation in the next few years.²

Figure 1. Employment Growth, Washington, DC, and the Washington Region



Source: NPA Data Services.

Table 2. Economic Structure, the Washington Region and the United States

	United States		Washington PMSA	
	1980	2000	1980	2000
Percentage of total employment				
Public	16	14	32	20
Private	84	86	68	80
Percentage of private employment				
Manufacturing	22	13	6	4
Finance/insurance/real estate	9	9	12	10
Services	26	37	41	52
Other	43	41	41	35

Source: NPA Data Services.

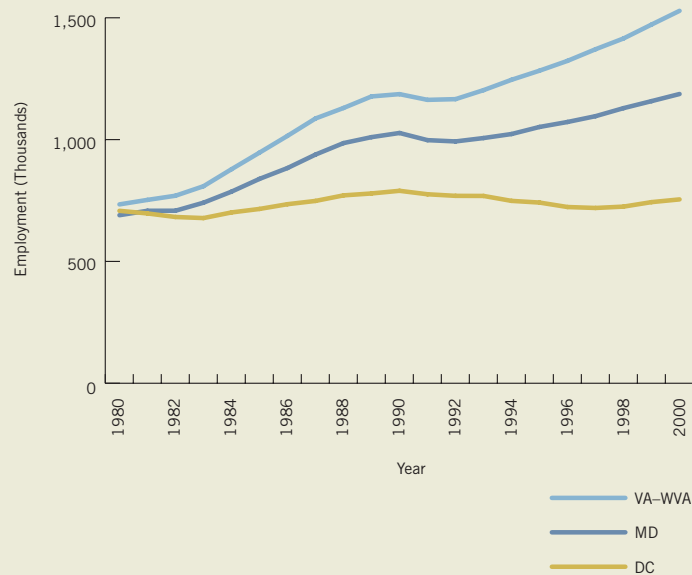
Note: Totals may not add to 100 because of rounding.

Within the region, employment in the Northern Virginia/West Virginia suburbs grew fastest over the past two decades, capturing 59 percent of the region's total growth, compared with 37 percent for the Maryland suburbs. The District accounted for only the remaining 4 percent. Hardest hit by government job cuts, employment in the District actually

declined during most of the 1990s but, fueled by regional resurgence, resumed growth late in the decade.

Employment in the Northern Virginia/West Virginia suburbs doubled between 1980 and 2000, growing from 733,000 to 1.53 million (figure 2). This increase included the dominant share of the new enterprise in data processing and telecommunications. The Maryland suburbs grew less rapidly over this

Figure 2. Employment Growth, Washington Region Subareas



Source: NPA Data Services.

period (72 percent, from 688,600 to 1.19 million) but still retain many strengths, particularly in biotechnology.

Employment in the District grew from 706,600 in 1980 to 753,400 in 2000, an increase of only 7 percent. It is not surprising that the District's growth rate fell below that of the suburbs. That was typical even among many of America's healthiest metropolitan centers—the job base in a number of large U.S. central cities actually declined over the past two decades. Nonetheless, the District economy did face a major challenge. Government jobs have been more important to the city (where they accounted for 38 percent of total employment in 1990) than to the suburbs (where they accounted for only 20 percent). Whereas the region as a whole lost 10 percent of its government jobs between 1993 and 1998, the District lost 20 percent. Total employment in the District declined during those years as well, but picked up again toward the end of the decade. It grew by 5 percent between 1997 and 2000, accounting for 12 percent of the region's growth over that period.

Many jobs located in the District are held by workers who live in the suburbs. How well did District residents themselves fare in the labor market in the 1990s? Bureau of Labor Statistics (BLS) estimates (from the Local

Area Unemployment Statistics [LAUS] program) indicate that their problems were indeed serious during most of the decade but that conditions improved toward the end of it. Throughout the 1990s, the unemployment rate in the District was considerably higher than in the region as a whole, climbing from 6.6 percent in 1990 to 8.8 percent in 1998 (almost three times the 3.1 percent average for the region). The District rate then dropped significantly, to 5.8 percent in 2000—much improved, but still well above the regional average of 2.4 percent at that time.

BLS estimates (again from the LAUS program) also indicate a turnaround in another measure of importance: the number of employed District residents. This total went down from 307,000 in 1990 to 237,000 in 1997, but then went up again to reach 263,000 in 2000 (a jump of 11 percent over three years).



POPULATION AND MIGRATION

During the past two decades, the population of the region's suburbs grew markedly while that of the District declined. There are indications, however, that the District's population may have leveled off or turned upward by the end of the 1990s.

Between 1980 and 2000, the population of the Washington region grew by 42 percent to reach 4.9 million.³ Washington's growth was by far the most rapid in the Boston–Washington, DC, corridor. During the 1990s, the region passed Detroit to become the fifth largest metropolitan area in the country and seems certain to pass Philadelphia to rise to fourth in the next few years.

From 1980 to 2000, the District's population declined by more than 10 percent (from 638,000 to 572,000), while the population in the Maryland suburbs increased by 41 percent (from 1.47 million to 2.07 million) and that of the Virginia/West Virginia suburbs increased by 66 percent (from 1.37 million to 2.29 million)—see table 3. These two groups of suburbs captured almost exactly the same share of suburban population growth and suburban employment growth (39 percent for Maryland and 61 percent for Virginia/West Virginia).

Many U.S. central cities performed better with respect to population in the 1990s than they had over the preceding two decades.⁴ The fact that the District's population continued to decline in the 1990s is actually not surprising, considering the substantial job losses suffered by its primary employer—government—early in the decade. But while

Table 3. Population Growth, Washington Region and Subareas

	Population 2000 (in thousands)	Percent of Region		Percent Growth	
		1980	2000	1980–90	1990–2000
Total region	4,923	100	100	21	17
District of Columbia	572	18	12	(5)	(6)
Inner Core	318	7	6	10	13
Inner Suburbs	2,676	54	54	25	15
Outer Suburbs	979	14	20	44	40
Far Suburbs	378	7	8	32	26
Maryland suburbs	2,065	42	42	22	15
VA/WVA suburbs	2,286	39	46	33	25

Source: U.S. Bureau of the Census.

there are no data sources that track annual changes in the District's population with certainty, there are a number of indications that District population trends may have improved beginning in the late 1990s. One such indication is that the U.S. Bureau of the Census had estimated a District population of only 519,000 for 1999, substantially less than the 572,000 recorded by the 2000 census a year later. An improving population trend in the past few years of the decade, caused by forces not picked up by the Bureau's estimating procedure, seems a plausible explanation for the difference. The Bureau has since used the results from the decennial census to update its estimation model and has reported that the District's population remained virtually unchanged from 2000 to 2001.

Another positive indication comes from IRS data on federal income tax filers⁵ showing that the number of people moving into the District was higher in the second half of the decade than it was in the first, while the number moving out was lower. The District's annual average in-migration from 1996 to 1999 was higher than the 1992–95 annual average (22,500 versus 21,400), and its out-migration was lower (24,400 versus 26,500). Although it still suffered a net loss in the later period (1,900 a year), it was considerably less than in the earlier period (5,100 a year), and the trend was in the right direction. Net losses declined year by year from 1995 to 1997, and a small net gain (100) was registered in 1999.

RACIAL AND ETHNIC DIVERSITY

The Washington region has been classified as one of America's "melting pot metros" because it has a large, diverse, and rapidly growing minority population. A surprising share of the region's minority growth has occurred in the suburbs, but although minorities are more dispersed, levels of racial segregation have changed very little.

Racial and ethnic minorities are growing as a share of the population almost everywhere in America. Nationally, minorities (everyone except non-Hispanic whites) increased from 20 percent in 1980 to 30 percent in 2000. The black share remained constant at 12 percent, while the share for other groups (Hispanics, Asians, and others) more than doubled (from 8 percent to 18 percent).

In the Washington region, the minority share has been much higher throughout this period, increasing from one-third in 1980 to 43 percent in 2000.⁶ Here, non-Hispanic blacks make up about a quarter of the population (more than twice the national percentage), but the proportion has stayed constant since 1980. Thus, the share of other minorities has risen dramatically—from 7 percent to 17 percent.⁷ Nationally, the enormous increase in the nonblack minority population has been driven predominantly by growth in the number

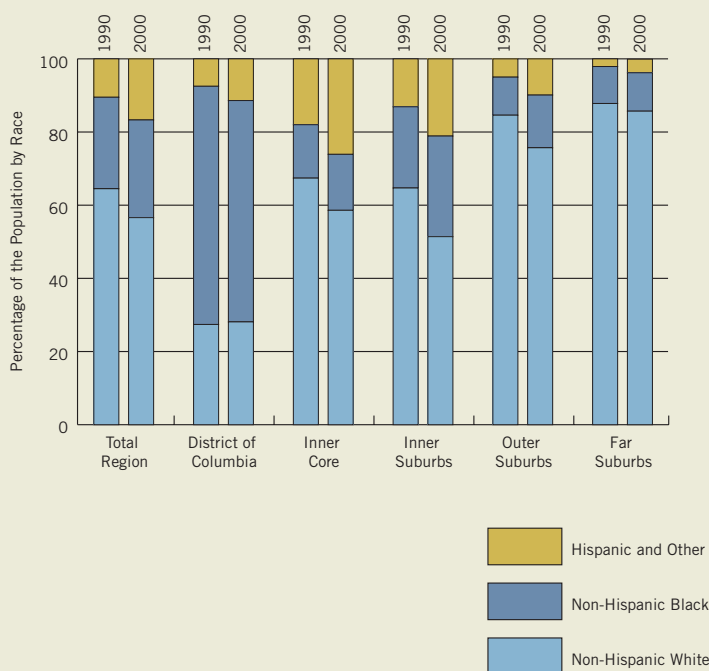
of Hispanics. In the Washington region, the Hispanic population has also grown rapidly (reaching 8.7 percent of the total population in 2000), but Asians and Pacific Islanders now represent a much larger share here than in the nation as a whole (7.4 percent versus 4.3 percent).

During the 1990s, minority population growth was particularly strong in the Washington suburbs. The total number of suburban blacks increased by 304,000, Hispanics grew by 191,000, and Asian and Pacific Islanders grew by 161,000, compared with an increase of only 70,000 in suburban whites. The District also saw net increases in its nonblack minority population during the 1990s, but the numbers were quite small by comparison: 12,000 Hispanics, 6,000 Asian and Pacific Islanders, and 1,000 members of other races. These gains were more than offset by a net loss of 54,000 from the District's two larger racial groups, but "white flight" is no longer an appropriate label for the trend. The black population experienced the most severe loss, declining by 49,000, compared with a decline of only 5,000 non-Hispanic whites.

While minority populations grew almost everywhere, they remain more concentrated toward the center of the region. The minority share of total population declined slightly in the District, from 73 percent to 72 percent. The suburbs all experienced increases, but remain more predominantly white than the city. Specifically, the percent minority increased from 33 to 41 percent in the Inner Core, from 35 to 49 percent in the Inner Suburbs, from 15 to 24 percent in the Outer Suburbs, and from 12 to 14 percent in the Far Suburbs (figure 3).

Patterns, however, varied for different subgroups. A recent study tracking the residential choices of legal immigrants who moved into the region between 1990 and 1998 reports that metropolitan Washington is the fifth most common destination for such immigrants in America, and 87 percent of those who came here located directly in the suburbs (46 percent outside the Beltway). Of the total, 42 percent were Asians (Indians and Chinese scattered outside the Beltway, while Vietnamese immigrants were more concentrated closer in); 31 percent were Latin Americans (the largest group coming from El Salvador)—the majority of them (63 percent) located

Figure 3. Racial Change, Washington Region and Subareas



Source: U.S. Bureau of the Census.

inside the Beltway in the city and suburbs; and 16 percent were Africans, 70 percent of whom located inside the Beltway, mostly in the District and Prince George's County.⁸

It is possible to have a major dispersal of minority populations within a region without achieving real neighborhood-level integration. And that appears to be what has happened in the Washington region. Racial segregation is most commonly measured by the “dissimilarity index,” with values ranging from 100 (if no minorities lived in the same census tracts as any whites) to 0 (if minorities and whites were proportionately represented in every tract). In metropolitan Washington, the white-black index stood at 66 in 1990, well below some of the most segregated metropolitan areas in the country, but still clearly marking a segregated society. The value did decrease over the next decade, but only slightly, to 63 in 2000. The index values measuring the segregation of other races from whites were lower, but moved in the wrong direction from 1990 to 2000. The white-Hispanic index increased from 44 to 48, while the white-Asian index rose from 37 to 39.

HOUSEHOLD COMPOSITION, AGE, AND INCOME

The most notable change in metropolitan Washington's age structure of late has been the movement of the baby boomers out of the young-adult category and into the 35-to-54 category. Changes in household composition have been more pronounced as married couples with children and other family households lost share, while single-parent households and nonfamily households gained.

The age structure of the Washington region in 2000 largely paralleled that of the nation, with the same share of total population under 35 years of age (50 percent), a modestly higher share in the 35-to-54 bracket (32 percent versus 29 percent), and a slightly smaller share for those 55 and over (18 percent versus 21 percent). The most notable change here and nationwide since 1990 was the decline in the 20-to-34 group and the compensating increase in the 35-to-54 bracket as the baby boomers aged. The absolute size of the older

population grew rapidly, but it did not increase as a share of the total: That will not occur until the baby boomers enter the elderly category over the next two decades.

Within the region, the District and Inner Core stand out because they have smaller shares in the under-19 group (24 percent and 18 percent, respectively, while all other areas have 28 percent or more) and more young adults ages 20 to 34 (27 percent and 34 percent, respectively, while the other parts of the region fall between 19 and 22 percent). The elderly (65 and over) make up a higher share in the District (12 percent) and the Far Suburbs (11 percent) than in the other subareas (all 9 percent or under).

In line with national trends, the mix of household types living in the Washington region has been changing over the past two decades. Between 1980 and 2000, the share of households consisting of married couples with children declined (from 30 percent to 26 percent), as did other family households (from 32 percent to 30 percent), while single-parent households increased (from 8 percent to 11 percent), as did nonfamily households (from 31 percent to 34 percent). We are accustomed to thinking of central cities as accommodating more households without children and suburbs as being more family oriented, and this pattern holds true in the Washington region (figure 4). Nonfamily households accounted for an astounding 54 percent of all District households in 2000, up from 51 percent in 1990, while married couples with children dropped from 10 to 9 percent, and single parents stayed constant at 15 percent.

Given trends toward fewer children for those families that have them and the surge in nonfamilies (26 percent of all households in the region and 44 percent in the District consist of only one person), average household size continues to decline. Average population per household in the Washington region dropped slightly from 2.63 in 1990 to 2.61 in 2000. This ratio was even lower in the District (2.16) and Inner Core (2.11), and highest in the Outer Suburbs (2.87).⁹

Because the average size of households has been dropping, the rate of growth in the number of households living in the Washington region exceeded the population growth rate. Between 1990 and 2000, total households in the Washington region grew 18 percent—from



1.57 million to 1.85 million. In the District, the overall decline in the number of households (2,000) was smaller than the population loss of the 1990s (35,000), partly because of the drop in average household size.¹⁰

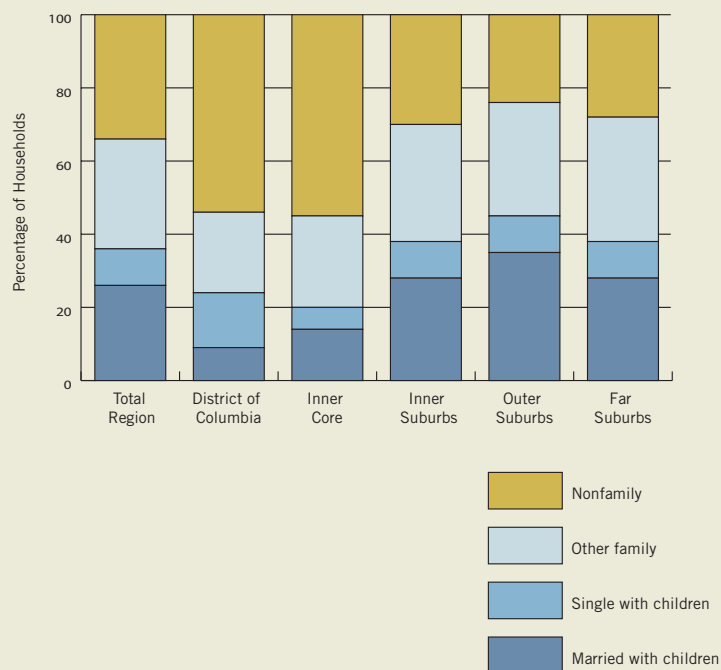
While the Washington region's economy generates substantial wealth for its residents, it still has a sizable population below the poverty line—a population highly concentrated in the eastern side of the District and in Prince George's County. After climbing in the early 1990s, the poverty rate in both the region and the District declined substantially as the economy improved through 2000. However, it is likely that the rate has gone up again since September 11, particularly in the District.

Tables of social statistics are often prepared for the 50 states and the District of Columbia, and conditions in the District always look bleak when presented that way. When the comparisons involve other large urban areas, however, the District and the region come off fairly well. In 1990, for example, the poverty rate for metropolitan Washington (6 percent) ranked 99th among the 100 largest metropolitan areas, and the rate for the District (17 percent) ranked 63rd among central cities. Conditions for minorities here have also compared quite favorably with other urban regions. For example, in 1990, the poverty rate for blacks in metropolitan Washington (13 percent) ranked 97th out of the 100 largest metropolitan areas.

As discussed earlier, economic conditions in the region worsened in the early 1990s with declines in government employment, and that clearly had an impact on poverty. Current Population Survey estimates show the District's poverty rate peaking at 24 percent in 1996 (1.8 times the national average), but dropping to 15 percent by 2000 (1.3 times the national average). After controlling for inflation, the District's median household income increased from \$33,400 in 1994 (90 percent of the U.S. median) to \$39,400 in 2000 (93 percent of the U.S. median).

While this region's poor population may be comparatively small as a percentage of the total, it is still large in absolute size and also

Figure 4. Distribution of Household Type, 2000, Washington Region and Subareas



Source: U.S. Bureau of the Census.



highly concentrated spatially. Although the majority of the region's poor households live outside the District, data from the 1990 census showed that nearly all of the high-poverty neighborhoods were located in the eastern half of the District and in Prince George's County; in 1990, 75 census tracts had poverty rates of 20 percent or more, and all but 10 were in the District.¹¹ More current data on household incomes confirm that extremely low income households are clustered in the District. As of 1998, about one in five District households earned less than a full-time minimum wage income (\$12,800), compared with only 7 percent of the households in the region. Over half of all District households had incomes below \$66,200 (the low-income ceiling for the region), compared with about a third of all households in the region.

Although data are not yet available, it is quite likely that poverty has increased again since September 11, particularly in the District. The economic slowdown since then has been felt most in the District's hospitality sector (which employs a large percentage of low-skill workers), and even in other sectors; those closest to poverty who were the last to get jobs in the recent recovery have probably been the first to lose them as the general economy has moved into recession.



PROSPECTS

The Washington region accommodated a net increase of 28,000 households per year in the 1990s, and it seems doubtful that its level of growth will change markedly between now and 2010. It also appears reasonable for the District to expect growth in population and households over the next decade.

It is impossible to forecast the future growth of this region in any precise way, but some crude calculations may help frame expectations. In 2000, the Metropolitan Washington Council of Governments (COG) estimated that the region's population would increase by 15 percent between 2000 and 2010 (down from 17 percent over the 1990s). A forecast released in September 2001 by National Planning Association Data Services, which takes into account the weakening prospects for the national economy (though not any effects of September 11), predicted growth at 12 percent over the same period. That range would imply that the region would have to accommodate an average net increase of 65,000 to 75,000 residents a year in the coming decade, compared with the 70,000 it accommodated annually in the 1990s.

If we assume a straight-line decline in population per household over the next 10 years, these numbers translate into annual net increases of 28,000 to 32,000 house-

holds; 28,000 was the annual average actually accommodated in the 1990s. While the reality could turn out to be higher or lower, this analysis suggests that the capacity of the region's housing industry is not likely to be strained by having to handle a level of new growth much greater than it has already accommodated in the past. Nor is that level likely to decline dramatically.

If the regional volume of growth is not likely to change much, what about future trends in the District? Given the indications of turnaround noted earlier, some growth in population and households seems probable. One estimate (by COG in 2000) actually had the District's population going up by 7 percent from 2000 to 2010. Again assuming a straight-line trend in population per household, a 7 percent increase would translate into a net increase of 3,300 households per year.¹² As discussed in the next chapter, such a level of household growth would imply substantially higher levels of new housing construction in the city than has been experienced in recent decades.



Housing Stock AND PRODUCTION

Housing suppliers responded to the region's rapid growth by substantially expanding the stock of both owned and rental housing. Nonetheless, production fell short of the increase in households across the region, resulting in a substantial drop in vacancies. This section presents information from the decennial census and the American Housing Survey (AHS) to describe the overall stock of housing in the city and the region and how it has changed over the past decade. In addition, data from the U.S. Department of Housing and

Urban Development (HUD) and the District are used to document the shrinking stock of federally subsidized housing and the geographic distribution of properties that may be at risk of being lost.

OVERALL HOUSING INVENTORY

During the 1990s, growth in the region's housing stock fell short of growth in population and households. Although the District lost households over the decade as a whole, it lost even more housing units. As a result, vacancy rates dropped considerably, within the city and across the region.

The total number of housing units in the Washington region grew rapidly over the past decade, from 1.7 million in 1990 to more than 1.9 million by 2000, a net increase of 16 percent. This compares closely to the 16 percent growth in employment, but falls just short of the 17 percent growth in population and the 18 percent growth in the number of households discussed earlier (figure 5). The total housing stock grew by 268,000 units, while the total number of households increased by 282,000.

Because housing stock growth failed to keep pace with household growth, a smaller share of all units is vacant. According to the decennial census, the region's vacancy rate dropped from 6.5 percent in 1990 to 4.9 percent in 2000, a net decline of about 14,000 vacant units across the region. In other words, the region's economic prosperity and growth have led to a considerably tighter housing market.

While the housing stock grew in the region as a whole, the District experienced a net loss



of 1 percent in housing inventory—about 3,600 units. As of 2000, the total number of housing units in the District was about 275,000. But because the total number of households living in the city declined over the decade by less than the stock of housing units, vacancy rates declined as well—from 10.4 percent in 1990 to 9.6 percent in 2000. This represents a net decline of about 2,300 vacant units potentially available for occupancy.¹³ However, the city's vacancy rate is still high compared with the region as a whole.

Not only did the total number of vacancies decline during the 1990s, but the composition of the vacant housing stock also changed significantly. In 1990, units available for rent made up the largest category of vacant but habitable units in the region. By 2000, units for rent had declined to only 30 percent of all the vacancies in the region (29,000) and 35 percent of the vacancies in the District (9,000). In 2000, the largest category of vacant units in the District was no longer “for rent” but “other,” which includes some units under construction, those being held off the market, and those in probate or litigation. Therefore, as discussed further in chapter 5, the rental market tightened considerably during the 1990s, in the District as well as in the region as a whole.

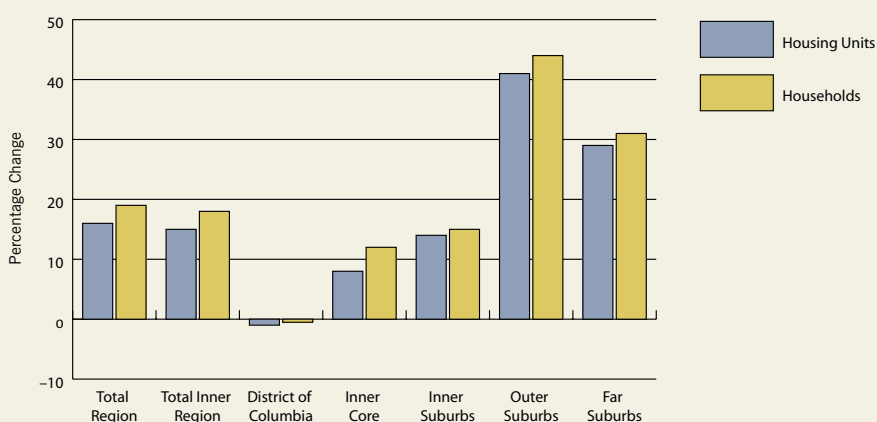
Vacancy rates vary dramatically across District neighborhoods; in some parts of the city, almost no units are vacant and available for occupancy, while in other parts, a very large share of the housing stock stands vacant. For example, in the Hawthorne cluster (10), the Friendship Heights cluster (11), and the Colonial Village cluster (16)—which parallel Western Avenue from Tenleytown to the District's northernmost point—only about 3 percent of housing units are vacant and available for occupancy. By contrast, vacancy rates reach 23 percent in the Ivy City cluster (23). Throughout most of the city, vacancy rates declined during the 1990s, but the Ivy City cluster is an example of a dramatically increasing rate; in 1990, only 9 percent of units in this cluster were vacant, compared with 23 percent in 2000.



Spotlight Ivy City (23)

The Ivy City cluster (23) exemplifies a weak housing market that did not benefit from the region's economic boom. The number of households living in Ivy City dropped by 20 percent between 1990 and 2000 (1,400 households). Although the total number of housing units also declined (by about 450), the overall vacancy rate jumped 14 percentage points. Federally assisted housing accounted for only 7 percent of the total units in the cluster in 2000, and this number may decline over the next two decades because of the expiration of subsidies for about 200 existing units. One-quarter of all properties in the cluster show indications of physical or financial distress, among the highest rates of distress in the city.

Figure 5. Percentage Change in Housing Units and Households, 1990 to 2000



Source: U.S. Bureau of the Census.



Spotlight Hawthorne (10)

The Hawthorne cluster (10) represents a stable housing market, where the total number of housing units and households stayed about the same during the 1990s. The overall vacancy rate declined slightly from an already low 4 percent in 1990 to 3 percent in 2000. Federally assisted housing accounted for only 3 percent of all units in the cluster. Very few properties (only 1.5 percent) showed signs of physical or financial distress in 2000.

Across the region, the most prevalent housing type is a single-family detached house with three bedrooms, but this type makes up a minority of units in both the District and the Inner Core.

In 1998, about half the housing units in the Inner Region were single-family detached homes,¹⁴ but these accounted for only 20 percent of the units in the District and 29 percent in the Inner Core. Single-family houses, both attached and detached, made up 72 percent of the Inner Region's units, but only 47 percent of those in the District and 46 percent of those in the Inner Core. In fact, when the District and the Inner Core are excluded, fully 80 percent of the Inner Region's units consist of single-family dwellings.

By contrast, about half of the housing units in the District and the Inner Core were found in buildings with 5 or more units, and about a quarter of the units in the District and a third of those in the Inner Core were in buildings with 20 or more units. Only about 5 percent of the units in the rest of the Inner Region were in large, multiunit buildings. The higher density of the housing stock in the District and the Inner Core corresponds to their lower share of families with children (discussed in chapter 2), as well as their lower homeownership rates (discussed in chapter 4).

The number of bedrooms per unit follows a similar pattern. In 1998, more than a third of the units in both the District and the Inner Core had one bedroom, while only about 12 percent of the units in the Inner Suburbs and 4 percent of the units in the Outer Suburbs were that small. In all, the District accounted for about two-thirds of the Inner Region's studio apartments and about one-third of its one-bedroom units. Again, this pattern is consistent with the District's smaller average household size and its relatively large number of singles and childless couples compared with the rest of the region.

In 2000, there were 1.2 million owner-occupied or for-sale housing units in the region and another 695,000 rental units. This represented a 22 percent growth rate in owner units since 1990, but only a 6 percent growth rate in rental units. In the District, there were 104,000 owner units, and 156,000 rental units. However, the number of owner-occupied units was 4 percent greater than it had been

in 1990, while the number of rental units was 6 percent smaller. These trends are discussed in greater detail in chapters 4 and 5.

NEW HOUSING PRODUCTION

The District of Columbia captured 1.7 percent of new units authorized across the region in the past two decades. In the city, these new units were more likely to be high-density, multifamily development, while new housing production across the region was more likely to be single-family houses, both attached and detached.

The number of units authorized by permit in the District from 1980 to 2000 totaled 11,637, just 1.7 percent of the regional total (696,281). The District's share of regional housing production varied sharply between the 1980s and the 1990s, however, accounting for 2.4 percent of the region's authorized units in the 1980s but only 0.8 percent in the 1990s.

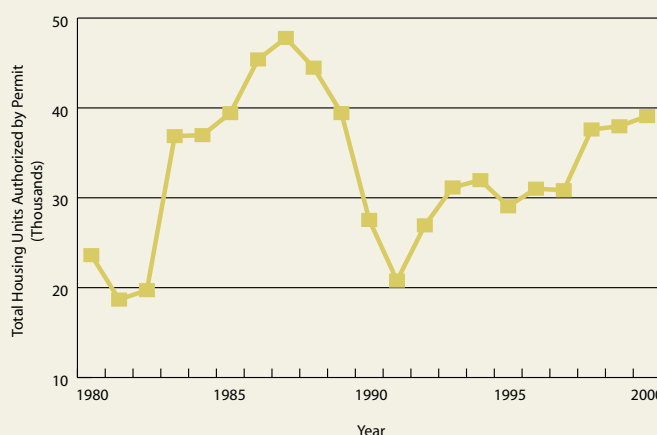
In any region or jurisdiction, building permits normally track the business cycle closely, and this pattern holds true for the Washington region (figures 6 and 7). The recessions of the early 1980s and 1990s clearly depressed housing production, while the economic booms that followed increased it. The 1980s boom had a bigger impact on housing produc-

tion, however, with 352,353 units authorized in the region between 1980 and 1989, compared with 304,839 units between 1990 and 1999—a 13.5 percent difference. The District authorized only 2,510 units in the 1990s, a 70 percent decline from the 8,321 units authorized in the 1980s. The later part of the 1990s saw a resurgence in the District, with a 59 percent increase in new units authorized by permit between 1998 and 1999 and a further 18 percent increase between 1999 and 2000, the most recent two years for which final data are available. In 2000, the District authorized construction of 806 new housing units, the largest number since 1988.

Single-family houses accounted for three-quarters of all permits issued across the region in 2000—including nearly all units authorized outside the District and the Inner Core. Inside these two areas, however, the dominant type of permit was for buildings with five or more housing units. These units represented 65 percent of the building permits in Alexandria, 75 percent in the District, and 90 percent in Arlington County. Thus, new production mirrors the differences in housing stock characteristics discussed earlier between the District and the Inner Core on the one hand, and the region's suburbs on the other.

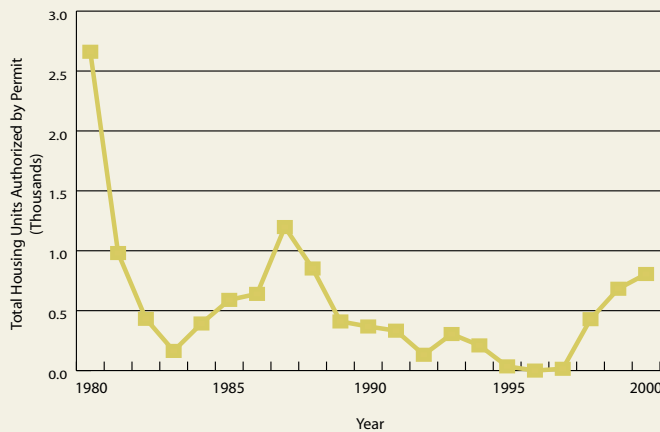
Although the new units authorized in 2000 were spread across the District, the largest buildings, and therefore the most units, were located in Northwest. In fact, the North Cleveland Park cluster (12) accounted for 31

Figure 6. Total Housing Units Authorized by Permit, Washington Region



Source: U.S. Bureau of the Census: Residential Building Permits Survey.

Figure 7. Total Housing Units Authorized by Permit, District of Columbia



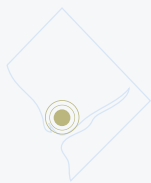
Source: U.S. Bureau of the Census: Residential Building Permits Survey.



George's Counties, received a significant share of the region's tax credit units, with Prince George's County leading the region at 26 percent. Neither the Outer Suburbs nor the Far Suburbs had much subsidized housing; only four counties—Charles and Frederick in Maryland, Prince William in Virginia, and Berkeley in West Virginia—had more than 1,000 units. Most surprising was that the Inner Core jurisdictions of Arlington and Alexandria, despite their high and growing density of apartments, account for only 2 percent and 4 percent, respectively, of the region's federally subsidized units.

Despite its disproportionate share of the region's public housing, the District actually has fewer public housing units than other kinds of federally subsidized housing. The DC Housing Authority (DCHA) operates more than 9,000 units of public housing. In addition there are about 11,000 privately owned, federally subsidized units in the District.¹⁶ Federal housing policy is increasingly relying on portable housing vouchers rather than project-based rent subsidies to address the housing needs of very low income renters. Vouchers are discussed in chapter 5.

Within the District, federally subsidized housing units are geographically concentrated. As of 1998, the neighborhood clusters with the greatest number of assisted units, both public and privately owned, were the Congress Heights cluster (39), the Mount Pleasant cluster (2), and the Logan Circle cluster (7). Together these accounted for 30 percent of all federally subsidized units in the District. It is surprising to note, however, that none of these clusters were in the top three for public housing, being dominated instead by privately held, federally assisted projects. Nine of the



Spotlight Downtown (8)

The Downtown cluster (8) grew during the 1990s, gaining over 800 housing units—a 23 percent increase. The overall vacancy rate dropped 1 point, to 11.5 percent, slightly above the city's overall average. Federally assisted housing accounted for almost half (46 percent) of the cluster's total units. Most of the assisted units are in privately owned developments with long-term federal subsidies, and over 1,200 of them face expiring subsidies over the next two decades. At-risk properties accounted for a relatively small share of the inventory (7 percent) in 2000.

percent of the new units, and the Cleveland Park cluster (15) accounted for another 19 percent. Notably, however, the Southwest Employment Area cluster (9) also had a lot of new building, with 185 authorized units making up 17 percent of the city total. The Dupont Circle cluster (6), Logan Circle cluster (7), and Downtown cluster (8) together made up another 18 percent, while most other clusters had little or no authorized production.

SUBSIDIZED HOUSING STOCK

Despite growing numbers of low-income households in the suburbs, federally assisted housing is highly concentrated in the District.

As of 1998, almost half (46 percent) of the region's federally assisted housing units were located in the District, including 68 percent of traditional public housing, 40 percent of other project-based HUD subsidies (such as Section 8 new construction and moderate rehabilitation and Section 236 elderly housing), and 21 percent of Low-Income Housing Tax Credit (LIHTC) units.¹⁵ The inner Maryland suburbs, in Montgomery and Prince

District's neighborhood clusters have no federally subsidized housing units: the Dupont Circle cluster (6), clusters 12 through 17, and clusters 19 and 20, which run from the western edge of the District to the neighborhoods lining the northern half of Eastern Avenue in Northwest and Northeast, including the Takoma, Lamond Riggs, and North Michigan Park clusters.

Because of the expiration of subsidy contracts with private owners as well as HOPE VI public housing revitalization, the number of housing units with federal rent subsidies in the District is declining.

The largest category of federally subsidized housing in the District consists of privately owned developments whose owners entered into subsidy contracts with HUD. Most of these contracts were originally signed between 1974 and 1983 for terms ranging from 15 to 20 years. Between 2000 and 2005, subsidy contracts will expire on almost 10,000 units in the District (table 4). When these contracts expire, HUD usually offers the owner a renewal, normally from 1 to 5 years.¹⁷

Owners are not required to renew, however, and "opt-outs" are a serious concern, because in many cases they consist of projects in tight rental markets where owners feel that they can do better than the HUD rent. Eligible tenants in buildings whose owners opt out are given Section 8 vouchers, which they can use to remain in their units or to move elsewhere. By one count, as of July 2001, HUD had issued vouchers for only 160 units of District project-based housing whose owners had opted out in the past five years. This underrepresents the total number of assisted units lost, because it includes only tenants who applied for vouchers when their buildings left the program and because it excludes Section 8 moderate rehabilitation units, which are administered separately.

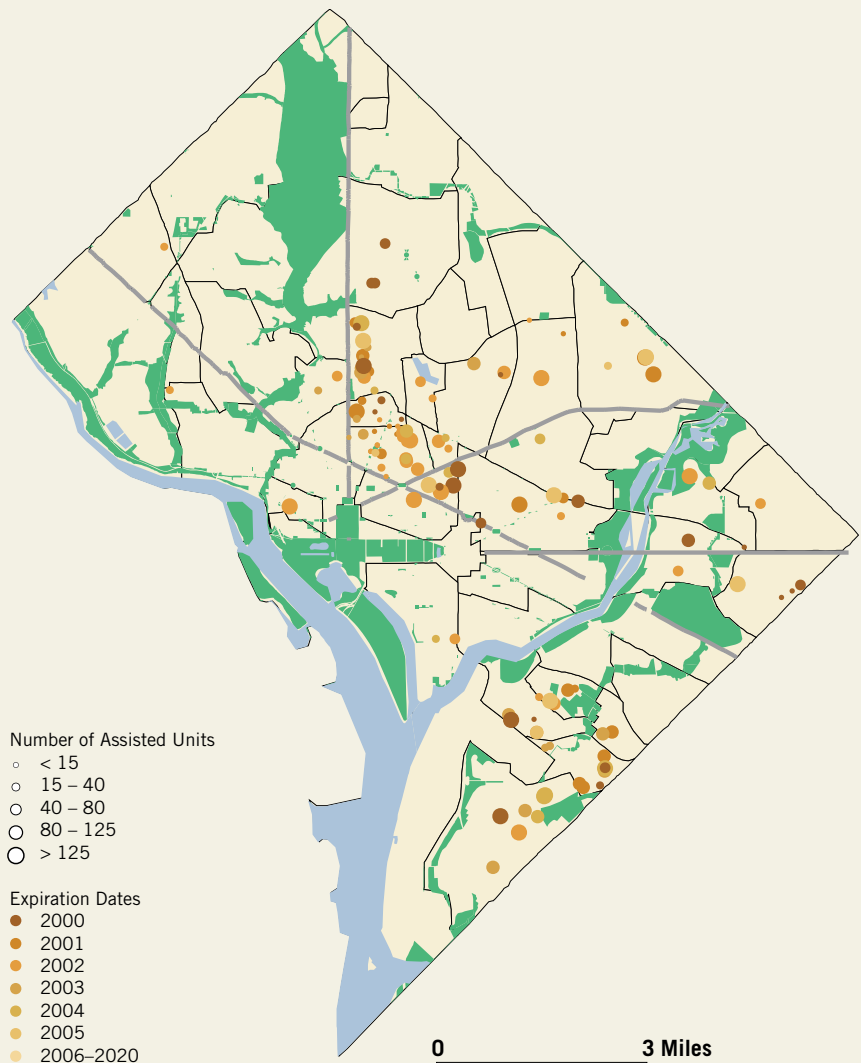
Contracts that HUD chooses not to renew can be a bigger problem, however, since they are often troubled properties and may require substantial repairs or renovation. These properties pose a challenge for local government and housing advocates, who have tried to put together financing packages to purchase and rehabilitate such properties for the existing tenants.¹⁸ Over the past five years, an esti-

Table 4. District of Columbia: Expiring Section 8 Contracts

Year	Assisted Units with Expiring Contracts
2000	606
2001	2,713
2002	3,034
2003	937
2004	1,362
2005	1,232
2006–2020	1,344

Source: HUD Multifamily Assistance and Section 8 Contracts Database, <http://www.hud.gov/offices/hsg/mfh/exp/mfhdiscl.cfm>. Accessed November 27, 2001.

Map 3. Section 8 Expiring Contracts by Year and by Number of Assisted Units



Source: HUD: Multifamily Assistance and Section 8 Contracts Database, November 27, 2001.

mated 1,243 units in the District have been lost to foreclosures or HUD enforcement actions, including decisions not to offer the landlord a renewal.

Within the District, the neighborhood cluster with the greatest number of subsidy contracts expiring in 2001 was the Mount Pleasant cluster (2), with more than 900 units up for renewal (map 3). In 2002, not counting extensions and one-year renewals spilling over from 2001, the cluster with the greatest number of expiring contracts is Logan Circle (7), with just over 700 units expiring. These clusters represent 34 percent and 24 percent of all units expiring in 2001 and 2002, respectively, and are the ones of most concern to low-income housing advocates and the city, because the housing market appears to be very tight in these neighborhoods, as will be discussed in chapters 4 and 5.

The HOPE VI program is an ongoing federal effort to replace or rehabilitate much of the nation's most severely distressed public housing, thereby reducing geographic concentrations of poverty and creating more viable, mixed-income communities. There are five HOPE VI developments in the District, with grants awarded from 1994 to 2001 (table 5). When development is complete, the five projects will have demolished 2,872 low-rent public housing units and built 2,684 new units, for a net loss of 188 units.¹⁹ Many of the developments, when completed, will include a mix of homeowner and rental units and will be designed to serve moderate-income as well as low-income households. This is typical of HOPE VI projects in the nation as a whole, but will clearly have the effect of reducing the number of public housing units affordable for the lowest-income households.

The number of new and rehabilitated housing units receiving subsidies from the District government has increased in recent years. These locally subsidized units serve a mix of renters and homeowners with incomes ranging from very low to moderate levels.

From 1999 to 2001, the District's Department of Housing and Community Development (DHCD) closed more than \$50 million worth of projects and provided almost \$28 million in public support (map 4). During the same period, the DC Housing Finance Agency

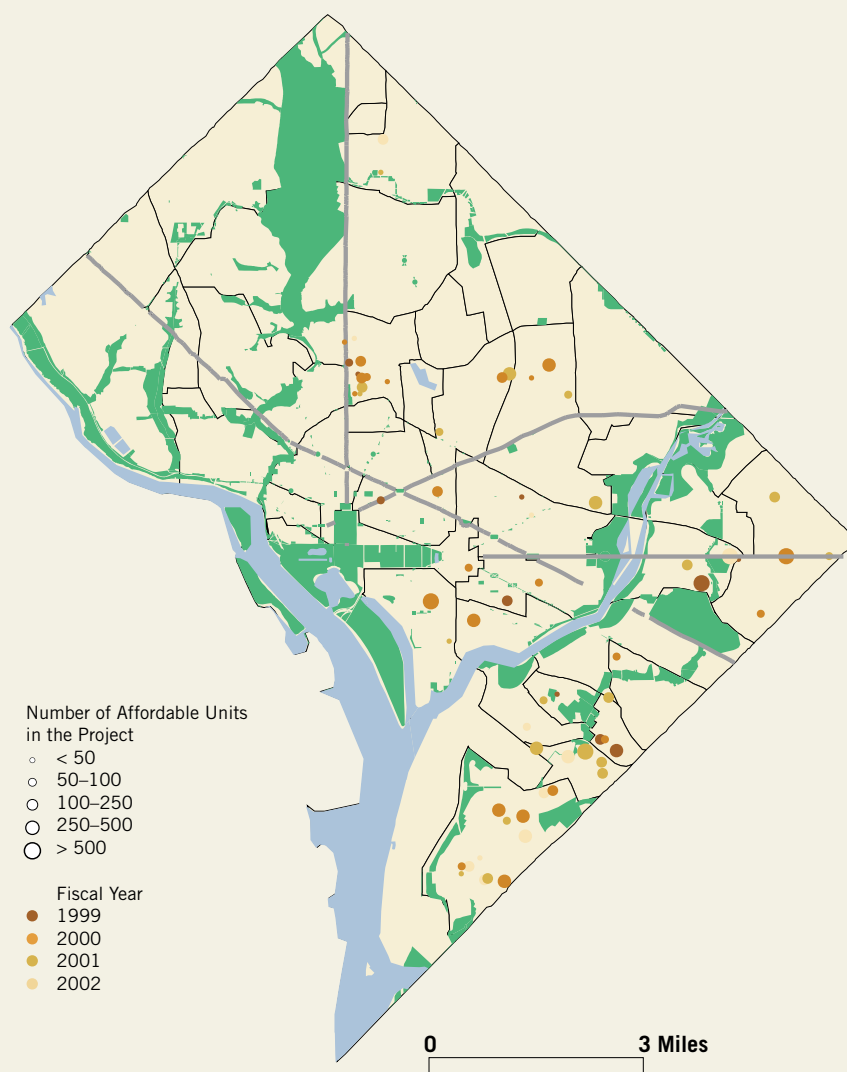
Table 5. HOPE VI Developments in the District of Columbia

HOPE VI Project	HUD Grant (Millions)	Units to be Demolished	Units to be Built	Homeowner Units	Units with Annual HUD Operating Subsidies
Ellen Wilson	\$25	134	134	134	0
Wheeler Creek	\$20	403	314	132	273
Frederick Douglass/Stanton	\$30	650	600	320	370
East Capitol	\$31	927	486	145	196
Arthur Capper/Carrollburg	\$35	758	1,150	*	*
Totals	\$141	2,872	2,684	731	839

Source: Columns 1–3: District of Columbia Office of the Deputy Mayor for Planning and Economic Development (unpublished data); Columns 4–5: HUD, HOPE VI Quarterly Project Progress Report.

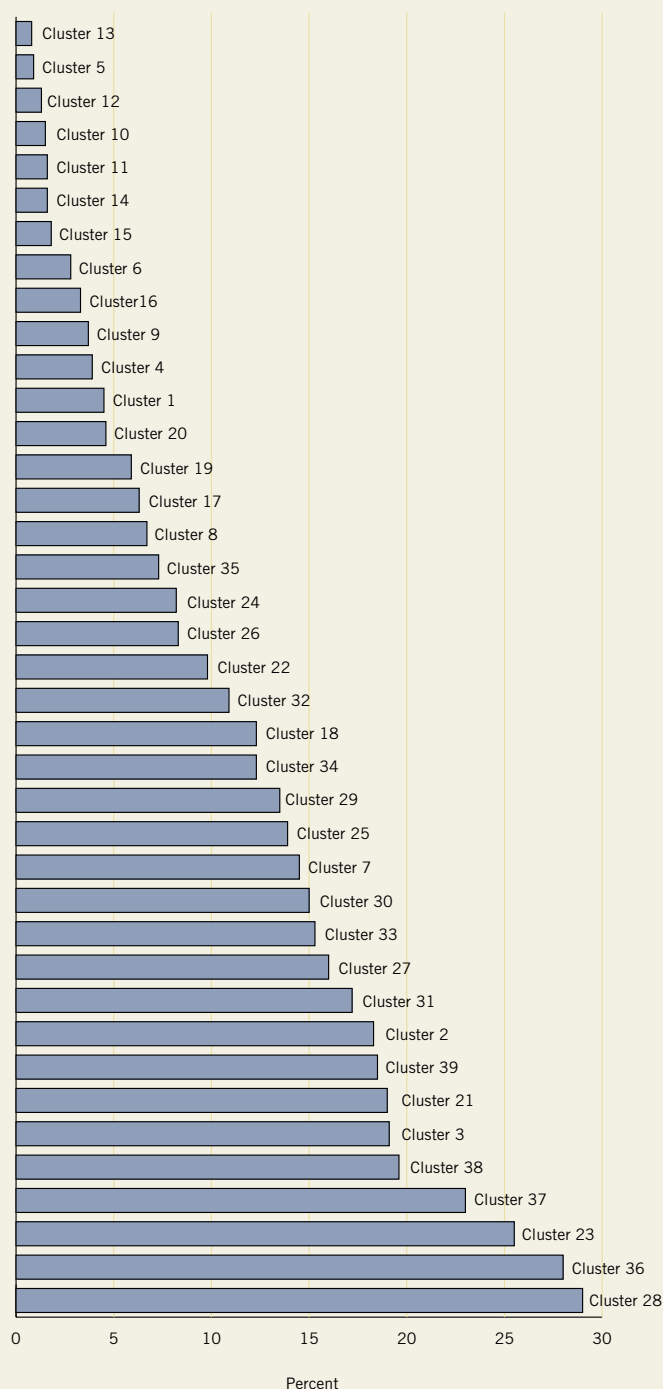
*Not yet reported

Map 4. City-Funded Affordable Housing Projects



Source: District of Columbia Office of the Deputy Mayor for Planning and Economic Development (unpublished data).
Note: Projects include those funded by the DHCD, DCHA, and the District of Columbia Housing Finance Agency.

Figure 8. At-Risk Properties as a Percentage of All Properties in the Cluster



Source: District of Columbia administrative data.

(DCHFA) closed \$195 million in revenue bonds for projects. Together, the DHCD, DCHFA, and the DCHA have contributed to the construction or rehabilitation of almost 6,700 units, including both homeowner and rental housing; the total rose from 1,351 units in fiscal year (FY) 1999 to 1,895 in 2000 and 3,438 in 2001. In 2001, this funding included local revenue sources, including \$3.4 million from the Housing Production Trust Fund and \$2.2 million from the city's capital budget.²⁰

AT-RISK PROPERTIES IN THE DISTRICT

Some properties in physical or financial distress appear in all neighborhoods, but a few clusters have more than their fair share, reflecting disinvestment.

Despite the overall robustness of the region's housing market, some neighborhoods still suffer from neglect and disinvestment. Administrative data on tax delinquencies, building code violations, and abandoned or boarded-up buildings can provide useful indicators of the physical and financial health of properties and neighborhoods.²¹ While every neighborhood appears to have at least some distressed properties, these problems are concentrated in neighborhoods east of the Anacostia River, including the Historic Anacostia cluster (28), the Sheridan cluster (37), and the Woodland cluster (36) (figure 8).

Twice a year, properties that have outstanding city liens for back taxes, special assessments, water bills, and building inspector's fines are placed on a tax sale list, and if the balance is not paid by the owner, the liens are sold to the highest bidder. Winning bidders can then try to collect and foreclose if they are not paid. There were just over 3,300 liens sold at auction in 2001, with at least several in every neighborhood cluster. The Historic Anacostia cluster (28) had by far the highest ratio of liens sold to total properties, with 80 liens representing 7 percent of its 1,100 properties. It is not clear whether this represents continued weakness or increased market strength.

Properties that went to tax sale but whose liens were not sold are called "bidbacks."

These generally represent the least valuable or most distressed tax sale properties, which may

be worth less than the value of the lien. There were just under 900 bidbacks in 2001, many of which had been to tax sale several times. While every neighborhood cluster had at least one of these in 2001, the vast majority are east of the Anacostia River. Neighborhood clusters with the greatest ratio of bidbacks to total properties include the Capitol View cluster (33) with 3.9 percent, the Historic Anacostia cluster (28) with 5.5 percent, and the Sheridan cluster (37) with 6.8 percent.

In 1996, the city sold the liens on its accumulated stock of bidbacks to the Breen Trust, a group of investors who purchased the liens at a deep discount and tried to collect more than they had paid through collections or foreclosure. These 2,426 properties are widely distributed, but the greatest concentrations are in the Woodland cluster (36), with 13.9 percent of all properties, and the Sheridan cluster (37), with 12.2 percent of all properties. In October 2001, 1,709 liens, which the Breen Trust was not able to fully satisfy through collections or foreclosure, came back to the city.²² Again, most of these 1,709 properties are located east of the Anacostia River, with the greatest concentration in the Sheridan cluster (37).

Special assessments include both fines for housing code violations and the cost of abatement where the owner fails to correct the problem.²³ The Historic Anacostia cluster (28) had the highest percentage of its properties cited and cleaned (4.1 percent), with 28 of the 47 being boarded up by the Department of Consumer and Regulatory Affairs (DCRA). Clean City fees represent cases where the Department of Public Works cleaned up trash on the property or on adjacent public land. These fines are widely distributed across the city and include over 10 percent of properties in the Ivy City cluster (23), the Mount Pleasant cluster (2), the Howard University cluster (3), the Edgewood cluster (21), and the Historic Anacostia cluster (28).

In 1999, for internal purposes, DCRA produced a database of properties that had had one or more utilities cut off. When inspected, nearly 4,000 of them were found to be vacant.²⁴ Although many neighborhoods had large numbers of these vacant properties, in only three clusters did they represent more than 1 in 10 properties—the Douglass cluster (38), the Historic Anacostia cluster (28), and the Ivy City cluster (23).



FUTURE OF THE DISTRICT'S HOUSING STOCK

If the District of Columbia grows over the next decade as forecasters predict, it will need to stem the loss of housing units it has experienced over the past decade and reduce vacancy rates while at the same time increasing housing production substantially.

Forecasts of future population growth discussed in chapter 2 suggest that the city could gain an additional 33,000 to 55,000 households by 2010. Housing production in the District would have to increase dramatically to accommodate this level of growth. The number of units authorized by permit annually over the past decade averaged about 250 and never exceeded 1,000. Producing 3,000 to 5,000 units per year over the coming decade would represent a significant challenge.

The city need not rely entirely on new housing production to meet the needs of a growing population. Although the number of vacancies declined during the 1990s, the overall rate is still relatively high, with roughly 26,000 units standing vacant but potentially available for occupancy.²⁵ If just half of these units were

occupied, the city's vacancy rate would be roughly equivalent to that of the region as a whole, while accommodating 13,000 new households. Reducing the vacancy rate would probably have the added benefit of helping to stem the loss of housing units that occurred during the 1990s.

However, as discussed earlier, vacancy rates vary dramatically across neighborhoods. The clusters that have experienced the strongest population growth already have very low vacancy rates, while the clusters with large numbers of vacant units continued to lose population during the 1990s. Significant investments in crime reduction, retail shopping opportunities, and other amenities would probably be required to attract new households to these neighborhoods. But if the city could more fully utilize its existing housing stock and cut its overall vacancy rate in half over the next decade, it could accommodate 33,000 new households with new housing production levels averaging about 1,700 units a year. Although this might seem to be a more achievable level of new production, it is important to note that such levels have not been seen in the District in any single year since 1980.



Homeownership MARKET

In 2000, more households in the Washington region and in the District owned their homes than ever before. Several forces discussed in chapter 2 converged over the 1990s to push homeownership rates up in the region and across the nation. These include a strong economy, low interest rates, the aging of the baby boomers, and public and private initiatives to increase homeownership. This chapter presents new data from the decennial census to

describe homeowner stock and vacancy rates, homeownership rates, and homeowner characteristics. In addition, we look at home sales using summary reports for the region and individual sales data for the District. Taking advantage of home mortgage data, we discuss the trends in home purchase lending and recent home-buyer characteristics, and the chapter concludes with an examination of housing problems among homeowners.



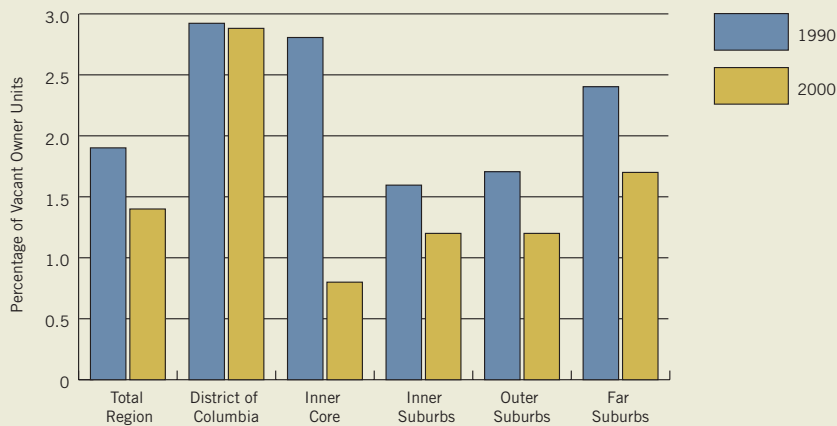
HOMEOWNER STOCK AND VACANCY RATES

Across the region, the number of homeowner units increased by about 220,000 during the 1990s, but demand has grown faster than supply, and vacancy rates have dropped. Owner vacancy rates in the District did not change during the 1990s, but some neighborhood clusters had rates below 1 percent in 2000.

The Washington region had 1.2 million homeowner units²⁶ in 2000, up from just under 1 million in 1990. Homeowner units accounted for 80 percent of the total growth in housing units discussed in chapter 3. The number increased by 23 percent over the past decade, a rate 5 percentage points higher than in the nation as a whole. Led by Loudoun County, the Outer Suburbs account for almost 40 percent of the increase in homeowner unit growth, with an additional 45 percent located in the Inner Suburbs.

The regional stock of homeowner housing increased at a slower rate than demand, contributing to a tightening market. In 2000, the

Figure 9. Owner Vacancy Rate, Washington Region and Subareas



Source: U.S. Bureau of the Census.

homeowner vacancy rate for the region was 1.4 percent, down half a percentage point from 1990, and lower than the average for the nation (1.7 percent). The biggest drop in vacancy rates occurred in the Inner Core—from 2.8 percent in 1990 to under 0.8 percent in 2000 (figure 9). The other suburban subareas experienced decreases of about 0.5 of a point.

By contrast, the District's 2.9 percent homeowner vacancy rate remained virtually unchanged over the decade, with growth in the number of units keeping pace with demand. In general, the city's stable vacancy rate reflects a combination of rising rates (looser markets) in Northeast and the areas east of the Anacostia River, and falling rates (tighter markets) in the center of the city and west of Rock Creek Park. The Cathedral Heights cluster (14) had the lowest homeowner vacancy rate at 0.4 percent, and the Howard University cluster (3) had the highest at 15 percent. But the highest rate declined 5 percentage points from 1990, when 20 percent of the owner housing units in the Downtown cluster (8) were vacant and for sale. Of the clusters with more than 1,000 owner units, Dupont Circle (6) and Logan Circle (7) experienced the largest drops in vacancy rate, with decreases of 7 and 8 percentage points, respectively, from 1990 to 2000. Six clusters—the North Michigan Park cluster (20) and five in Northwest—ended the decade with owner vacancy rates below 1 percent.

HOMEOWNERSHIP RATES

With the exception of the Inner Core, homeownership rates rose throughout the Washington region. Both the homeownership rate and the number of homeowners increased modestly during the 1990s in the District, although gains in the number of homeowners were concentrated in a few clusters.

Homeownership rates are on the rise across the Washington region, as they are across the country. By 2000, the regional homeowner rate reached 64 percent, an increase of 3 percentage points from 1990. Homeownership rates in the dense, urban areas of the District and the Inner Core were about 40 percent, while the rates for the traditional suburbs reached 70 percent or higher. Only four parts of the region had lower homeownership rates in 2000 than in 1990—Alexandria, Arlington, Prince William County, and the city of Fredericksburg.

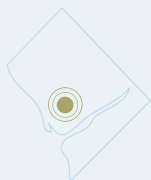
In 2000, the homeownership rate in the District was 41 percent, ranking 88th among the nation's 100 largest central cities. This rate is up by 2 percentage points since 1990, a slightly smaller increase than for the region as a whole, but it places the District in the top third among large central cities ranked by rate increases. The number of homeowners in the District also rose over the decade, increasing

by 4,000 to 101,000 households in 2000. This increase was very localized, however, with over half of the additional owners concentrated in only four clusters—Logan Circle (7), Dupont Circle (6), Union Station (25), and Capitol Hill (26). Only three out of five clusters experienced growth in the number of homeowners between 1990 and 2000.

Homeownership rates vary quite widely across the District (map 5), from as low as 11 percent in the Downtown cluster (8) to 90 percent in the Colonial Village cluster (16). One-third of cluster homeownership rates exceed 50 percent. High homeownership rates are not limited to the wealthier areas of Northwest, but also extend to areas in Northeast. The clusters with the lowest vacancy rates (those west of Rock Creek Park and in far Northeast) also show the highest homeownership rates.



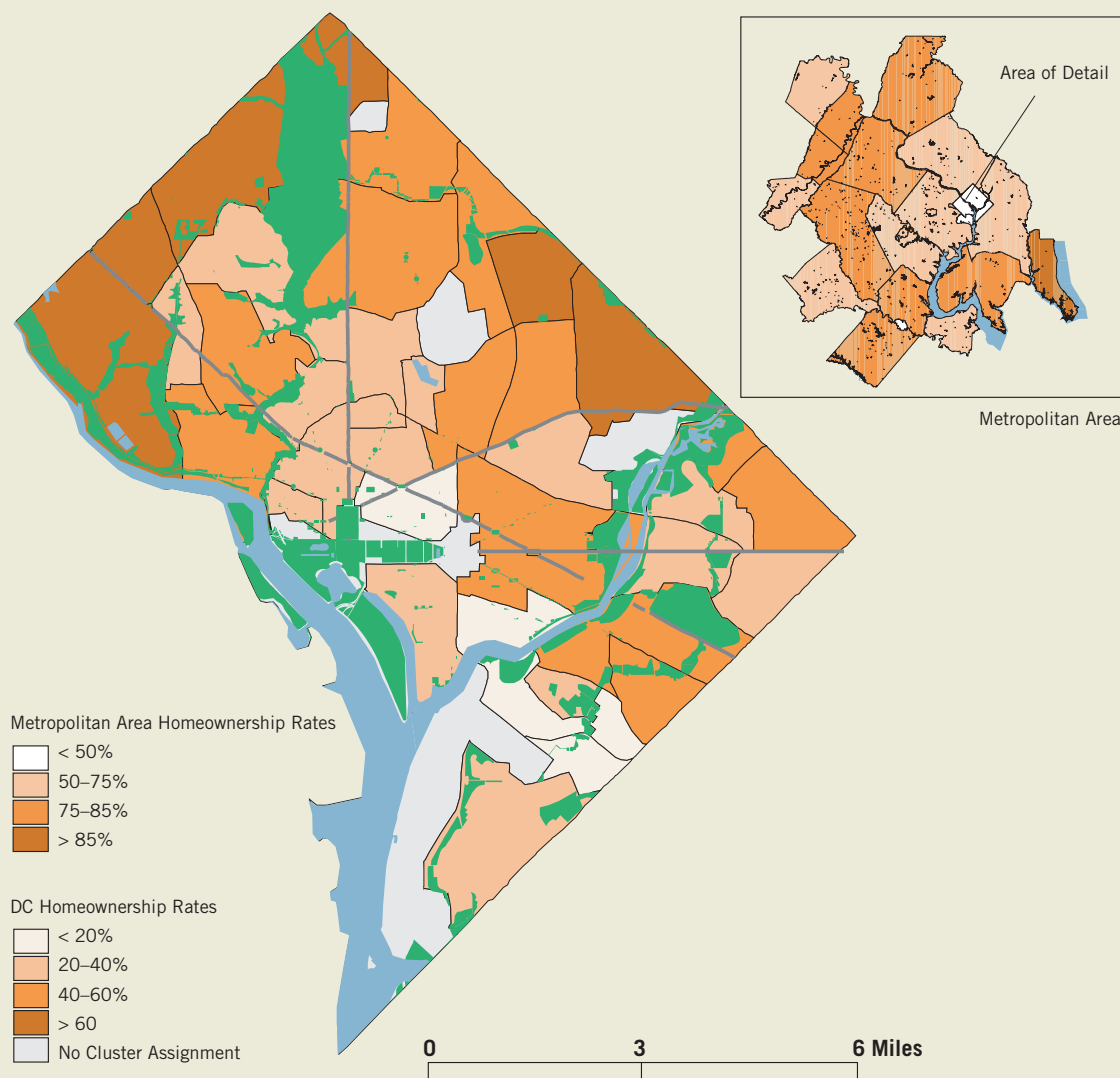
The rise in homeownership rates is widespread—between 1990 and 2000, four out of five clusters experienced an increase in homeownership rates. The Downtown area had the highest increase—6 points. By contrast, the rate for the Eastland Gardens cluster (29), which has the fewest housing units of any cluster, fell the most (24 points), not because of a great change in the number of homeowners, but because the number of renter households tripled over the decade.



Spotlight Logan Circle (7)

The Logan Circle cluster (7) exemplifies the city's booming homeownership market. It had 626 more homeowner units in 2000 than at the beginning of the decade, a 33 percent increase, and the owner vacancy rate plummeted from 12 percent in 1990 to 3.7 percent in 2000, one of the biggest declines in the city. The average home sales price rose from \$98,500 in 1994 to \$144,200 in 2000, an increase of 46 percent. The number of loans for home purchases increased by over 200 percent, from 118 in 1995 to 374 in 2000. Increased housing demand has brought changes in the racial and economic composition of the neighborhood. The median income of borrowers purchasing a house in 2000 was \$80,000, one-half higher than in 1995, and nonwhite households accounted for more than one-third of the borrowers in 1995, but only one-quarter in 2000.

Map 5. Homeownership Rates, 2000, District of Columbia Clusters and the Metropolitan Area



Source: U.S. Bureau of the Census.

MINORITY HOMEOWNERSHIP

Minorities in the Washington region are more likely to own their homes in 2000 than in 1990. Black households in particular have gained ground over the past 10 years, with their homeownership rate up 8 points, to 49 percent in 2000. Nevertheless, a significant gap between white and minority homeownership rates persists.

The minority homeownership rate in the Washington area climbed from 43 percent in 1990 to 50 percent in 2000. This rate still lags considerably behind the homeownership rate of 73 percent for non-Hispanic whites, but the gap has narrowed by 3 percentage points since 1990. While nonwhites represent 40 percent of all households in the region, they constitute only 30 percent of homeowners. Despite this underrepresentation, minority households are driving the overall growth in homeowners. Across the region, growth in the number of nonwhite homeowners accounted for over 60 percent of the region's total increase in homeownership.²⁷

The overall increase in minority homeownership masks variations in the levels and trends by racial and ethnic category (figure 10).²⁸ Black households have enjoyed the greatest

gains in homeownership rates in the region, moving from 42 percent in 1990 to 49 percent in 2000. The 8 point rise is two and a half times larger than the national increase in the black homeownership rate. The Washington region had over 75,000 more black homeowners in 2000 than it did in 1990, a 50 percent increase. During the 1990s, black households accounted for one-third of the increase in homeowners in the region.

The Hispanic homeownership rate also increased—from 38 percent in 1990 to 44 percent in 2000. Although still constituting only 4 percent of the region's total, the number of Hispanic homeowners doubled during the 1990s to almost 50,000. The Asian homeownership rate of 58 percent is still the highest for any minority group, but, surprisingly, it decreased by 3 percentage points over the 1990s.²⁹ Despite the decline in rates, the number of Asian homeowners rose 75 percent over the past decade, slightly increasing their share of all owners in the region.

In the District, the gap between minority and white homeownership rates is 12 percentage points, only about half as large as it is for the region as a whole. Two out of five black households in the city own their homes, an increase of about 3 percentage points over 1990. The rates for Asian and Hispanic households are similar, with about one-quarter owning their homes in 2000. Hispanic house-

holds have the fastest-growing homeownership rate, up 4 percentage points from the 1990 figure.

The absolute number of black homeowners in the District decreased slightly over the decade, but they still comprise over half of all owners. Offsetting the small numeric loss in black homeowners, the District gained almost 1,300 Hispanic homeowners, 1,100 white homeowners, and 400 Asian homeowners between 1990 and 2000.

HOMEOWNER CHARACTERISTICS

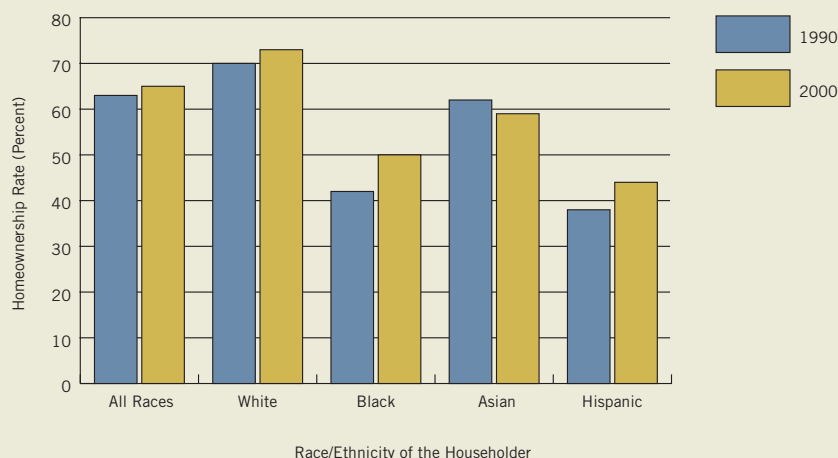
In addition to becoming more racially diverse, homeowners in the region are becoming more varied with respect to family and economic characteristics.

Consistent with national patterns, families and householders over 35 are more likely to own their homes in the Washington region than nonfamily households and younger adults. Three-quarters of homeowners are family households, with married couples predominating. Over half of all homeowners are 35 to 54 years old, with an additional 18 percent over age 65. The homeownership rate for households over 75 is up 7 points since 1990, with the number of homeowners in this age bracket rising by 50 percent.³⁰

As expected from the overall demographics discussed in chapter 2, families account for a lower share of all homeowners in the District than in the region as a whole. Almost 60 percent of District homeowners are family households, compared with 75 percent in the metropolitan area. The number of single homeowners in the city grew by 14 percent over the decade (compared with just 4 percent growth of all homeowners), and by 2000, one-third of District homeowners were living alone. Although householders aged 35 to 54 comprise the largest age group among homeowners, they constitute a smaller share in the District than in the rest of the region. By contrast, those over 65 constitute a greater share of homeowners in the District than in the region (29 percent versus 18 percent).

As of 1998, two out of five homeowners in the Inner Region had incomes below \$66,200 and were classified as "low-income" by HUD

Figure 10. Homeownership Rates by Race/Ethnicity, Washington Region



Source: U.S. Bureau of the Census.

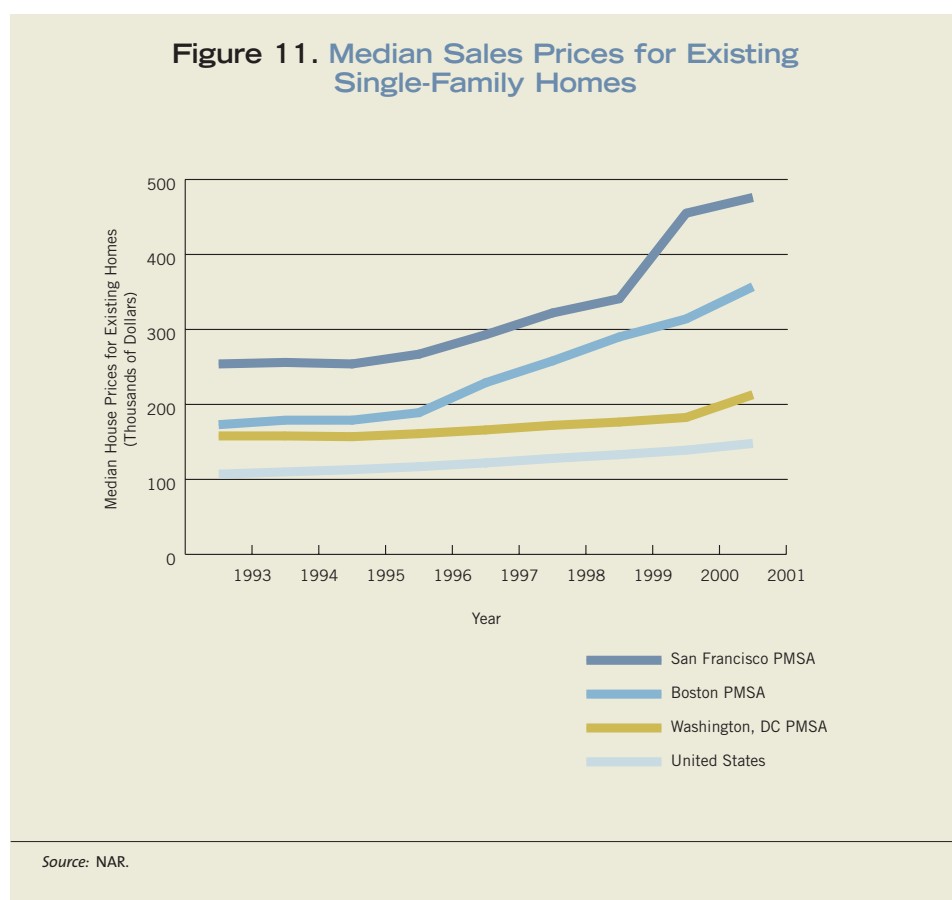
standards.³¹ The share is roughly the same as in 1993, but the income composition *within* the low-income category has changed. In 1993, extremely low income homeowners—those making less than \$25,000 (30 percent of the median)—made up only 7 percent of all owner households. By 1998, their share had increased to 13 percent, with the number of homeowners in this lowest income category also doubling.

From 1993 to 1998, the number of homeowners with incomes below \$66,200 grew, while the number with higher incomes declined. Low-income households made up over half of the District's homeowners in 1998, about the same as in 1993. The District has a greater share of low-income homeowners than the metropolitan area, and they are more likely to be farther down the income scale than in the region as a whole. While 13 percent of the region's homeowners are earning less than 30 percent of the median income, 25 percent of the District's owners are in this category. As is the case in the region, this share has doubled since 1993, but the dynamics behind the change are different in the city. There, the change is due both to the increase in extremely low income homeowners and to the fact that the District had a net loss of owners with incomes over \$66,200 during those five years.

SALES PRICES

House prices in the Washington region began to increase in the mid-1990s after a real decline during the first half of the decade. Although the inflation-adjusted regional house price was only slightly higher at the end of the decade than it was at the beginning, home prices in certain areas, including the District, climbed sharply in the late 1990s.

Unfortunately, no single source contains annual sales price data at the metropolitan area, county/city, and cluster level. At each geographic level, however, we can use different sources to examine trends. At the regional level, the National Association of Realtors (NAR) publishes annual median home sales prices for existing single-family homes. In 2001, the DC metropolitan area's median price of \$213,000 was



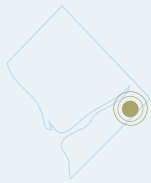
roughly one-third higher than the national median, but as figure 11 shows, neither the median price nor its rate of change can compare to extraordinarily hot markets like Boston and San Francisco. When inflation is taken into account, the median home price in the region was actually decreasing until 1996 and then began recovering: Only in the past year has the region's median price surpassed its 1990 value in real terms.³²

On the surface, this finding may seem inconsistent with anecdotal evidence about many sellers receiving multiple and escalating bids and houses selling in hours, not days.³³ While not directly comparable to the NAR data, the Washington Area Housing Partnership's *Annual Regional Housing Report* (2001), which includes data on sales of new and existing single-family homes, allows us to look at differences within the metropolitan area. In fact, the regional median reflects the combination of some areas with very hot market conditions and rising prices and other areas with weaker homeownership markets and lower prices (figure 12). As examples of rising markets, the average home sales price in the District in 2000 was \$250,000, up 16 per-

cent from 1998; in Loudoun County, prices moved up 17 percent over the same period. Other areas in the region offset these increases: Alexandria saw a slight decrease in its average price between 1998 and 2000, and in Prince George's County, the average price rose modestly (5 percent).³⁴

House prices are rising sharply in some District neighborhoods, particularly those where the number of homeowners has grown over the past decade.

To look more closely at market trends within the District, we analyzed the Real Property Assessment File produced by the city for new and existing single-family homes from 1994 to 2000. According to these data, the average sales price in the city was \$227,000 in 2000, rising by 30 percent or \$50,000 since 1994. But not all neighborhoods experienced rising prices: 8 of the 11 clusters with stable or falling average prices over this period were located east of the Anacostia River, with the Capitol View cluster (33) dropping by the greatest percentage. Most of the other clusters along the eastern edges of the city had small



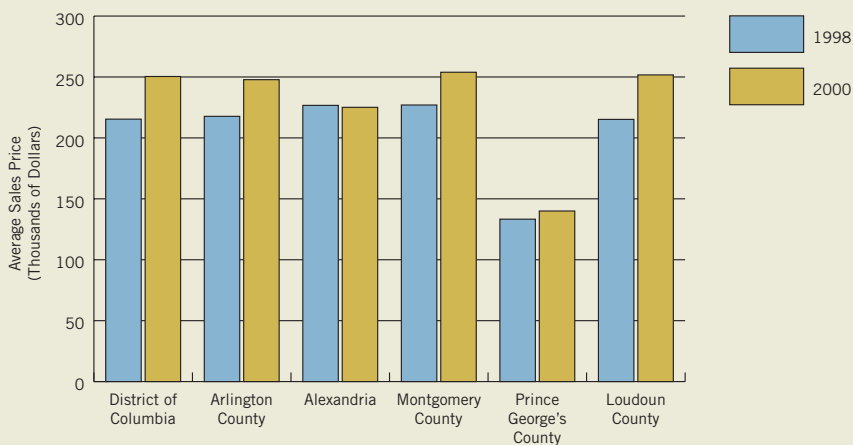
Spotlight Capitol View (33)

The Capitol View cluster (33) has a weak homeownership market, with a high vacancy rate and declining house prices. The number of homeowner units increased by 8 percent over the past decade, but demand did not keep pace, causing the owner vacancy rate to jump from 1.3 percent in 1990 to 10.7 percent in 2000, the biggest increase experienced by any cluster in the District. The average sales price of a single-family home declined 6 percent, from \$85,000 in 1994 to \$80,000 in 2000. The number of loans for home purchases more than doubled to 113 between 1995 and 2000, but the median income of borrowers fell 6 percent to \$34,000 over the same period. Nonwhite households accounted for all the borrowers purchasing homes in the Capitol View cluster in 1995 and for 91 percent of them in 2000.

price gains. Scattered clusters in Northwest and Southeast experienced price appreciation ranging from 30 to 40 percent. The most extreme price appreciation occurred in the area bordered by the Anacostia River on the east, Georgetown on the west, and Columbia Heights to the north. In this area, the Kalorama Heights cluster (1) exhibited the highest growth at 81 percent. Most of the clusters in the top appreciation category had

been steadily gaining since 1994, but the large jump came between 1999 and 2000. Five clusters saw average price increases of \$75,000 over that one year alone. Given current economic uncertainties, this extraordinary trend has likely subsided in 2001, but it remains to be seen whether the prices in these clusters have slipped from their new heights.³⁵

Figure 12. Average Sales Prices for New and Existing Single-Family Homes



Source: Washington Area Housing Partnership 2001.

HOME PURCHASE LOANS

Mortgage market indicators confirm the region's boom in homeownership. The number of home purchase loans in the region and in the District more than doubled from 1995 to 2000, with the District rising faster than the region as a whole.

The annual number of loans for home purchases in the Washington region doubled between 1995 and 2000, moving from 61,000 loans a year to 124,000 a year. Over the same period, the total dollar amount borrowed rose from \$9.6 billion to \$20.3 billion, growing at a comparable rate of 112 percent.³⁶

The annual number of mortgages originated for District homes increased from 4,200 in 1995 to almost 9,000, totaling \$1.6 billion, in 2000. The city now accounts for about 7 percent of the number of loans in the region and about 8 percent of the dollar amount. From 1995 to 2000, the dollar value of loans in the District rose by 155 percent, faster than in the region as a whole. The most dramatic growth occurred from 1996 to 1998, when the number of mortgages in the city jumped by 70 percent. This number continued to grow for the remainder of the decade, although at a reduced pace of 11 percent from 1998 to 1999, and only 2 percent from 1999 to 2000.³⁷ This pattern is consistent with the evidence presented in chapter 2 suggesting a turnaround in the city's population growth at the end of the decade.

Mortgage lending increased in all but three of the District's neighborhood clusters, and those had fewer than 50 loans annually. The largest gains occurred in the areas immediately east of the Capitol, through the center of the city, and along the Potomac River in Northwest. The number of loans increased the most in the Union Station cluster (25) and the Dupont Circle cluster (6), which also had the largest number of loans in 2000. The percentage gains show a similar pattern, but the city core jumps ahead. Of those clusters with more than 50 loans at the beginning of the period, the Howard University cluster (3) experienced the largest percentage gain, more than tripling from 71 loans in 1995 to 300 in 2000.

The raw number of loans does not take into account differences across clusters in the

number of owner units, however. Looking at the number of loans relative to the number of owner units provides a rough estimate of turnover in each cluster. By this indicator, loans in the Union Station cluster (25) equal about 12 percent of the total owner units in 2000, lower than the Howard University cluster (3) and the Dupont Circle cluster (6), each of which had loans on over 20 percent of the owner units. The Sheridan cluster (37) and the Eastland Gardens cluster (29) have very little home mortgage activity, with the number of purchase loans in 2000 equal to less than 0.3 percent of total owner units.

RECENT BORROWER CHARACTERISTICS

Nonwhite households received over one-third of the home purchase loans in 2000, slightly below their share of all households. Households with incomes below \$66,200 took out two of every five area mortgages in 2000, up 7 percent since 1995. The share of low-income and minority loans has decreased in the District, while the median income of borrowers there shot up 35 percent during this period.

The median income of borrowers in the metropolitan area has risen by 23 percent over the past 5 years, reaching \$74,000 in 2000. At the same time that incomes are rising for most borrowers, however, mortgages are also being issued to a greater number of low-income households. Some 43 percent of the home purchase mortgages in 2000 went to low-income households (incomes below \$66,200), about 7 percentage points higher than in 1995. While the share of loans to low-income households in the city, Inner Core, and Inner Suburbs ranges from 30 to 45 percent, Prince George's County stands out, with 63 percent of mortgage loans going to low-income buyers.

Across the region, minority households took out 35 percent of the loans in 2000, lower than their 39 percent share of all households. Again, the level in Prince George's County is unusually high; in each of the past five years, 80 percent of the loans for homes there have been issued to minority



borrowers. This is not surprising, given the county's racial composition, but it does suggest that relatively few nonwhite households are buying homes there. Outside of Prince George's County, the loan share to minorities has risen in every other Inner Suburb county, with minority households slightly overrepresented in lending (relative to their share of all households) by 2000 in all but the city of Falls Church. Charles County exhibits the largest county shift in the racial composition of lending, with the minority share up to 43 percent in 2000, 15 percentage points higher than in 1995.

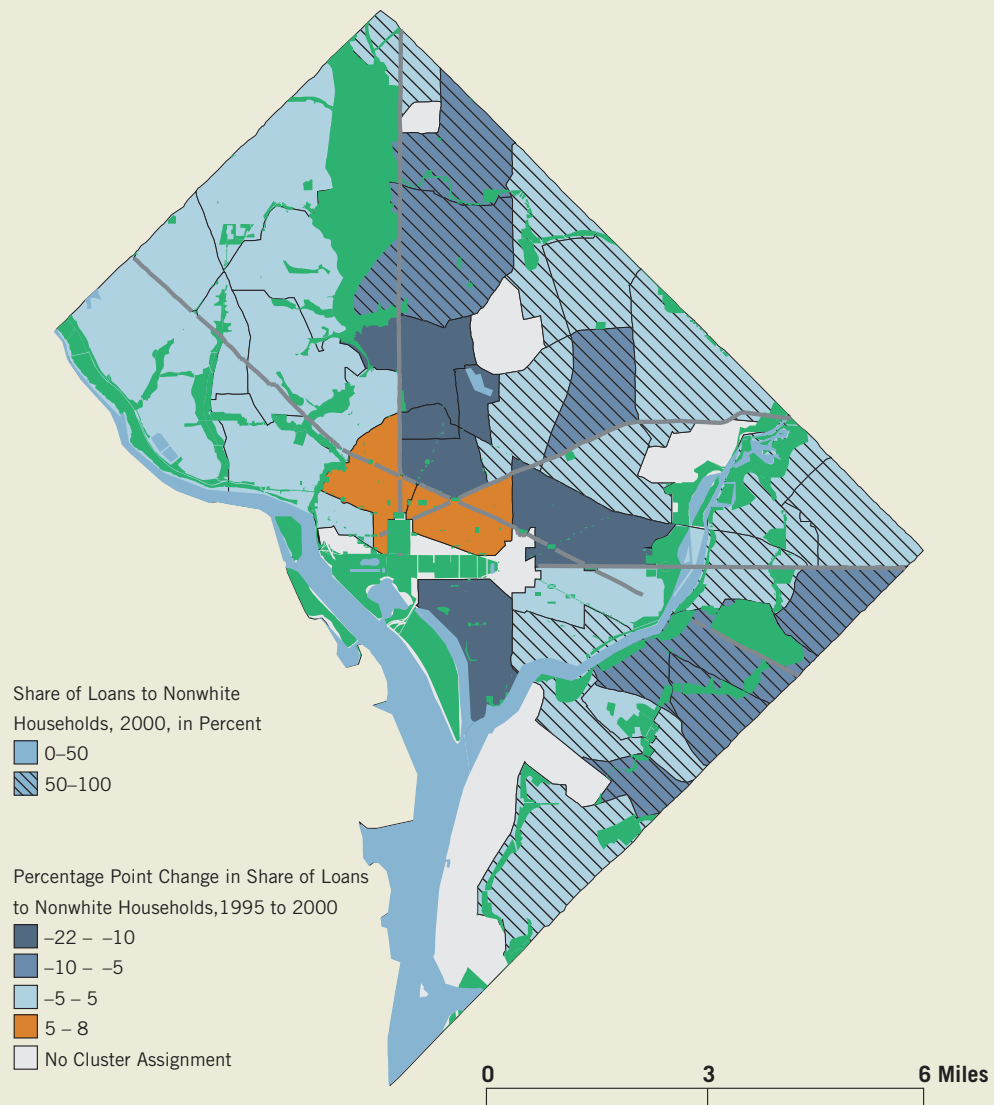
The District is becoming more attractive to higher-income and white homeowners. The median income of borrowers there shot up 35 percent in the past five years to \$73,000 in 2000. In 1995, the median income among borrowers in the District was \$6,000 lower than the regional median, but by 2000 the gap was less than \$1,000. The proportion of city loans that go to low-income families is comparable to the regional percentage, and it is among the few areas (along with Fairfax city and Calvert County) that have shown a

decrease in this proportion since 1995. The share of city loans going to minority borrowers also declined between 1995 and 2000, while climbing in the rest of the region. The percentage of loans issued to minorities dropped from 49 percent in 1995 to 42 percent by 2000. This is considerably below minorities' 66 percent share of all households in the District.

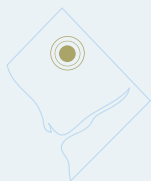
From 1995 to 2000, the median income of borrowers rose in all but one of the city's neighborhood clusters, Capitol View (33) being the exception. The percentages ranged from an increase of 71 percent in the Near Southeast/Navy Yard (27) area to a loss of 3 percent in the Capitol View cluster (33). The increases in borrower income for many clusters were small, and after adjusting for inflation, only three-quarters of the clusters saw growth. The clusters with real decreases were surprisingly scattered—four east of the Anacostia River, two in far Northwest, and one each in Downtown and Northeast.

While most clusters experienced the overall city trend of rising median borrower incomes, the change in the share of home purchase loans going to low-income borrowers was more

Map 6. Change in the Share of Loans to Nonwhite Households, 1995 to 2000



Source: Home Mortgage Disclosure Act data.



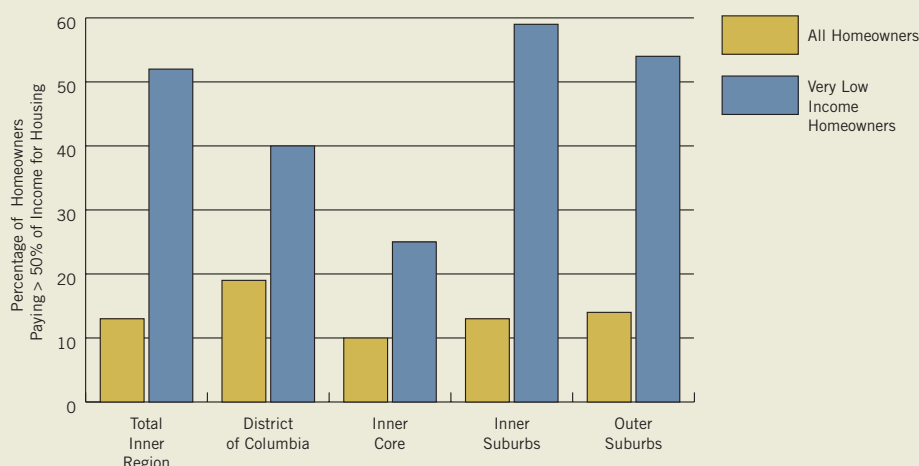
Spotlight Brightwood Park (18)

The Brightwood Park cluster (18) lost homeowners during the 1990s but still enjoyed a strong and stable homeownership market. It had 176 fewer homeowner units in 2000 than at the beginning of the decade, a drop of 2 percent, and the owner vacancy rate increased from 1.8 percent in 1990 to 2.2 percent in 2000. However, the average sales price of a single-family home rose from \$127,200 in 1994 to \$161,200 in 2000, an increase of 27 percent, and the number of loans for home purchases increased by 76 percent, from 257 in 1995 to 453 in 2000. The share of loans to nonwhite households decreased from 86 percent in 1995 to 77 percent in 2000, and the median income of borrowers purchasing a house increased by one-third, from \$43,000 in 1995 to \$58,000 in 2000.

mixed. One-half of the clusters showed increases in the share of loans going to low-income households. The cluster with the greatest increase—the Downtown cluster (8)—experienced a rise of roughly 20 percentage points in the low-income share of loans. The Near Southeast cluster (27) experienced the most dramatic change in the opposite direction, with the low-income share declining from 93 percent of the loans in 1995 to 63 percent by 2000.

The share of loans going to minority households dropped in three-quarters of the clusters (map 6). The greatest shift occurred in the Mount Pleasant (2) and Howard University (3) clusters, where the minority share of loans dropped by approximately 20 percentage points. Seven other clusters saw the minority share decline by 10 percent or more. The racial composition of borrowers west of Rock Creek Park changed very little, with 10 to 15 percent of the loans going to nonwhite households over this period. Moderate changes in minority lending, a drop of between 5 and 10 percent, occurred just east of Rock Creek Park—in Brightwood Park (18), for example—and in some clusters in Southeast, but the share of loans to minorities remained high (between 74 and 91 percent). Two clusters—the Downtown cluster (8) and the Dupont Circle cluster (6)—saw a moderate increase in the percentage of loans to nonwhite households.

Figure 13. Homeowners with Severe Housing Cost Burdens, 1998



Source: AHS.

HOUSING COSTS AND AFFORDABILITY

While home prices in the Washington region are more affordable than in many metropolitan areas in the United States, both the region and the District have seen an upsurge in the share and number of very low income owners who are paying over 50 percent of their income for housing costs.

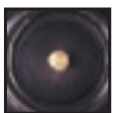
The National Association of Home Builders' Housing Opportunity Index measures the share of homes sold in the metropolitan area that are affordable for a family earning the area median income. Washington families with the median income of \$82,800 could afford 77 percent of the homes sold in the area during the second quarter of 2001. This is 14 percentage points higher than the national average.

While Washington, DC, may compare favorably to many other metropolitan areas on this measure of affordability, indications from other sources are less encouraging.³⁸ In 1993, 5 percent of homeowners at all income levels in the Inner Region were severely cost burdened, spending 50 percent or more of their income on housing costs. By 1998, the proportion had risen to 13 percent. As expected, poorer households are more likely to be affected. Over half of the very low income households (those earning at or below 50 percent of the median

income, which in the Washington region is \$41,400) were paying too much for their housing in 1998; this is up from 26 percent in 1993. The number of severely cost burdened very low income households almost tripled to 122,000 households in 1998.³⁹

As shown in figure 13, the differences among income groups held across both the District and the suburbs. Very low income households in the Inner Suburbs experienced the highest rate of cost burden, with almost 60 percent of homeowners in this income group living in unaffordable housing.

A total of 19 percent of all owner households in the District paid more than 50 percent of their income for housing, slightly above the regional rate. Relative to the entire Inner Region, a lesser share of the District's very low income owners are severely cost burdened, although many households are still stretched. In 1998, 40 percent of the very low income owners (those with 50 percent or less of area median income) were paying too much for their housing, compared with 52 percent in the region as a whole. The District mirrors the region's trend of worsening affordability for these vulnerable households, however. As discussed earlier, housing prices have continued to increase since 1998, so it is unlikely that this troubling trend has been reversed.



Rental Housing MARKET

Demand for rental housing in the Washington region has grown dramatically over the past decade, with a higher proportion of renters in the region now living outside the District. The booming housing market both in the city and in the region intensifies the challenges facing low-income households—especially renters. The District accounts for a disproportionate share of the region's most affordable rental housing, but declining vacancy rates and rising rents make it harder for low-income households to find units they

can afford in many District neighborhoods. This chapter combines data from the decennial census and the AHS to describe rental housing market conditions and trends. These major data sources are supplemented with local information on current rent levels, assisted housing, and homelessness in the city and region.

RENTAL HOUSING SUPPLY AND DEMAND

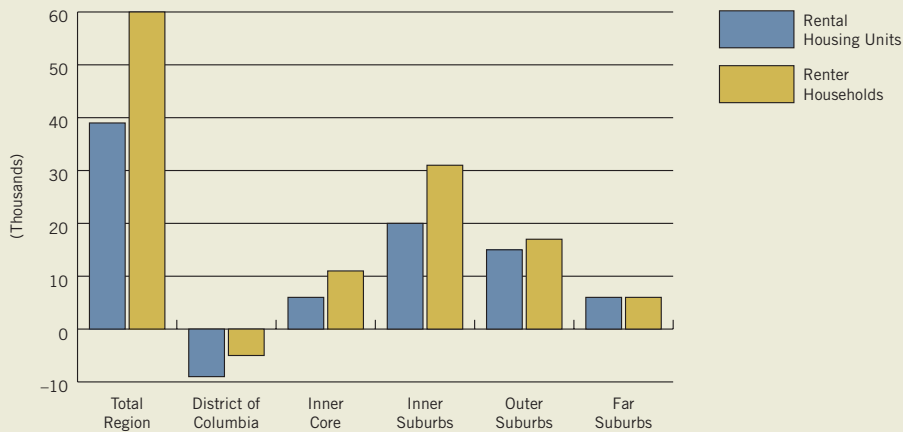
While the total number of rental units in the region grew during the 1990s, fewer of these units are now located in the District.

The total number of rental units in the region grew from 656,000 in 1990 to 695,000 in 2000, responding to the economic prosperity and growth discussed in chapter 2.⁴⁰ This was a net increase of about 39,000 units, or 6 percent. The largest gain in rental units was in the Inner Suburbs, which added a net 20,000 units to the rental stock from 1990 to 2000, an increase of 7 percent. The largest percentage growth was in the Outer Suburbs, which went from 67,000 to 83,000 rental units, or an increase of 23 percent.

While the region experienced strong growth in its rental housing stock, supply did not keep pace with demand (figure 14). Between 1990 and 2000, the total number of renter households in the region increased 10 percent, from 606,300 to 666,100. This translates to about 1.6 additional renter households for each net rental unit added during the decade. In addition to having the largest net increase in units, the Inner Suburbs had the largest net gain of 30,800 renter households (15 percent), or about 1.5 additional households for each net



Figure 14. Change in Rental Housing Units and Households in the Region and Subareas, 1990 to 2000



Source: U.S. Bureau of the Census.

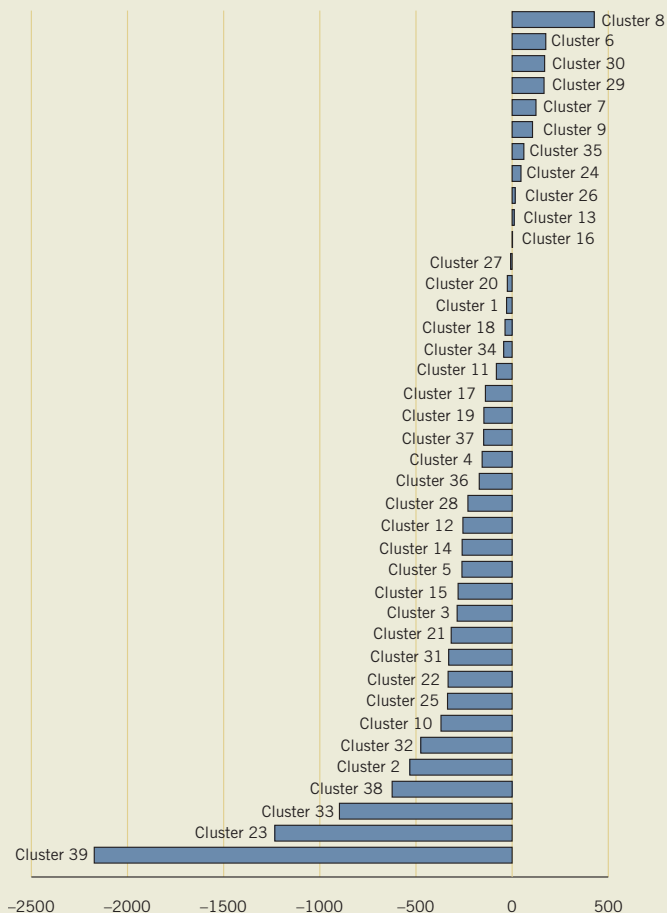
additional rental unit. Demand outpaced supply even more in the Inner Core, which gained 1.7 additional households for each additional unit.

Unlike other parts of the region, the District experienced a net loss of both rental units and renter households in the 1990s. The number of rental units fell from 165,800 to 156,300 units, a net loss of 6 percent. The decline in the number of rental units accounts for all of the District's net loss in housing units, since as discussed in chapter 4, the number of homeowner units grew modestly. The city's biggest losses occurred in neighborhoods where the demand for rental housing was weak, because of very low income levels, declining population, or both. The Congress Heights cluster (39) had the largest net loss of rental units (figure 15). It went from 12,225 to 10,052 units, a drop of 18 percent. The largest percentage loss was in the Ivy City cluster (23), which went from 5,697 to 4,463 units, a decline of 22 percent.

Despite the overall decline in rental housing, some clusters gained rental units in the 1990s. The Downtown cluster (8) saw the largest net increase, rising from 3,204 to 3,631 units, an increase of 13 percent. The largest percentage gain occurred in the Eastland Gardens cluster (29), which rose from 304 to 470 units, a net gain of almost 55 percent, although it had a very low level of rental housing to begin with.

The number of renter households in the District also declined from 1990 to 2000, but not as rapidly as the number of rental units. The number of renters dropped from 152,500 to 147,100 households, a net loss of 3.6 percent.⁴¹ This represents a decline of 1.7 rental units for each net renter household lost during the decade. Within the city, the Congress Heights cluster (39) had the largest net loss of renters (19 percent), going from 10,754 to 8,725 households. The rate of loss for households was about equal to the loss of housing units; however, the Congress Heights cluster (39) lost 1.1 rental units for each renter household lost. As was the case with the decline in rental units, the largest percentage decline in renter households was in the Ivy City cluster (23), which went from 5,381 to 4,036 households, a drop of 25 percent. The rate of loss for renter households was actually slower than the decline in rental units, with a

Figure 15. Change in the Number of Rental Units by Neighborhood Cluster, 1990 to 2000



Source: U.S. Bureau of the Census.

drop of only 0.9 units for each renter household lost.

As with rental units, even while the city was losing renters overall, some neighborhood clusters had a net gain in renter households during the 1990s. The Dupont Circle cluster (6) had the largest net increase, from 8,073 to 8,787 renter households—a gain of 9 percent. Demand greatly outpaced supply in this cluster—the increase in renter households was about four times greater than that of rental units. We again see the Eastland Gardens cluster (29) with the largest percentage gain in renter households—up 153 percent. This represented about 1.5 renter households for each net additional rental unit.

Because of increasing demand, rental vacancy rates in the region were cut in half between 1990 and 2000. Along with all other areas in the region, the District is experiencing a tighter rental market, although vacancy rates remain relatively high in Northeast and Southeast.

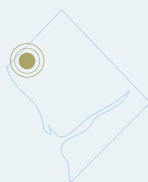
The increase in renter households over the past decade, combined with slower rates of growth in the rental stock in most of the region, has led to a much tighter rental market in 2000. As discussed in chapter 3, the overall vacancy rate declined significantly during the 1990s, as did the share of all vacancies available for rent. Regional rental vacancy rates dropped sharply between 1990 and 2000—from 7.6 to 4.1 percent. The tightest rental market is now in the Inner Core, where

vacant units for rent fell from 8.2 to 2.4 percent of the rental stock.

Because it lost rental housing at a faster rate than renter households, the District also had fewer vacant units available for rent in 2000 than it did at the beginning of the 1990s. While the District's rental vacancy rate decreased in the 1990s, it remained higher than the overall rate for the region. (This was also the case for owner vacancy rates, as discussed in chapter 4.) The city's rental vacancy rate dropped from 8.0 to 5.9 percent in 2000—above the 2000 regional rate of 4.1 percent. However, some neighborhood clusters had extremely low vacancy rates. The four clusters with the lowest rental vacancy rates are all in Ward 3: the Cleveland Park cluster (15) at 1.1 percent, the Friendship Heights cluster (11) at 1.6 percent, the Hawthorne

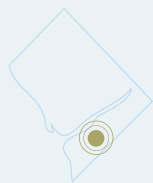
cluster (10) at 1.7 percent, and the Cathedral Heights cluster (14) at 1.9 percent. The cluster with the largest drop in its vacancy rate was the Eastland Gardens cluster (29), which went from having 46.4 to 12.1 percent of its 470 rental units vacant.

Despite the tighter rental market conditions overall, some clusters do have relatively high vacancy rates. As shown in map 7, most of the areas with high 2000 vacancy rates were located in Northeast and Southeast. The four clusters with the highest vacancy rates were all located east of the Anacostia River; the Historic Anacostia cluster (28) was highest at 14.5 percent. Next were the Congress Heights cluster (39) at 13.2 percent, the Eastland Gardens cluster (29) at 12.1 percent, and the Twining cluster (34) at 11.0 percent.



Spotlight Friendship Heights (11)

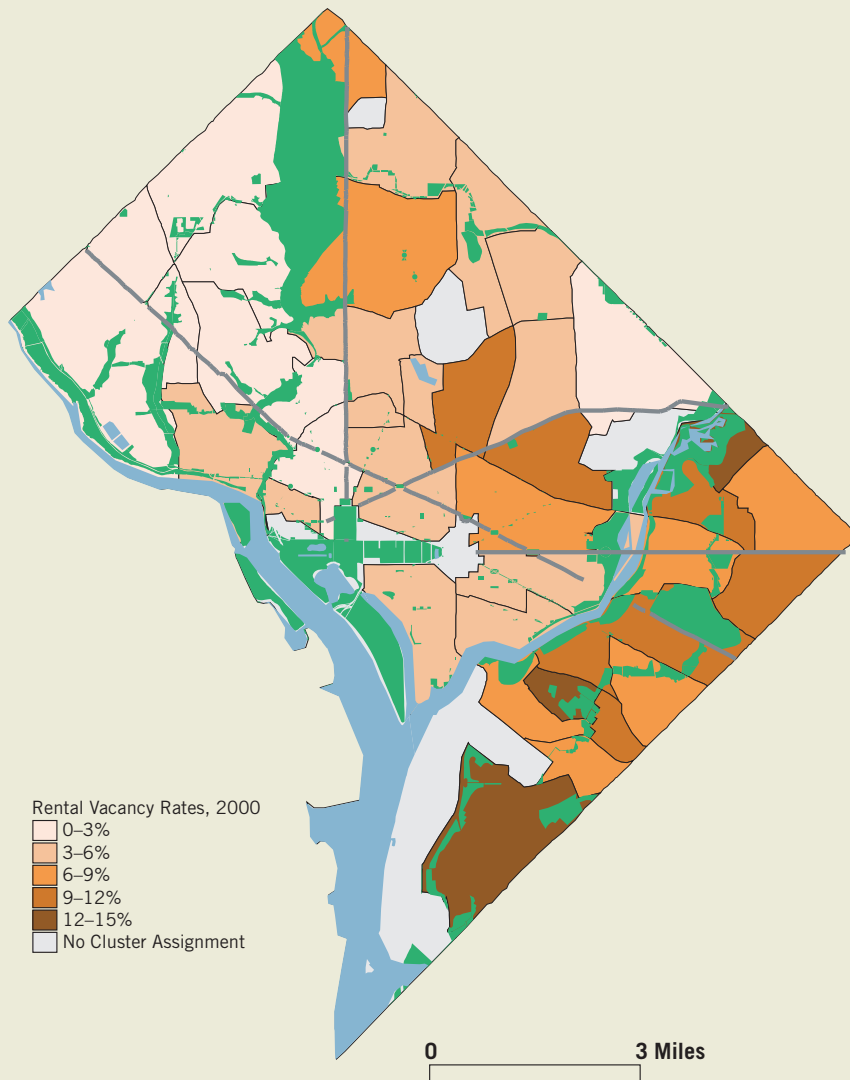
The Friendship Heights cluster (11) enjoyed stable rental market conditions over the past decade. The total number of renters declined slightly (about 70 households), but the number of rental housing units fell by 82. As a result, the vacancy rate dropped from 2.8 percent in 1990 (already one of the lowest in the city) to 1.6 percent in 2000 (the second lowest). The composition of renter households in Friendship Heights remained quite stable, with whites accounting for 90 percent of renters in 1990 and 86 percent in 2000. Over half of all renters in Friendship Heights are singles living alone, and a third of all renters are over 65.



Spotlight Historic Anacostia (28)

Among the city's most challenged neighborhoods, the Historic Anacostia cluster (28) reflects a very weak rental market. Between 1990 and 2000, the number of renter households declined by almost 240, and the number of rental housing units dropped by 230. Historic Anacostia had the city's highest rental vacancy rate at 14.5 percent in 2000. Virtually all the renter households living in the cluster were black, both in 1990 and 2000. Single-parent families made up over half (54 percent) of all renter households in 2000.

Map 7. Rental Vacancy Rates in the District of Columbia, 2000



Source: U.S. Bureau of the Census.

CHARACTERISTICS OF RENTER HOUSEHOLDS

In the region as a whole, minorities and young households are overrepresented among renters. In the District, only 13 percent of all renters are elderly, although in a few neighborhoods, the elderly account for a very large proportion of renters.

The racial composition of renter households in the region generally corresponds to that of the overall population, although white households are underrepresented and minority households are overrepresented. In 2000, about 46 percent of renter households were white, compared with 61 percent of all households (a ratio of 0.75). In the District, whites constitute 34 percent of all households and 29 percent of renter-occupied housing (a ratio of 0.9).

There are fewer elderly householders in rental housing than among all households, because, as discussed in chapter 4, the elderly are more likely to be homeowners. In 2000, 10 percent of occupied rental units in the Washington region had a household head older than 64. By comparison, 15 percent of all occupied housing units had an elderly householder. Only 5 percent of renter-occupied units had a household head over 74, while 7 percent of all occupied housing units had a householder of this age.

The District has a higher proportion of elderly households than the region as a whole, and so renter households there were slightly more likely to have an elderly head. But there was still a smaller proportion of elderly households living in rental housing than in the general population. In 2000, 13 percent of heads of renter households in the city were over 64, compared with 20 percent of households overall. About 6 percent of householders in rental housing were over 74, while 10 percent of all householders in the District were this age.

In several District neighborhoods, the share of elderly renter households is particularly high. The highest proportion of elderly renters was in the Woodridge cluster (24), where people over 64 headed 47 percent of renter households and people over 74 headed 26 percent. Second was the Friendship Heights



Spotlight Woodridge (24)

The rental housing market in the Woodridge cluster (24) grew during the 1990s, with an increase of about 100 renter households and almost 50 rental housing units. The already low rental vacancy rate of 5.7 percent in 1990 dropped to only 2.5 percent by 2000. This cluster led the District in the share of elderly renters (47 percent), although the number of younger renters increased over the decade. Almost all renters living in the Woodridge cluster were black, both in 1990 and in 2000.

cluster (11), with 34 percent of renter households over 64 and 25 percent over 74. In the Downtown cluster (8), 27 percent of renter households were over 64 and 14 percent were over 74.

In the Washington region as a whole, half of the households in rental housing were “family” households, while the other half consisted of one or more unrelated people. The District had a smaller proportion of family households than the entire region and so also had a smaller share of family households in rental housing. Only about 39 percent of renters were family households, while 50 percent were single people and another 12 percent consisted of two or more unrelated people.

The two clusters with the highest proportions of family households in rental housing were the Eastland Gardens cluster (29) at 82 percent and the Sheridan cluster (37) at 79 percent. The two clusters with the highest proportions of single-person households in rental housing were both in Ward 2: the West End cluster (5) at 73 percent and the Dupont Circle cluster (6) at 71 percent.

In general, renter households have lower incomes than homeowners.⁴² In 1998, 16 percent of renter households in the Inner Region had incomes at minimum wage (\$12,800 a year) or below (figure 16). By comparison, only 7 percent of all households in the region had incomes at this level. About 25 percent of renter households in the Inner Region have extremely low incomes (less than 30 percent of the area median, or \$24,800), compared with 17 percent of households overall. Another 22 percent of renters have incomes from 30 to 50 percent of the median (or between \$24,800 and \$41,400), and 23 percent have incomes from 50 to 80 percent of the median (or between \$41,400 and \$66,200).

As discussed in chapter 2, households in the District tend to have lower incomes than those in the region as a whole. While 21 percent of District households made minimum wage or less in 1998, almost a third (31 percent) of renter households had incomes at this level. Almost half (46 percent) of renter households had extremely low incomes, compared with 39 percent of all households. Households with incomes from 30 to 50 percent of the median comprised 17 percent of all renters, while 18 percent had incomes

from 50 to 80 percent of the median. Although a large proportion of District renters have relatively low incomes, it is important to note that the majority (69 percent) of the region’s very low income renters (incomes below \$41,400) live in suburban jurisdictions, not in the District.

HOUSING COSTS AND AFFORDABILITY

Due to tight market conditions, the cost of rental housing is increasing throughout the region. Average rent levels tend to be lower in the District than elsewhere in the region. However, recently advertised rents are higher than average rents for all units in the District and substantially higher in Northwest than in the rest of the city.

Average rents in the Inner Region increased by \$82 a month between 1993 and 1998.⁴³ Rents for efficiency and one-bedroom units increased by \$70 a month. Rents for two-bedroom units went up \$85 a month, while rents for three-bedroom units or larger were \$76 higher in 1998 than in 1993.

On average, rents in the District were lower than in the Inner Region as a whole, even after controlling for unit size. In 1998, the average rent for an efficiency or one-bedroom

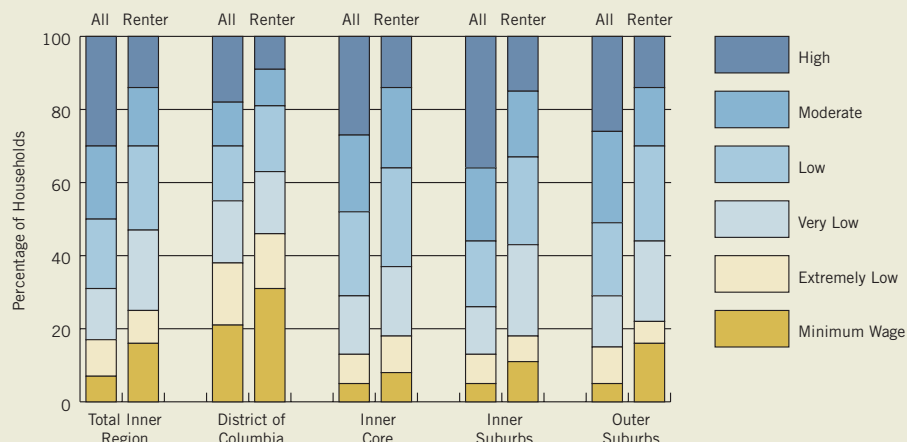
unit in the region was \$671, while the same-sized units rented for \$578 in the District. Two-bedroom units rented for an average of \$812 in the region, as opposed to \$693 in the District. Large units with three or more bedrooms cost \$1,074 in the region and \$883 in the District.

To get a more current picture of rent levels in the District, the Urban Institute collected a sample of advertisements for rental units from the *Washington Post*, the *Washington City Paper*, and the *Washington, DC/Maryland/Virginia Apartment Shoppers Guide*. A total of 3,435 advertisements were sampled from August to October 2001. The average advertised rents—tabulated by the number of bedrooms in the unit—appear in table 6.

Caution should be exercised when comparing advertised rents with information from sources like the census or the AHS, because the former do not constitute a representative sample of the general rental market. Nevertheless, such comparisons are useful because these are the asking rents that people will find when they turn to these sources to find housing. It is also worthwhile to compare advertised rents across different geographic areas, such as the District versus the suburbs, or Northwest versus the rest of the city.

The average advertised rents in the District were as follows: \$966 for an efficiency, \$1,218 for a one-bedroom, \$1,804 for a two-bedroom, \$2,185 for a three-bedroom, and

Figure 16. Household Income Level of All Households and Renter Households, 1998



Source: AHS.

\$3,370 for a four-bedroom or larger unit. These levels were substantially higher than the average rents reported for all units in the District in 1998. In part, this differential reflects the fact that rents are typically lower for units that have been occupied by the same household for a long time, but it also suggests that rent levels in the District may have increased significantly during the past few years, in line with the house price increases discussed in chapter 4. Within the city, rents in Northwest exceeded those in the rest of the District by \$271 a month for an efficiency to \$1,722 a month for a four-bedroom unit. Furthermore, advertised rents for units in the city are considerably higher than for comparable sized units in the suburbs.

Two-thirds of all renter households in the Inner Region are living in affordable units. However, only 12 percent of those making minimum wage or less can afford their rental units. Because more renters in the District are low income, affordability problems are more prevalent in the city, but among low-income renters, the incidence of living in unaffordable housing is about the same in the city and the suburbs.

When gauging the affordability of rental housing, policy makers often use as a standard that households should spend no more than 30 percent of their income on housing costs. And households paying over 50 percent of their income for housing are classified as severely cost burdened. Applying these standards to information from the 1998 AHS, we find that

34 percent of all renter households in the Inner Region had excess cost burdens, and 17 percent were severely cost burdened.⁴⁴

Obviously, households at lower income levels are more likely to have difficulty finding affordable housing. As of 1998, the vast majority of renter households earning the minimum wage or less lived in unaffordable housing. This figure declines to 85 percent for renters with extremely low incomes, 67 percent for those with very low incomes, and 49 percent for those with low incomes. The share of renters with severe housing cost burdens is also highest for households with minimum wage incomes (81 percent) but close to zero for those with incomes above \$41,400.

Overall, renter households in the District are more likely to live in unaffordable units, but lower-income renters there may have fewer affordability problems than their counterparts in the suburbs. In 1998, about 43 percent of all renter households in the District were living in unaffordable units, with 25 percent facing severe cost burdens. But for most income categories, the incidence of unaffordable housing was the same or lower in the District than in the region as a whole. Specifically, among renters earning the minimum wage, 83 percent had unaffordable cost burdens. For extremely low income renters, the share declined to 80 percent, and for those with low incomes, to 50 percent. The share of renters in the District with severe cost burdens dropped steeply from 71 percent among households earning the minimum wage to almost zero for those with incomes above \$41,400.



Although there is a regionwide gap of over 27,000 affordable units for extremely low income households, the District has proportionally more affordable units than the suburbs based on the incomes of households in the city.

Another way to look at the issue of housing affordability is to compare the total number of households in a given income category with the total number of units whose rents are affordable at that income level (figures 17 and 18). This indicates whether the supply of low-cost housing units is adequate to meet the needs of the renter population.⁴⁵

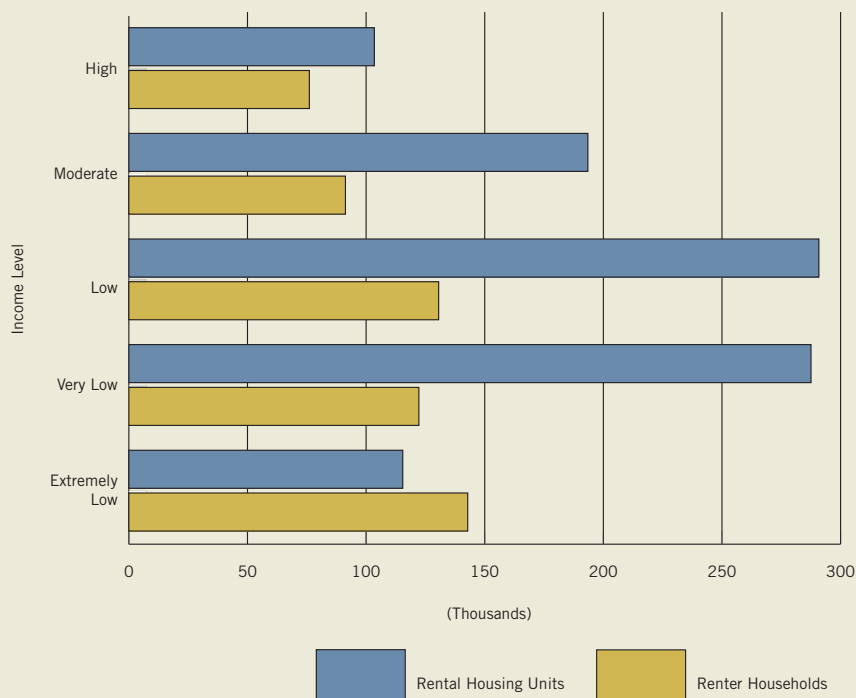
In the Inner Region, there were about 142,800 renter households with extremely low incomes, but only about 115,500 rental units with total costs at or below 30 percent of this income level. This means there was a gap of approximately 27,300 rental housing units affordable to extremely low income households in the region. At higher levels of income, however, there appear to be enough

Table 6. Average Rents for Sampled Rental Ads by Unit Size, 2001

Area	Total Ads	Average Monthly Rent for Sampled Rental Advertisements 2001, by Unit Size				
		Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom
Total	3,435	\$904	\$1,035	\$1,457	\$1,744	\$2,645
District of Columbia	987	966	1,218	1,804	2,185	3,370
Northwest	704	1,024	1,421	2,048	2,478	3,668
Rest of DC	283	753	781	1,272	1,389	1,946
Maryland	1,200	802	860	1,168	1,583	2,589
Virginia	1,248	886	1,044	1,366	1,770	2,473

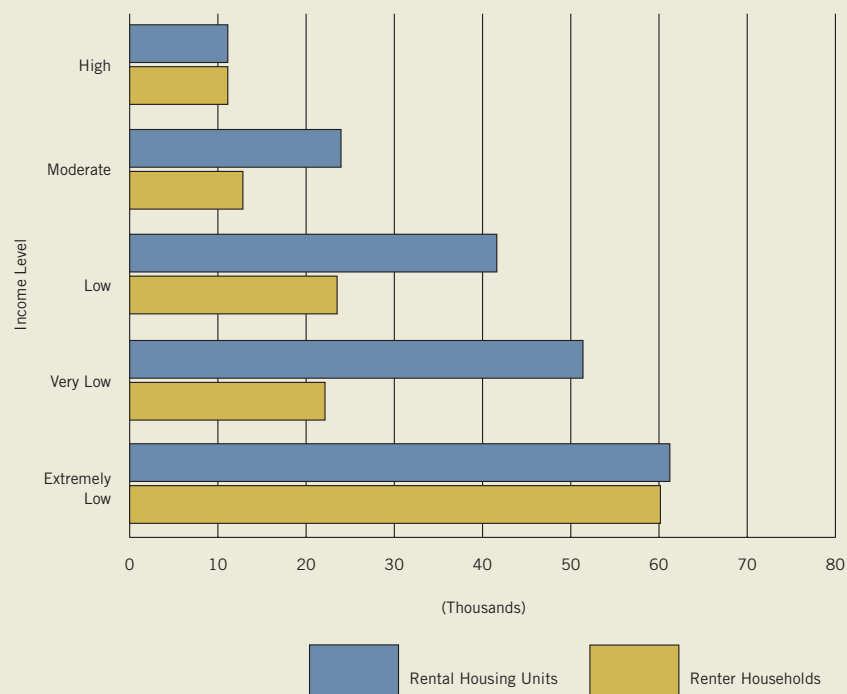
Source: Sample of rental ads appearing in the *Washington Post* (August 5, September 9, and October 7, 2001), the *Washington City Paper* (August 10, September 7, and October 5, 2001), and the Washington, DC/Maryland/Virginia *Apartment Shoppers Guide* (August, September, and October 2001), tabulated by the Urban Institute.

Figure 17. Rental Housing Supply-Demand Comparison, Inner Region, 1998



Source: AHS.

Figure 18. Rental Housing Supply-Demand Comparison, District of Columbia, 1998



Source: AHS.

affordable rental units for the number of households.

Meanwhile, there are proportionally more affordable rental housing units in the District relative to the number of households with limited incomes. In 1998, there were about equal numbers of extremely low income renter households and rental units affordable to that group—60,200 households and 61,200 housing units. At higher income levels, there are larger numbers of affordable units, relative to the number of households.

OTHER HOUSING PROBLEMS

Housing quality problems affect 12 percent of renter households in the Inner Region, but only 3 percent of renters were overcrowded. Levels of these problems were similar in the District and in the region as a whole.

In 1998, 8 percent of the occupied rental housing units in the Inner Region were found to be in moderately inadequate condition.⁴⁶ An additional 3 percent had problems serious enough to merit a severely inadequate ranking. Although one might expect poorer households to live in housing units with physical deficiencies, the incidence of problems was not measurably higher for extremely low and very low income households, relative to all households. Only 9 percent of extremely low and very low income households lived in units graded moderately inadequate, while only 3 percent lived in units judged severely inadequate.⁴⁷

The quality of rental housing in the District was approximately the same as in the region. About 9 percent of District renter households lived in moderately inadequate units, while 4 percent were in severely inadequate units. Again, percentages for extremely low and very low income households were not measurably higher: 10 percent of these households lived in moderately inadequate units, while 6 percent were in severely inadequate units.

Another housing problem is overcrowding. The conventional standard used by policy makers is that there should be one room in the unit for every person in the household. Applying this standard to data from the 1998 AHS, we find that only 3 percent of all renter

households in the region—and the same share of very low income renters—were overcrowded. The levels of crowding in the District were about the same as in the region—3 percent of all renters and 2 percent of extremely low and very low income renters.⁴⁸

RENTAL HOUSING ASSISTANCE NEEDS

The need for rental housing assistance in the District and its suburbs substantially exceeds the resources available from the federal government.

Approximately 67,500 District renters faced one or more housing problems in 1998 (table 7). Three-quarters of these households had extremely low incomes (below \$24,800), and half had incomes below the minimum wage (\$12,800). About one-third of the District renters with problems consisted of families with children (almost 22,000 households), and 17 percent were elderly (over 11,000 households). An even larger number of suburban renters—about 180,000 in the Inner Region—have one or more housing problems, and half of these households had extremely low incomes.

Estimates of housing problems from the AHS do not include all people who live in the region and need housing, however. The COG Homeless Services Planning and Coordinating Committee conducted an enumeration on January 24, 2001, and estimated that there were 12,850 homeless people living in the Washington region.⁴⁹ A large share of these people can be found in the District. The Community Partnership for the Prevention of Homelessness states that “on any given day there are approximately 6,800 literally homeless persons” in the city, including both single people and families living on the street, staying in emergency or transitional shelters, or awaiting placement in an emergency shelter. In addition, the partnership estimates that during 2000, “15,780 persons in the District were homeless at some point during the year.”⁵⁰

As discussed in chapter 3, there are about 9,000 public housing units, 11,000 privately owned units with long-term federal rent subsidies, and 1,200 LIHTC units located in the District. In addition, about 5,000 District

Table 7. Number and Characteristics of District Renter Households with Housing Problems, 1998

	Percent	Number
Renter households with		
Excessive cost burden	43	56,869
Physical deficiencies	13	17,193
Overcrowding	3	3,968
One or more problems	51	67,450
Renter households with problems who are		
Elderly	17	11,466
Families with children	32	21,583
Extremely low income	75	50,588
Minimum wage income	53	35,749

Source: AHS.

households receive federal housing vouchers, which help them pay for moderately priced housing units in the private stock. Clearly, the availability of federal housing assistance falls far short of need in the District (as it does in jurisdictions all across the country). Only about one-third of District renters whose incomes make them eligible actually receive federal housing assistance. And the current waiting list for public housing in the District consists of over 10,000 households, with almost 15,000 households on the waiting list for vouchers.⁵¹

Over the past two decades, the focus of federal policy for very low income renters has shifted toward housing vouchers, which supplement what a household can afford to pay for housing in the private market. About 15,000 households across the region receive federal housing vouchers, with about one-third using them to rent modestly priced rental housing in the District. One of the advantages of housing vouchers is that they allow recipients to choose the neighborhood (and jurisdiction) in which they want to live and can therefore help address the problems of concentrated poverty and racial segregation. However, research suggests that voucher recipients in the District remain relatively clustered in low-income neighborhoods. Moreover, as demand for rental housing in the city and region intensifies, voucher recipients may need extra help to find suitable units and convince landlords to participate in the program.⁵²





Racial and Ethnic Change IN CITY AND SUBURBAN NEIGHBORHOODS

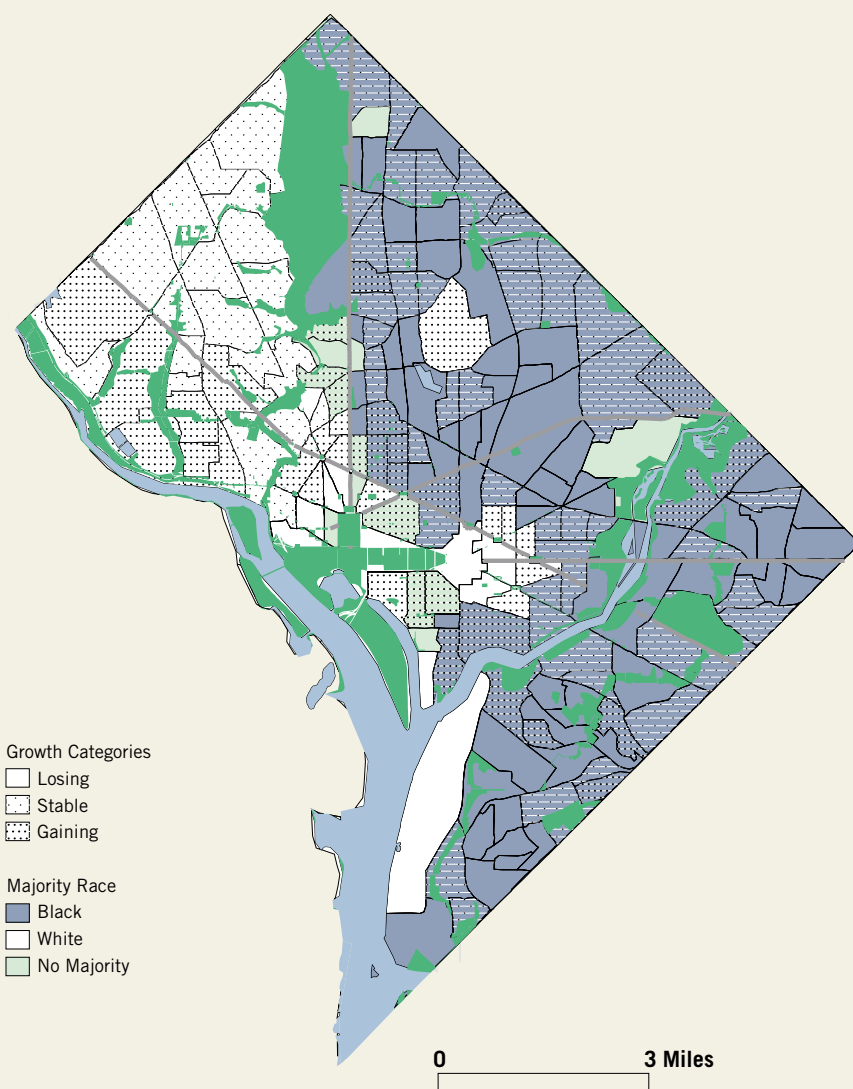
As the population of the Washington region becomes more diverse, conventional images about the makeup of city and suburban neighborhoods are changing. The stereotype of a predominantly black city surrounded by white suburbs no longer corresponds to reality. Racial and ethnic minorities—including blacks, Hispanics, and Asians—make up an increasing share of households in many suburban neighborhoods. And the share of white households actually grew in some minority neighborhoods in the District. This chapter explores how census tracts in different parts of the Washington region changed during the 1990s, both in terms of their size (number of households) and

their composition (race, ethnicity, and household type).⁵³ It also draws on the IRS data introduced in chapter 2 to explore patterns of household mobility within the region.

Throughout the region, tracts that grew during the 1990s experienced the biggest changes in racial and ethnic composition, compared with tracts that lost households or stayed about the same size. But the households driving growth in the high-density neighborhoods of the District, Alexandria, and Arlington were mostly childless singles and couples, many of whom are renters. By contrast, growth in the suburbs is dominated by families with children, most of whom are homeowners.



Map 8. District of Columbia Majority Race, 1990, and Household Change, 1990 to 2000



Source: U.S. Bureau of the Census.

DISTRICT OF COLUMBIA—NEIGHBORHOOD GROWTH, FUELED BY INCREASING DIVERSITY

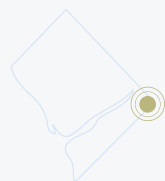
Within the District, some census tracts experienced substantial growth in the number of households during the 1990s. These growing tracts also experienced greater racial and ethnic change than tracts that lost households or stayed about the same.

Although the District as a whole lost households during the 1990s, many census tracts were stable and some even grew (map 8). Specifically, between 1990 and 2000, only about one-third of the city's 188 census tracts (62 tracts) lost households, while about 42 percent (80 tracts) stayed the same and one in four (46 tracts) gained households.⁵⁴ The growing neighborhoods experienced the greatest changes in racial and ethnic composition.

All the city census tracts that lost households during the 1990s are located east of 16th Street, and like the Deanwood cluster (31), almost two thirds of them are east of the Anacostia River. With only a few exceptions, these tracts were majority black at the start of the decade and remained majority black in 2000.⁵⁵ On average, the percentage of both blacks and whites declined, while the percentage of Hispanics and Asians increased, but these changes were relatively small.

According to IRS data, more than half of the households leaving the District in the 1990s moved within the metropolitan area, with Prince George's County receiving the largest share. More specifically, 56 percent of households leaving the District moved to the suburbs, with Prince George's County accounting for 45 percent of these metropolitan-area moves and Montgomery County accounting for another 23 percent.

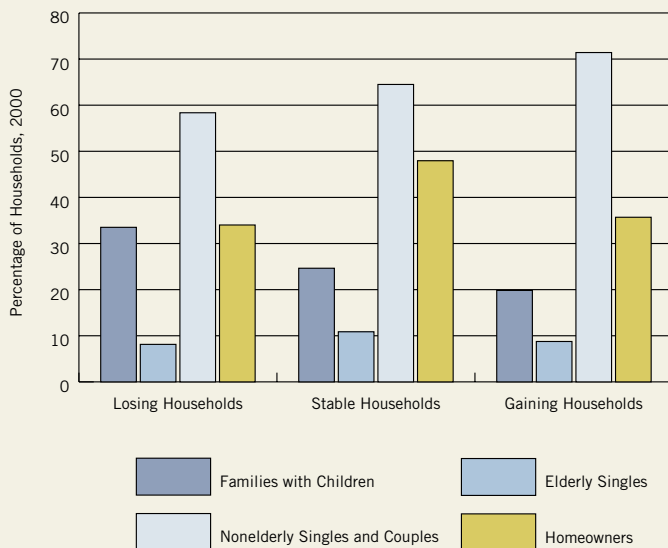
The District tracts that maintained the same number of households from 1990 to 2000 include majority white neighborhoods west of Rock Creek Park, such as the North Cleveland Park cluster (12), as well as majority black neighborhoods throughout Northwest, Capitol Hill, and east of the Anacostia River. The composition of these tracts changed very little over



Spotlight Deanwood (31)

The Deanwood cluster (31) lost over 450 households between 1990 and 2000, a drop of 8 percent. Virtually all the households living there were black, both in 1990 and in 2000. A relatively large share of households owned their homes, both in 1990 (44 percent) and in 2000 (46 percent), compared with the citywide homeownership rate of 41 percent. Also, almost two-thirds of Deanwood households consist of families, substantially above the citywide level of 46 percent.

Figure 19. District of Columbia, Household Characteristics by Neighborhood Growth, 2000



Source: U.S. Bureau of the Census.

the course of the decade. All of those that were majority white in 1990 were still majority white in 2000, and all but one of those that were majority black in 1990 remained majority black throughout the decade. These neighborhoods have higher homeownership rates than neighborhoods that either lost or gained households during the 1990s, but relatively few households in these tracts are families with children; over 60 percent are nonelderly singles and couples (figure 19).

Growing census tracts in the District, such as the Dupont Circle cluster (6), were more likely to be majority white or ethnically mixed at the start of the decade. In fact, only a third were majority black at the start of the decade, while almost half were majority white. These tracts include a cluster of majority white neighborhoods in and around Georgetown; white, black, Asian, and mixed neighborhoods in the Downtown area and along the 16th Street corridor; most of Southwest; majority



Spotlight Dupont Circle (6)

The Dupont Circle cluster (6) grew substantially during the 1990s, gaining 1,400 households or 12 percent of its 1990 total. In 1990, three-quarters of the households living in Dupont Circle were white, 11 percent were black, 9 percent were Hispanic, and 5 percent were Asian. Over the course of the decade, the number of white households increased by 12 percent and the number of Asian households increased by almost two-thirds, while the number of black and Hispanic households declined by 28 percent and 16 percent, respectively. Less than one-third of Dupont Circle households are homeowners (30 percent), and the vast majority (87 percent) are either singles or unmarried couples. Although the homeownership rate rose slightly during the 1990s, the share of singles and unmarried couples increased by about 6 percentage points.

white neighborhoods on Capitol Hill; and a few majority black neighborhoods in Northeast and east of the Anacostia River. Many of the same parts of the city also experienced rapid increases in house prices and home buyer incomes, especially during the last half of the decade, as discussed in chapter 4. However, these growing tracts have much lower rates of homeownership than the neighborhoods that retained the same number of households over the course of the decade, and their homeownership rate actually dropped slightly between 1990 and 2000 (from 37.8 percent to 35.7 percent). Moreover, growing tracts have relatively very few families with children (only 19.8 percent of households). Instead, their growth appears to be driven by nonelderly singles and couples, who make up almost three-quarters (71.3 percent) of the households in these tracts.



Spotlight North Cleveland Park (12)

The North Cleveland Park cluster (12) maintained its original number of households throughout the 1990s and also remained majority white. However, the share of white households declined (from 85 percent to 81 percent), while the share of minority households grew. Specifically, the total number of Asian and Hispanic households increased by about one-third (from under 800 in 1990 to over 1,000 in 2000), while the number of black households stayed about the same. Homeownership increased slightly during the 1990s, from 34 percent to 36 percent, and families made up slightly more than one of every four households (28 percent).

Although all but seven of the growing census tracts retained the same racial majority in 2000 as in 1990, they experienced greater change in racial and ethnic composition than stable or declining tracts did (figure 20). On average, the percentage of black households dropped about 2 percentage points in the District's growing census tracts, while the percentage of Hispanics increased by almost 1 point and the percentage of Asian households climbed by over 5 points. The average share of white households in these tracts increased by only about half a percentage point, but this is the only category of census tracts in the entire region that saw an increasing share of whites between 1990 and 2000.

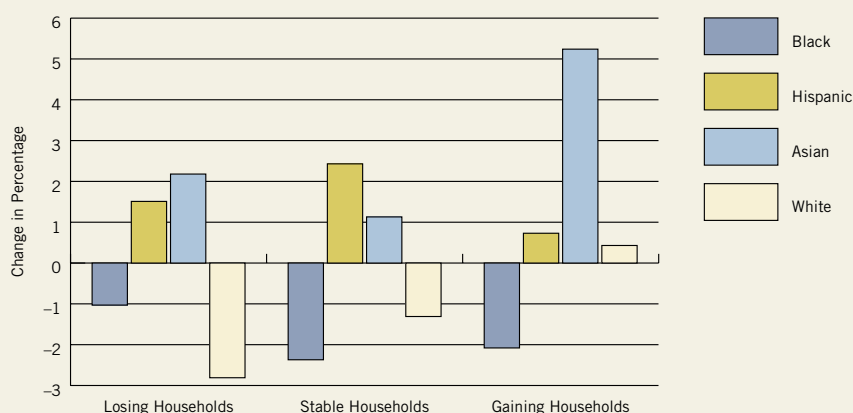
Most of the households moving into the District during the 1990s arrived from outside the region. Specifically, 6 of every 10 in-movers came from outside the metropolitan area. Of those moving from within the region, three-quarters came from the Inner Suburbs, including significant numbers from Montgomery County (24 percent), Prince George's County (39 percent), and Fairfax County (13 percent).

INNER CORE— MELTING POT NEIGHBORHOODS

Inner Core neighborhoods have become dramatically more diverse since 1990. The number of census tracts that are majority white dropped from 59 to 49, and the number with no ethnic group in the majority climbed from 2 to 15.

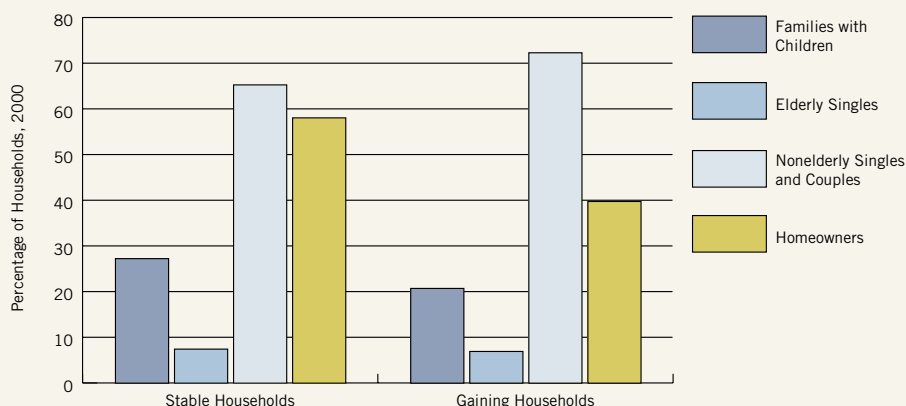
In 1990, most of the 71 census tracts that make up the Inner Core communities of Arlington and Alexandria were majority white. But today, these neighborhoods are among the region's most diverse (map 9). Minority representation has grown dramatically, and in many tracts, no racial or ethnic group predominates. More specifically, the number of census tracts that are majority white has dropped from 59 to 49, while the number with no racial or ethnic group in the majority jumped from 2 to 15. As in the District, the biggest changes occurred in neighborhoods where the number of households was increasing; among growing tracts, 1 in 3 of those that were majority white at the

Figure 20. District of Columbia, Change in Racial Composition by Neighborhood Growth, 1990 to 2000



Source: U.S. Bureau of the Census.

Figure 21. Inner Core, Household Characteristics by Neighborhood Growth, 2000



Source: U.S. Bureau of the Census.

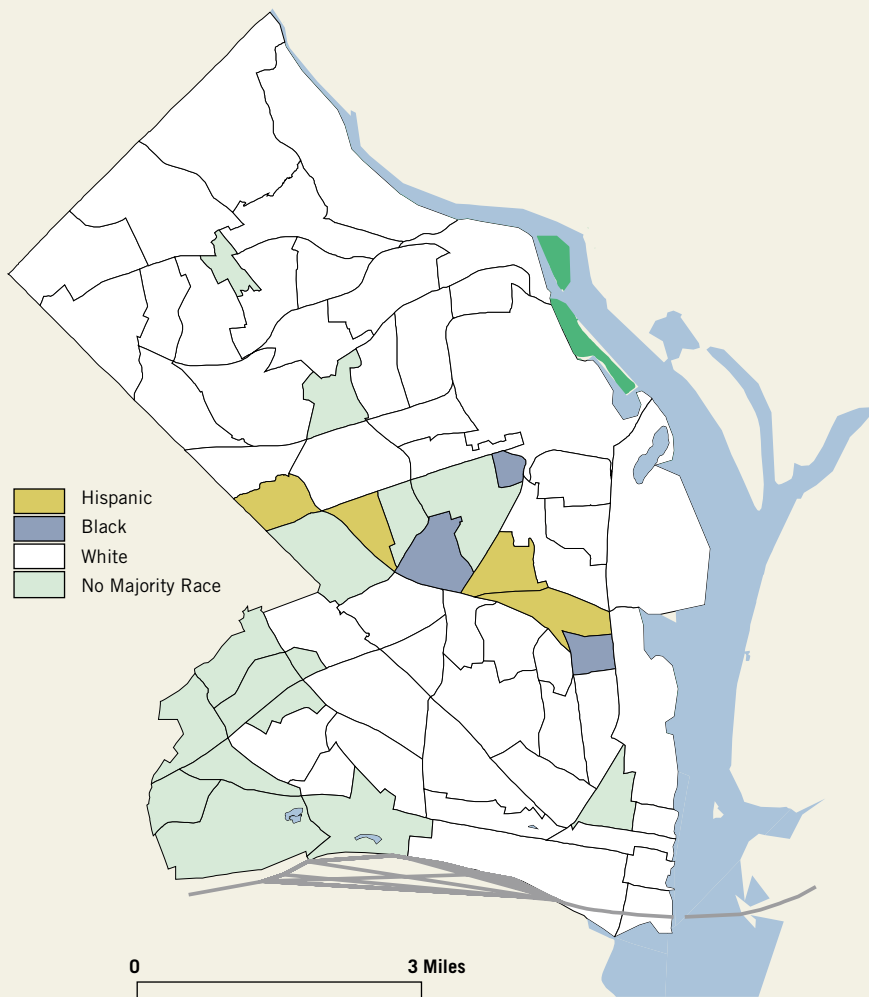
start of the decade had become ethnically mixed (no majority) by 2000. Surprisingly, slightly more than half of the households moving into Inner Core communities came from other parts of the metropolitan area; only 46 percent arrived from outside the Washington region. And over half of those coming from within the region moved to the Inner Core from the Inner Suburbs—principally Fairfax County.

The increasing diversity of Inner Core neighborhoods is almost entirely fueled by Hispanic and Asian growth.⁵⁶ In growing tracts, the share of Hispanic households increased on average by almost 4 percentage points, and

the share of Asians increased by about 3 points. The share of white households in these neighborhoods dropped substantially—by about 6 percentage points. The share of black households also declined slightly in the growing tracts of the Inner Core, and 3 of the 6 census tracts that were majority black in 1990 are now ethnically mixed (no majority).

The growing neighborhoods of the District and the Inner Core have a lot in common (figure 21). The share of households that consist of families with children is low (about 20 percent), and the homeownership rate is considerably lower (about 40 percent) than in tracts

Map 9. Inner Core Majority Racial/Ethnic Group, 2000



Source: U.S. Bureau of the Census.

where the population is more stable. In the Inner Core as in the District, nearly three-quarters of all the households in growing neighborhoods are nonelderly singles and couples, who presumably find the density and central location of these communities especially attractive.

PRINCE GEORGE'S COUNTY—BLACK SUBURBS

Prince George's has long been recognized as the region's majority black suburban county, but the racial transition occurring there over the past decade is dramatic. In 1990, 70 of the county's 183 census tracts were majority white; as of 2000, 25 of these tracts are majority black and 13 are racially mixed (no majority).

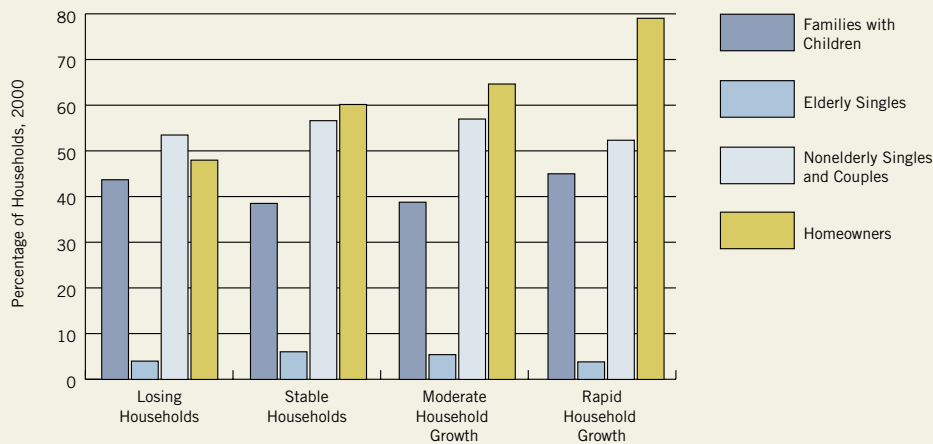
While growth in the close-in communities to the west of the District was largely fueled by Hispanic and Asian households, growth to the east of the city—in Prince George's County—was almost all attributable to black households. Census tracts throughout Prince George's County experienced more dramatic racial transitions than any other part of the Washington region, and two-thirds (123 out of 183 tracts) are now majority black (map 10).

Even in 1990, Prince George's County was recognized as one of the nation's largest black suburban jurisdictions. More than half of the neighborhoods in the county were majority black at the start of the decade. But it appears that white households are no longer considering Prince George's County as a place to move; of the 70 census tracts that were majority white in 1990, 25 are now majority black and 13 are racially mixed (no majority). Just over half (54 percent) of the new households arriving in Prince George's County during the 1990s moved from other parts of the metropolitan area, primarily the District (49 percent) and Montgomery County (30 percent).

The biggest racial transitions occurred in Prince George's County's fast-growing census tracts, most of which are located outside the Beltway.⁵⁷ In 1990, almost half of these tracts were majority white. Today, more than three-quarters of them are majority black. Of 18 fast-growth neighborhoods that were majority white in 1990, 11 are now majority black. Hispanics and Asians have played almost no role in the growth of these neighborhoods. While the share of black households in the county's fast-growing tracts increased by over 20 percentage points, the share of Hispanics and Asians increased by less than 1 percentage point.

The Prince George's County neighborhoods that lost households, as well as those that retained about the same number of households over the decade, were less likely to experience this kind of racial turnover. For example, of 28 no-growth tracts that were majority white in 1990, 14 are still majority white today and only 5 are majority black. Most of these neighborhoods are located in northern Prince George's County inside the Beltway and have experienced modest increases in the share of Hispanic households (about 5 percentage points) as well as black households (about 10 percentage points).

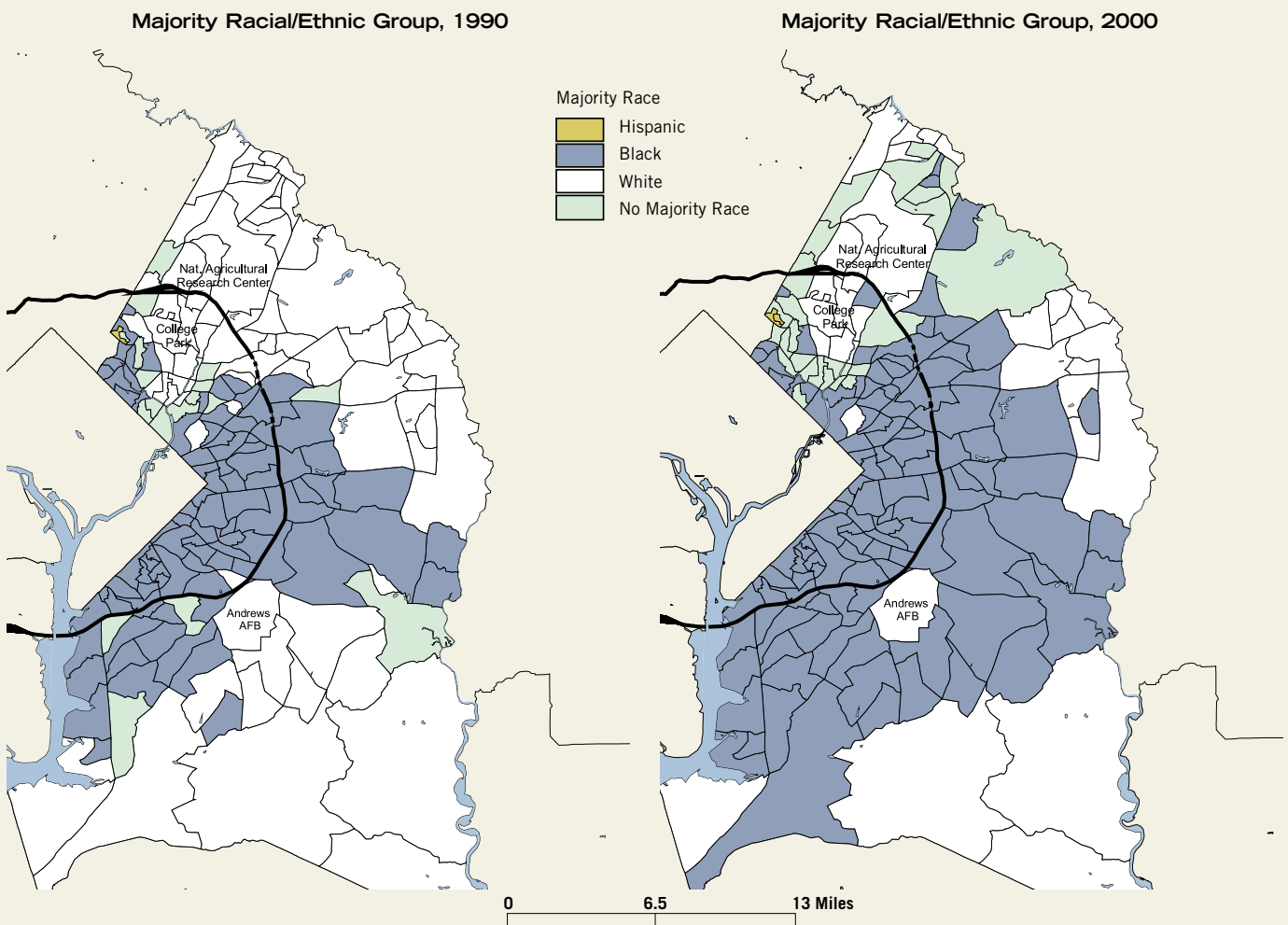
Figure 22. Prince George's County, Household Characteristics by Neighborhood Growth, 2000



Source: U.S. Bureau of the Census.

Although both Prince George's County and the District are majority black, other household characteristics differ significantly. Neighborhood growth in Prince George's County is clearly being fueled not only by childless singles and couples as in the District, but also by families with children. Specifically, in Prince George's County's fast-growth tracts, more than 40 percent of households consist of families with children, and the homeownership rate is close to 80 percent (figure 22). In these respects, Prince George's County looks much more similar to the rest of the region's suburban communities.

Map 10. Prince George's County, Racial/Ethnic Composition, 1990 and 2000



Source: U.S. Bureau of the Census.

THE TRADITIONAL SUBURBS—NO LONGER EXCLUSIVELY WHITE

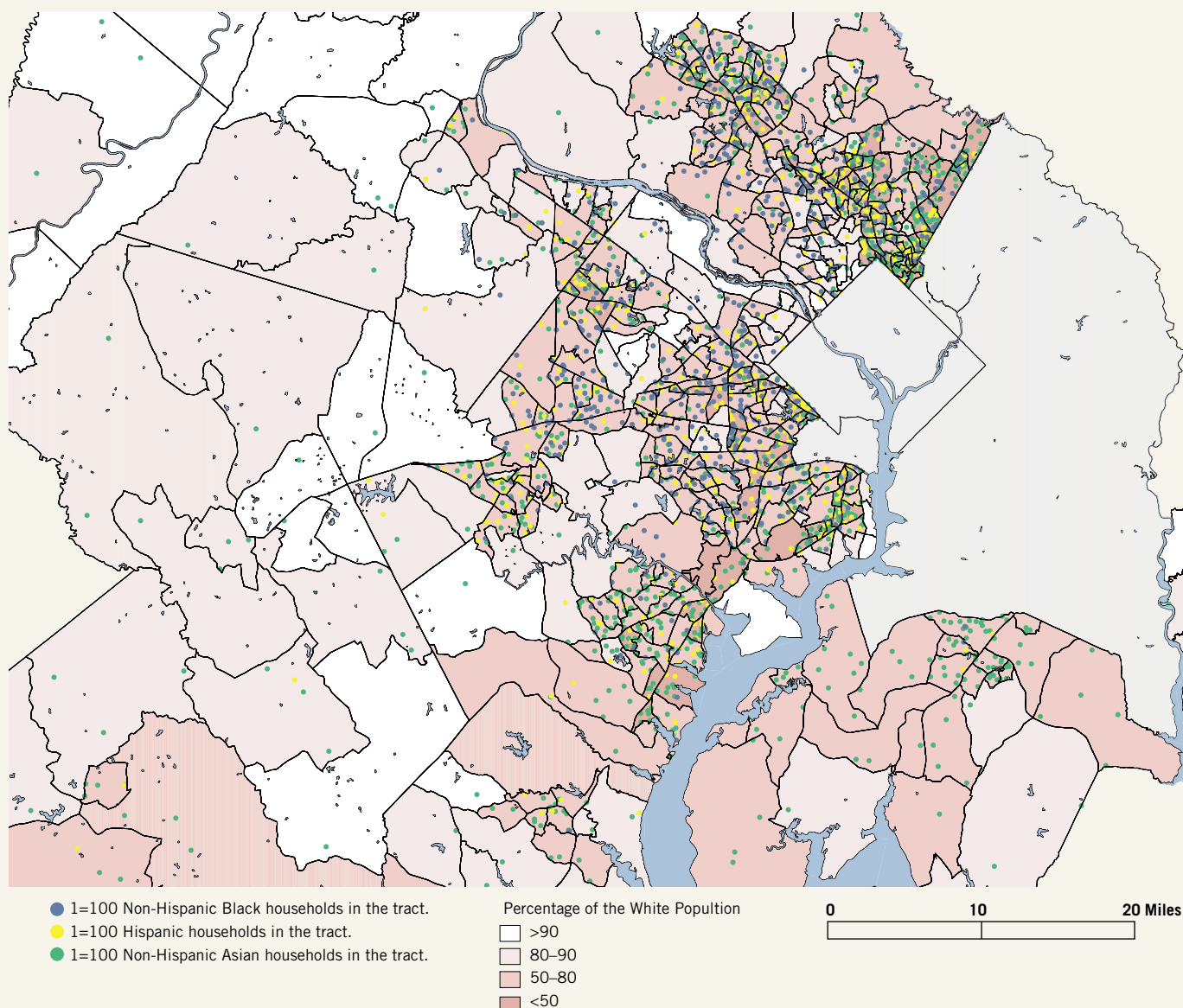
Although most census tracts in the rest of the region's suburbs remain majority white, they are becoming more diverse. Black, Hispanic, and Asian households are all gaining access to suburban communities throughout the Washington region. Neighborhoods throughout the rest of the region's suburbs are almost all majority

white, but the number of racial and ethnic minorities living in these communities is gradually increasing, making them less exclusively white than in the past. In 1990, 9 percent of these census tracts were more than 95 percent white, while today only 4 percent fall into this category. Blacks, Hispanics, and Asians have all gained access to these communities and are quite widely scattered throughout the Inner, Outer, and Far Suburbs (map 11).

Minority representation is highest in the Inner Suburbs of Montgomery and Fairfax Counties. On average, the share of white

households has dropped by more than 10 percentage points in these neighborhoods, and in roughly one in five inner suburban neighborhoods, whites are no longer in the majority. By contrast, all of the neighborhoods of the Outer and Far Suburbs are majority white. But even in these communities, the share of white households dropped by about 5 percentage points between 1990 and 2000, with the share of blacks, Hispanics, and Asians all increasing. Throughout these suburban communities, families with children make up a large share of the population, and homeowner-ship rates are high.

Map 11. Inner and Outer Suburbs, Distribution of Minority Households, 2000



Source: U.S. Bureau of the Census.

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ENDNOTES

¹ See, in particular, Fuller 2001a, but valuable background analysis is also provided in Fuller 2000 and 2001b.

² These points are elaborated further by Fuller (2001a) and Hsu (2001).

³ The fact that the region's rate of employment growth was higher than the rate of population growth does not mean that the region failed to accommodate enough residents for its labor force. This pattern was typical nationally, because workers came to represent a higher proportion of total population as the baby boomers moved solidly into the working age groups and the fraction of women with jobs went up dramatically.

⁴ Simmons and Lang (2001) looked at trends for 36 older industrial cities and found that "many have rebounded considerably from the traumatic population losses of the 1970s" (p. 1). In the 1990s, 15 were growing again and the rest were losing population but often at sharply reduced rates. Washington, DC, fits this pattern, with loss rates of 4.9 percent in the 1980s and 5.7 percent in the 1990s, as opposed to a much larger decline of 15.6 percent in the 1970s.

⁵ The data in this section come from the IRS County-to-County Migration Data files. See appendix D for further information.

⁶ In Census 2000, respondents were allowed for the first time to select more than one racial group. About 2.4 percent of respondents in the Washington metropolitan area did so. To compare the racial composition of the population for 1990 and 2000, this report uses "bridged" counts, distributing the 2000 multiracial group into single racial categories. See appendix D under "Neighborhood Change Database" for further information.

⁷ Demographer William Frey (2001) has classified metropolitan areas like Washington, which have high concentrations of minorities, and in particular nonblack minorities, as "melting pot metros." In 2000, just over a third of the 100 largest metropolitan areas in the United States meet his definition.

⁸ See Singer et al. 2001.

⁹ Average household sizes are based on the total population living as part of households, excluding those living in group quarters.

¹⁰ In fact, most of the District's population decline can be attributed to reductions in average household size and a drop in the total population living in group quarters rather than a loss of households.

¹¹ Census 2000 data on poverty are not yet available.

¹² Carol O'Cleireacain and Alice Rivlin (2001) suggest that the District should seek a net increase averaging 5,500 households a year during this decade; this sort of increase would certainly be a stretch in relation to recent history.

¹³ It is important to note that the census count of vacant units does not include units that were open to the elements, condemned, or scheduled for demolition, but does include those that were boarded up and those under construction if they were closed to the elements.

¹⁴ The AHS, which includes only the Inner Core region (the PMSA excluding the Far Suburbs), is used to examine structure types. Because the AHS is a sample, estimates are subject to uncertainty due to sampling error. See appendixes A and D for further information.

¹⁵ Housing produced under the LIHTC program does not offer the long-term federal operating subsidies provided by public housing and other HUD site-based subsidy programs. As a result, HUD has less current information on the location of tax credit units. LIHTC unit counts in the A Picture of Subsidized Housing, 1998, data file are actually from 1994.

¹⁶ These totals come from *Housing in the District of Columbia*, a fact sheet provided to us by the Mayor's office. The neighborhood totals that follow were calculated by the Urban Institute using a HUD database called A Picture of Subsidized Housing, 1998, which allows much greater geographic detail, but produces slightly different and less current totals. In addition, because some of the records did not have valid addresses, the cluster totals do not sum to the overall District total.

¹⁷ These renewal offers can be of several types and may be at, above, or below current contract rents, depending on what HUD determines a current market rent to be. Owners with bad management or maintenance histories may not be offered a renewal. Because renewals are typically short, there are more and more of them over time as renewals come up for renewal again.

¹⁸ On January 8, 2002, the DC Council passed the Housing Act of 2001, which among other things created tax incentives to discourage owners from opting out of the Section 8 program and required them to notify the city and tenants of their decision to opt out at least one year before the end of their contract. It also contained greatly increased funding for the Housing Production Trust Fund, a key source of local subsidies for co-op conversion and other purchases of buildings terminated from the program.

¹⁹ Unpublished data on units and affordability were provided to us by the Office of the Deputy Mayor for Planning and Economic Development, in December 2001.

²⁰ In FY 1999 and FY 2000, funding included Community Development Block Grant and HOME funds, which are locally controlled federal block grants, but did not actually include local tax revenue.

²¹ In several other cities, including Philadelphia, records such as these, collected over time and updated regularly, form the core of neighborhood early warning systems, which inform city agencies, nonprofits, and often the public about buildings experiencing disinvestment and decline. The theory is that much building abandonment and blight can be prevented by timely planning and intervention. These records include nonresidential property, because an abandoned or run-down store or vacant lot can be just as much a blight on the neighborhood as an empty house.

²² This includes 1,257 vacant lots, 284 single-family residences, 84 apartment buildings, and 84 commercial properties. Among these 1,709 properties are 65 properties that the trust acquired through foreclosure and 170 liens in the process of foreclosure litigation.

²³ Under the city's Clean or Lien statute, code violations that are not abated by the owner within a certain period of time are abated by

the Department of Consumer and Regulatory Affairs (DCRA), and the cost of abatement is registered as a lien on the property. Of the 2,694 outstanding liens that list an action, 1,085 involved boarding up a building, 127 dealt with demolishing one, and 1,745 involved cleaning up trash or weeds (915 of these units were also being boarded up).

²⁴ In some cases, these properties had been vacant for a long time. In other cases, they were for sale or rent or in the midst of probate or foreclosure. Since the city created the database in 1999, many of the vacant properties have been reoccupied or demolished. However, other properties that were not vacant in 1999 have certainly become so since then. The DCRA is in the process of creating an updated database.

²⁵ In addition, as discussed earlier, the city estimates that nearly 4,000 properties are vacant, abandoned, or boarded up. Many of the units in these properties are probably not counted in census estimates of habitable vacancies.

²⁶ Homeowner units are the sum of owner-occupied units and vacant units for sale. The increase is the net result of newly built homes, rental properties changing to owner units, and any demolition of owner housing.

²⁷ Nonwhite homeowners account for a much higher share of homeowner growth in the Washington region than in the nation as a whole, where only 40 percent of the additional owners are nonwhite.

²⁸ In Census 2000, respondents could choose more than one race, which less than 2 percent of the owner householders in the region did. Though this change makes the 2000 racial categories not directly comparable to the 1990 ones, we treat the categories as equivalent for the purpose of analyzing households in this report. See appendix D for further information.

²⁹ This trend is most likely due to an increase in the number of newly arrived immigrants relative to more established Asian households.

³⁰ For a discussion on national demographic trends and their effect on homeownership, see the Joint Center for Housing Studies 2001, page 10.

³¹ The AHS, which includes only the Inner Core region (the PMSA excluding the Far Suburbs), is used to examine owner incomes. Since the AHS is a sample, estimates are subject to uncertainty due to sampling error. See appendixes A and D for further information.

³² The NAR median prices do not take into account any change in housing quality over time. *The State of the Nation's Housing* (Joint Center for Housing Studies 2001) uses an alternative measure, indexing the 1990 NAR median price value by the Conventional Mortgage Home Price Index and the Weighted Repeat Sales Index by Freddie Mac (which does control for quality), and then adjusting for inflation. The resulting 2000 median home price is \$600 higher than the unadjusted NAR figure. This method shows a greater loss (7.6 percent) over the decade, but the pattern of change over time is similar to the one presented in the text: falling median prices from 1990 to 1997 and then gains for the remainder of the decade.

³³ See Haggerty 1989.

³⁴ See Washington Area Housing Partnership (2001). In addition, although data on sales prices and house values are not directly comparable, early results from the Census 2000 Supplementary Survey for the District of Columbia indicate that when inflation is taken into account, the median value of owner-occupied homes ended the decade at \$164,800, only 3 percent higher than in 1990. Over the same period, however, the number of District homes valued at over \$500,000 climbed from 5,300 to 9,100.

³⁵ In some neighborhoods, rapidly increasing demand and rising property values can result in the displacement of original residents or the exclusion of all but the most affluent new buyers. A recent report by PolicyLink (Kennedy and Leonard 2001) features Washington, DC, as a case study on gentrification, describing the mix of factors that produce the conditions for it to occur. The authors feature Columbia Heights, but also mention the U Street Corridor, Adams Morgan, and Mount Pleasant.

³⁶ This is the amount borrowed, not the total dollar amount of sales, and likely reflects the national trend toward lower down payments.

³⁷ One of the forces behind the increase in loans is the ability of households with lower incomes or imperfect credit records to obtain subprime loans—loans that are intended for people who are unable to obtain a conventional prime loan at the standard bank rate. These loans have higher interest rates to compensate for the potentially greater risk that these borrowers represent. In some cases, however, borrowers fall prey to predatory lenders—companies that make loans with exorbitant fees and high interest rates, often through deceptive methods. The Association of Community Organizations for Reform Now (ACORN) recently (2001) issued a report analyzing subprime lending for the nation and selected metropolitan areas. In the Washington region, black home buyers were 5.5 times more likely to borrow from subprime lenders than white buyers were. Washington, DC, ranked sixth in the disparity between Hispanics and whites, with the former 3.5 times more likely to have a subprime purchase loan than whites. The difference persists even when controlling for income. See Chan and Fleishman 2001 and Fleishman 2001.

³⁸ Although a 30 percent housing cost burden is often used to examine affordability, this report focuses on a 50 percent housing cost burden for homeowners, because many banks are now tolerating higher cost-to-income ratios for home purchase mortgages. For rental housing, chapter 5 of this report examines housing cost burdens at both 30 and 50 percent.

³⁹ Affordability is the overwhelming issue for homeowners. Less than 3 percent of homeowners in the region lived in substandard housing in 1998, roughly the same as in 1993. Very low income owner households experience higher rates of inadequate housing—just over 4 percent in 1998. Owner-occupied housing in the District is about twice as likely to be substandard as housing in the region—about 5 percent for all owners and 8 percent for very low income owners. We also examined overcrowding in owner-occupied units, but the percentages were too small to report.

⁴⁰ Total rental units include both renter-occupied and vacant for-rent units.

⁴¹ Compared with the previous two decades, this represents a considerable slowdown in the loss of renter households. During the 1970s and 1980s, the city lost 13 percent and 7 percent of its renters, respectively.

⁴² The AHS, which includes only the Inner Region (the PMSA excluding the Far Suburbs), is used to examine renter incomes. Because the AHS is a sample, estimates are subject to uncertainty due to sampling error. See appendixes A and D for further information.

⁴³ Rents here are “gross rents,” meaning that they include all utilities and other standard costs. Rent increases are based on unadjusted nominal amounts. If rents are adjusted to constant 2000 dollars, no rent changes are statistically significant between 1993 and 1998.

⁴⁴ The percentage of households with excessive cost burdens (over 30 percent of income for housing) *includes* households with severe cost burdens (over 50 percent of income for housing).

⁴⁵ Note that if a surplus of affordable units was indicated for a given income level, the extra units are added to the number of affordable units for the next higher income group. This analysis supposes that households are assigned to housing units in the most efficient manner. In reality, some higher-income households will occupy units that cost less than they can actually afford, so those units would not be available to lower-income households. This analysis also does not take into account the additional cost that would be required to bring physically inadequate units up to adequacy standards.

⁴⁶ The AHS asks a series of questions intended to provide a measure of the physical quality of the housing unit where a household lives. These questions cover items such as resident satisfaction, structural damage, general upkeep and maintenance, and the adequacy of heating, plumbing, and kitchen facilities. The responses from these questions are all tabulated into a single measure called the housing quality index. Units that score above a certain level on the index are graded as “moderately inadequate,” while units that have an even higher level of problems are graded as “severely inadequate” (Hadden and Leger 1989).

⁴⁷ Because the percentage of severely inadequate units is so low, this estimate has a high degree of statistical uncertainty. Therefore, it is entirely possible that the incidence of adequacy problems for poorer households is indeed higher than it is for those with higher incomes, but the AHS sample is too small to measure this difference.

⁴⁸ Like the adequacy measures, estimates of overcrowding from AHS data are subject to statistical uncertainty. (See the previous note.)

⁴⁹ See O'Connor 2001.

⁵⁰ Community Partnership for the Prevention of Homelessness 2002.

⁵¹ DC Department of Housing and Community Development. 2000: *Consolidated Plan for the District of Columbia (FY 2001–2005)*.

⁵² See Cunningham, Sylvester, and Turner 1999.

⁵³ This chapter, which explores patterns of neighborhood change in the region as a whole, uses census tracts as its unit of analysis, rather than neighborhood clusters, which are defined only for the District of Columbia.

⁵⁴ Tracts are classified as losing households if the total number declined by more than 5 percent between 1990 and 2000 and as gaining households if the total number increased by more than 5 percent over this period.

⁵⁵ In Census 2000, respondents could choose more than one race, which less than 2 percent of householders in the region did. Though this change makes the 2000 racial categories not directly comparable to the 1990 ones, we treat the categories as equivalent for the purpose of analyzing households in this report. See appendix D for further detailed information.

⁵⁶ Almost no tracts in the Inner Core lost households between 1990 and 2000. Therefore, tracts were grouped into two categories for this analysis: those that grew by less than 5 percent and those that grew by more than 5 percent.

⁵⁷ Because of the wide range of growth patterns that occurred between 1990 and 2000, Prince George's County tracts were grouped into four categories. Tracts are classified as (1) losing households if the total number of households declined by more than 5 percent, (2) stable if the change in the number of households was less than 5 percent either way, (3) growing moderately if the number of households increased by 5 to 25 percent, and (4) growing rapidly if the number of households increased by more than 25 percent.

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THE WASHINGTON, DC, METROPOLITAN AREA

For most of the analysis presented here, we have adopted the federal government's 1999 definition of the Washington, DC, Primary Metropolitan Statistical Area and have defined several subarea groupings within it to facilitate comparisons. As shown in table A.1, these subareas comprise the *District of Columbia*; two *Inner Core* jurisdictions (Arlington County and the City of Alexandria); five *Inner Suburbs* (Montgomery, Prince George's, and Fairfax Counties, plus the cities of Falls Church and Fairfax); eight *Outer Suburbs* (Calvert, Charles, Frederick, Loudoun, Prince William, and Stafford Counties, plus the cities of Manassas and Manassas Park); and a group we have termed the *Far Suburbs* (six additional counties in Virginia, one new Virginia city, and two counties in West Virginia).

For some topic areas, data have been obtained from the American Housing Survey, which uses an older definition of the metropolitan area. This definition, which we refer to as the *Inner Region*, excludes the *Far Suburbs* but includes all the other subareas shown in table A.1.

Table A.1. Washington, DC, Metropolitan Area, 2000

District of Columbia
Inner Core
Arlington County, VA
Alexandria city, VA
Inner Suburbs
Montgomery County, MD
Prince George's County, MD
Fairfax County, VA
Fairfax city, VA
Falls Church city, VA
Outer Suburbs
Calvert County, MD
Charles County, MD
Frederick County, MD
Loudoun County, VA
Prince William County, VA
Stafford County, VA
Manassas city, VA
Manassas Park city, VA
Far Suburbs
Clarke County, VA
Culpeper County, VA
Fauquier County, VA
King George County, VA
Spotsylvania County, VA
Warren County, VA
Fredericksburg city, VA
Berkeley County, WV
Jefferson County, WV

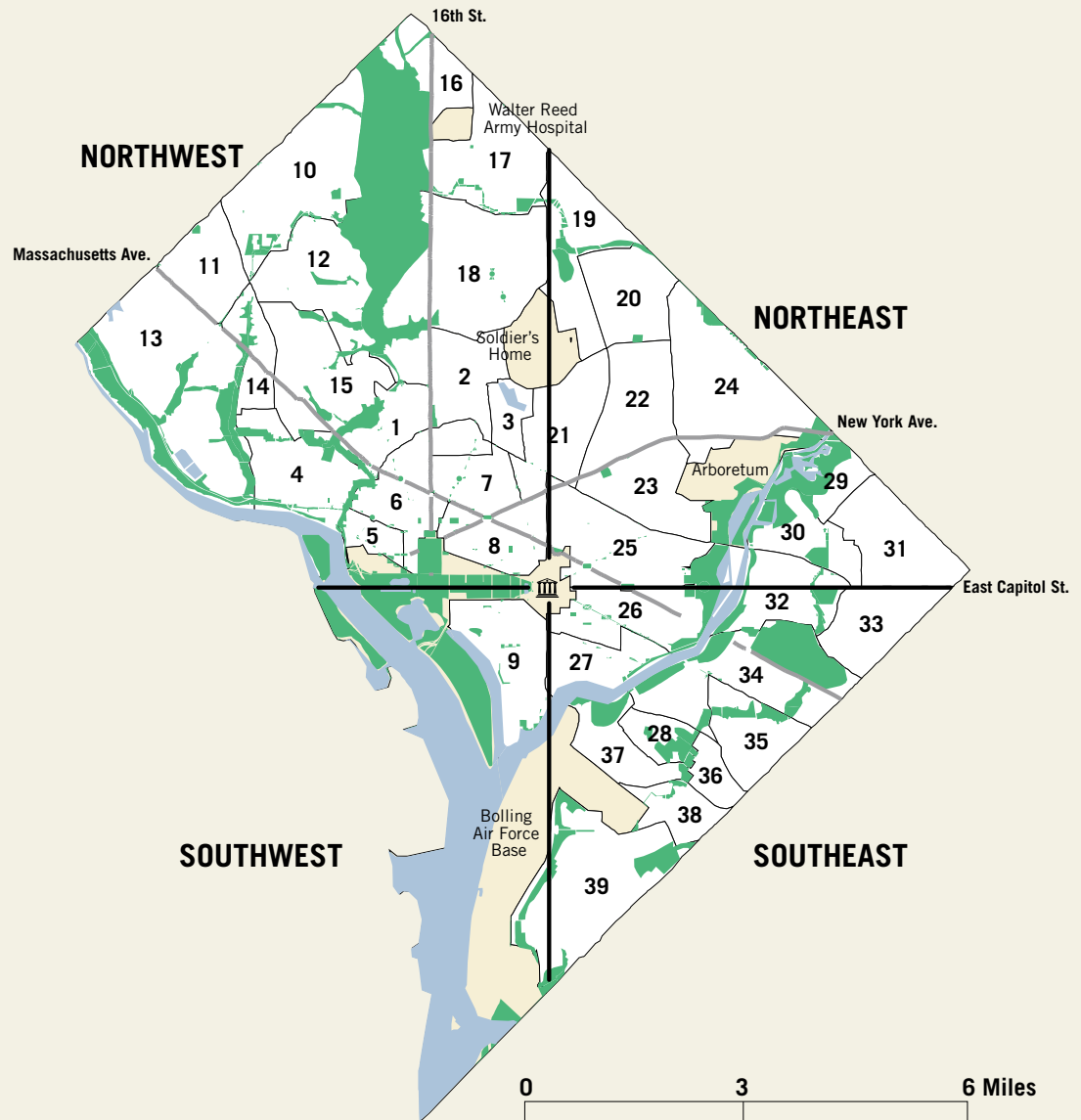
NEIGHBORHOOD CLUSTERS IN THE DISTRICT OF COLUMBIA

Within the District, data are presented for neighborhood “clusters,” which have been defined by the city government on the basis of consultations with community organizations and residents. Neighborhood cluster boundaries do not necessarily follow census tract boundaries, so this report uses groupings of census tracts that have been adopted by the District of Columbia Department of Planning as approximations of neighborhood clusters. Table A.2 lists these 39 neighborhood clusters, each consisting of three to five neighborhoods. We refer to these clusters throughout the report by the first neighborhood name, followed by the cluster number in parentheses.

Table A.2. Neighborhood Clusters in the District of Columbia, 2000

Cluster	Cluster Name
1	Kalorama Heights, Adams Morgan, Lanier Heights
2	Mount Pleasant, Columbia Heights, Park View
3	Howard University, Le Droit Park, Cardozo/Shaw
4	Georgetown, Burleith/Hillandale
5	West End, Foggy Bottom, George Washington University
6	Dupont Circle, Connecticut Avenue/K Street
7	Logan Circle, Shaw
8	Downtown, Chinatown, Penn Quarters, Mount Vernon Square, North Capitol Street
9	Southwest Employment Area, Waterfront, Fort McNair, Buzzard Point
10	Hawthorne, Barnaby Woods, Chevy Chase
11	Friendship Heights, Tenleytown, American University Park
12	North Cleveland Park, Forest Hills, Van Ness
13	Spring Valley, Palisades, Wesley Heights, Foxhall Crescent, Foxhall Village, Georgetown Reservoir
14	Cathedral Heights, McLean Gardens, Glover Park
15	Cleveland Park, Woodley Park, Massachusetts Heights, Normanstone Terrace
16	Colonial Village, Shepherd Park, North Portal Estates
17	Takoma, Brightwood, Manor Park
18	Brightwood Park, Crestwood, Petworth
19	Lamond Riggs, Fort Totten, Queens Chapel, Pleasant Hill
20	North Michigan Park, Michigan Park, University Heights
21	Edgewood, Bloomingdale, Truxton Circle, Eckington
22	Brookland, Brentwood, Langdon
23	Ivy City, Arboretum, Trinidad, Carver Langston
24	Woodridge, Fort Lincoln, Gateway
25	Union Station, Stanton Park, Kingman Park
26	Capitol Hill, Lincoln Park
27	Near Southeast, Navy Yard
28	Historic Anacostia
29	Eastland Gardens, Kenilworth
30	Mayfair, Hillbrook, Mahanings Heights
31	Deanwood, Burrville, Grant Park, Lincoln Heights, Fairmont Heights
32	River Terrace, Benning, Greenway, Dupont Park
33	Capitol View, Marshall Heights, Benning Heights
34	Twining, Fairlawn, Randle Highlands, Penn Branch, Fort Davis Park, Fort Dupont
35	Fairfax Village, Naylor Gardens, Hillcrest, Summit Park
36	Woodland/Fort Stanton, Knox Hill, Garfield Heights
37	Sheridan, Barry Farms, Buena Vista
38	Douglass, Shipley Terrace
39	Congress Heights, Bellevue, Washington Highlands
99	No cluster assignment

Map A.1. District of Columbia Quadrants and Neighborhood Clusters, 2000



Source: District of Columbia Planning Department.

APPENDIX B NEIGHBORHOOD CLUSTER CHARACTERISTICS

Table B.1. Neighborhood Cluster Demographics

Area	Percent of Population by Race/Ethnicity											
	Total Population		Non-Hispanic White		Non-Hispanic Black		Hispanic		Non-Hispanic Asian		Non-Hispanic Other	
	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000
District of Columbia	606,900	572,059	27.4	28.1	65.1	60.5	5.4	7.9	1.8	3.0	0.3	0.5
Cluster 1	17,934	18,183	55.9	60.3	24.9	17.0	15.6	16.3	3.1	5.8	0.6	0.6
Cluster 2	45,822	46,779	11.3	13.1	65.4	52.3	21.0	30.4	1.7	3.6	0.5	0.6
Cluster 3	10,811	10,128	12.7	18.7	77.4	67.3	8.6	11.7	1.0	1.8	0.4	0.6
Cluster 4	17,919	18,697	85.7	85.7	4.3	3.8	5.4	4.2	4.4	6.0	0.3	0.3
Cluster 5	9,814	10,307	83.0	74.3	5.0	6.4	4.7	5.5	7.0	13.3	0.3	0.6
Cluster 6	17,462	18,420	67.4	72.0	13.7	9.5	13.4	8.8	4.9	9.1	0.6	0.7
Cluster 7	19,745	20,865	21.8	25.0	64.5	49.8	10.3	18.2	3.0	6.4	0.4	0.6
Cluster 8	8,293	8,491	12.0	16.7	76.5	70.9	2.7	3.2	8.5	8.6	0.5	0.5
Cluster 9	11,562	11,851	35.1	25.4	59.2	66.4	3.3	4.4	1.8	3.0	0.6	0.8
Cluster 10	15,925	17,152	84.5	79.8	7.7	10.0	4.0	4.7	3.5	4.9	0.3	0.5
Cluster 11	6,320	6,062	86.3	86.1	4.1	3.7	5.6	5.3	3.9	4.4	0.1	0.4
Cluster 12	14,978	14,897	82.4	78.7	6.4	6.8	6.7	6.6	4.1	7.4	0.4	0.4
Cluster 13	17,418	18,708	86.2	80.6	3.9	5.0	5.6	6.2	4.0	6.1	0.2	2.0
Cluster 14	11,432	11,186	78.1	75.1	5.7	5.8	10.2	9.6	5.7	8.8	0.3	0.7
Cluster 15	12,386	12,306	81.9	79.8	5.7	7.7	8.4	6.8	3.8	5.2	0.3	0.5
Cluster 16	4,485	4,030	25.5	21.3	71.0	73.9	1.7	3.2	1.3	0.8	0.5	0.8
Cluster 17	19,464	18,441	7.0	6.1	86.5	79.5	5.2	12.9	0.8	1.1	0.5	0.4
Cluster 18	40,497	39,235	5.6	5.3	87.6	77.1	5.8	16.2	0.6	0.9	0.4	0.6
Cluster 19	13,768	12,328	16.7	15.1	80.5	80.5	1.7	2.5	0.7	1.3	0.4	0.5
Cluster 20	9,718	9,317	13.4	9.8	83.8	87.0	1.5	1.6	1.0	1.2	0.3	0.2
Cluster 21	21,007	18,429	6.3	3.9	90.7	91.2	2.3	3.5	0.5	0.9	0.2	0.5
Cluster 22	10,065	8,906	8.1	7.5	89.0	87.8	1.8	3.2	0.8	0.8	0.3	0.7
Cluster 23	17,270	13,999	3.1	5.2	95.4	92.1	0.9	1.6	0.4	0.8	0.2	0.4
Cluster 24	11,876	11,256	4.3	2.4	93.5	94.4	1.4	2.1	0.3	0.6	0.4	0.5
Cluster 25	30,467	27,376	27.2	28.6	70.0	67.1	1.7	2.5	0.8	1.4	0.3	0.4
Cluster 26	19,849	18,479	44.7	47.8	51.2	46.4	2.5	3.3	1.3	2.1	0.3	0.5
Cluster 27	4,969	4,643	13.4	6.2	83.5	89.6	2.1	2.2	0.6	1.6	0.4	0.5
Cluster 28	5,689	4,873	2.8	1.0	95.9	97.3	0.7	1.0	0.6	0.4	0.1	0.3
Cluster 29	1,399	2,343	1.1	0.5	98.3	98.5	0.0	0.3	0.1	0.3	0.4	0.4
Cluster 30	6,284	6,198	0.4	0.7	99.0	98.0	0.3	1.0	0.1	0.2	0.2	0.1
Cluster 31	16,056	14,113	0.6	0.6	98.3	98.2	0.6	0.8	0.1	0.1	0.4	0.2
Cluster 32	14,150	12,533	0.7	0.5	97.9	97.8	1.0	1.3	0.1	0.2	0.3	0.3
Cluster 33	18,877	14,997	0.4	0.5	99.1	98.5	0.3	0.6	0.0	0.2	0.1	0.2
Cluster 34	17,380	15,567	3.9	2.1	94.8	96.2	0.8	1.2	0.2	0.3	0.3	0.2
Cluster 35	8,756	8,019	11.2	5.1	86.0	93.1	2.0	0.9	0.5	0.5	0.3	0.4
Cluster 36	7,463	6,387	1.6	0.7	97.3	98.4	0.9	0.7	0.0	0.1	0.2	0.1
Cluster 37	8,233	8,596	0.3	0.5	99.0	98.3	0.5	0.9	0.1	0.1	0.1	0.2
Cluster 38	9,544	9,066	0.3	0.3	99.0	98.5	0.4	0.8	0.2	0.0	0.1	0.3
Cluster 39	36,559	30,588	1.2	0.9	97.5	97.9	0.8	0.7	0.2	0.2	0.2	0.3
No cluster	15,254	8,308	48.8	44.4	42.8	43.1	5.0	7.4	3.0	4.0	0.4	1.1

Source: Neighborhood Change Database, 1990 and 2000.

Table B.2. Neighborhood Cluster Housing Characteristics

Area	Households		Housing Units		Homeownership Rate		Owner Vacancy Rate		Rental Vacancy Rate	
	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000
District of Columbia	249,634	248,338	278,489	274,845	38.9	40.8	2.9	2.9	8.0	5.9
Cluster 1	10,355	10,990	11,229	11,465	31.5	33.6	5.0	1.2	5.8	2.0
Cluster 2	17,365	17,458	19,489	19,594	26.0	26.5	4.1	4.7	9.0	5.0
Cluster 3	3,994	3,957	4,688	4,717	30.5	32.9	5.6	14.8	9.2	5.0
Cluster 4	7,004	7,452	7,703	7,888	48.1	51.9	4.8	1.0	5.9	3.3
Cluster 5	4,921	4,821	5,690	5,391	29.1	27.7	2.9	1.3	9.5	3.1
Cluster 6	11,220	12,619	12,901	13,450	28.9	30.4	8.1	1.3	8.6	2.4
Cluster 7	9,229	10,512	10,912	11,684	17.9	22.8	12.0	3.7	10.0	4.6
Cluster 8	3,060	3,880	3,576	4,382	4.9	11.1	21.0	4.8	7.0	5.0
Cluster 9	6,356	6,894	7,633	7,484	37.2	33.6	3.1	3.0	14.7	4.3
Cluster 10	6,686	6,768	6,986	6,951	68.9	73.4	1.5	0.7	5.8	1.7
Cluster 11	2,498	2,548	2,602	2,615	74.7	78.0	1.7	0.8	2.8	1.6
Cluster 12	9,134	9,247	9,727	9,682	34.4	36.1	1.1	0.8	4.3	2.4
Cluster 13	6,424	6,930	6,955	7,235	66.4	68.1	3.0	1.0	4.8	2.9
Cluster 14	7,456	7,492	8,081	7,821	32.6	34.4	4.0	0.4	4.6	1.9
Cluster 15	6,277	6,329	6,584	6,584	44.0	46.8	1.5	0.7	6.0	1.1
Cluster 16	1,624	1,633	1,667	1,691	89.8	89.7	1.0	1.1	6.7	6.1
Cluster 17	8,108	7,820	8,380	8,293	50.9	52.0	1.1	1.4	3.2	5.6
Cluster 18	15,041	14,707	15,992	16,029	55.8	55.8	1.8	2.2	5.2	7.1
Cluster 19	5,010	4,879	5,215	5,198	50.5	52.1	0.6	1.4	5.0	5.2
Cluster 20	3,786	3,766	3,886	3,908	78.6	79.0	1.2	0.7	3.8	3.3
Cluster 21	7,624	7,018	8,519	8,388	44.0	44.8	3.5	5.9	8.8	10.4
Cluster 22	3,620	3,250	4,108	3,585	52.9	57.2	1.6	2.6	5.8	5.7
Cluster 23	7,021	5,575	7,727	7,279	23.4	27.6	1.7	9.7	5.5	9.6
Cluster 24	4,808	4,848	5,063	5,121	64.4	62.6	0.7	2.1	5.7	2.5
Cluster 25	12,462	12,556	14,123	14,215	47.7	50.3	4.5	4.0	6.6	6.1
Cluster 26	7,637	8,247	8,692	9,110	50.6	51.5	3.0	2.3	10.7	5.7
Cluster 27	1,855	1,948	2,437	2,115	17.2	18.6	6.9	6.7	6.0	4.4
Cluster 28	1,974	1,726	2,325	2,133	23.7	26.4	8.8	10.8	12.2	14.5
Cluster 29	513	738	832	867	67.8	44.0	0.0	7.9	46.4	12.1
Cluster 30	2,454	2,605	3,022	2,984	28.1	28.3	2.0	6.2	6.4	9.7
Cluster 31	5,761	5,298	6,416	6,279	43.5	46.1	1.4	5.1	5.1	7.5
Cluster 32	6,119	5,543	6,641	6,064	30.8	31.8	1.3	3.9	6.7	7.3
Cluster 33	7,018	5,880	7,705	7,229	32.0	37.4	1.3	10.7	5.1	10.9
Cluster 34	6,944	6,732	7,496	7,474	47.9	48.9	1.6	2.6	7.7	11.0
Cluster 35	4,093	3,885	4,312	4,228	46.3	43.7	2.1	1.9	4.3	7.3
Cluster 36	2,450	2,346	2,773	2,780	9.1	14.5	0.0	4.7	9.7	10.4
Cluster 37	2,625	2,745	3,378	3,084	16.8	15.0	0.0	7.0	17.0	6.6
Cluster 38	3,334	3,197	4,620	3,870	11.7	13.4	0.0	5.9	17.3	7.1
Cluster 39	13,412	11,554	15,873	13,923	19.6	24.5	4.0	3.4	12.0	13.2
No cluster	2,362	1,945	2,531	2,055	6.8	10.0	0.0	1.5	6.3	1.6

Source: Neighborhood Change Database, 1990 and 2000.

APPENDIX C INCOME DEFINITIONS

For some indicators in this report, results are presented for different income categories, based on definitions established by the U.S. Department of Housing and Urban Development. Households with incomes below 30 percent of the metropolitan-area median are classified as *extremely low income*, while incomes below 50 percent of area median are *very low income*; incomes below 80 percent of area median are considered *low income*, and incomes below 120 percent of area median are *moderate income*. In 2000, the median household income for the Washington metropolitan area as a whole was \$82,800. Table C.1 presents the ceilings for these income ranges for 1990, 1993, 1998, and 2000. When these categories are discussed in the body of this report, we provide the 2000 ceilings as reference.

Table C.1. Income Ceilings Defined by the U.S. Department of Housing and Urban Development on the Basis of Area Median Income, Washington, DC Metropolitan Area

	Percent of Median Area Income	1990	1993	1998	2000
Median Income	-	\$51,000	\$60,600	\$72,300	\$82,800
Extremely Low Income	30%	15,300	18,200	21,700	24,800
Very Low Income	50%	25,500	30,300	36,200	41,400
Low Income	80%	40,800	48,500	57,800	66,200
Moderate Income	120%	61,200	72,700	86,800	99,400

Source: U.S. Department of Housing and Urban Development.
Note: Ceilings are rounded to the nearest \$100.

APPENDIX D PUBLIC DATA SOURCES

American Housing Survey (AHS): The AHS is a survey conducted by the U.S. Bureau of the Census for the U.S. Department of Housing and Urban Development (HUD). It provides data on apartments, single-family homes, vacant homes, family composition, income, housing and neighborhood quality, housing costs, size of housing units, and recent movers. National data are now collected every other year from a fixed sample of about 50,000 homes, plus new construction. The AHS is also administered in a selected set of metropolitan areas on a rotating basis, so that each area is surveyed every four to six years. This report uses the 1993 and 1998 AHS samples, the latest two for Washington, DC. From metropolitan statistical area (MSA) files, data can be calculated for AHS zones, subareas within the MSAs, but indicators at these levels should be used with caution because of small sample sizes.

Web site: <http://www.huduser.org/datasets/ahs.html>

A Picture of Subsidized Housing (APSH): The APSH data file was produced by HUD and contains summary information on housing units and households as of 1998. It covers the following HUD programs: Public and Indian Housing, Section 8 Certificates and Vouchers, Section 8 Moderate Rehabilitation, Section 8 New and Substantial Rehabilitation, Section 236, and Low-Income Housing Tax Credits. Data are provided for states, census tracts, housing authorities, and housing projects.

Web site: <http://www.huduser.org/datasets/assthsg/statedata98/index.html>

Building Permits: The U.S. Bureau of the Census collects data on new privately owned residential housing units authorized by building permits for permit-issuing jurisdictions (places and counties). The data files are released monthly and include the number of buildings, the number of units, and the construction cost for monthly new privately owned residential building permits.

Web site: <http://www.census.gov/const/www/permitsindex.html>

Current Population Survey (CPS): The CPS is a monthly survey of about 50,000 households conducted by the U.S. Bureau of the Census for the Bureau of Labor Statistics (BLS). Data from the CPS are available for the United States as a whole, individual states, and other larger geographic areas. Labor force data from this survey are used to profile the labor market and to make employment projections. The March CPS Supplement, called the Annual Demographic Survey, is used to generate the annual Population Profile of the United States. Among other household and demographic characteristics, the March Supplement provides data on geographical mobility, educational attainment, income, and poverty status.

Web site: <http://www.bls.census.gov/cps/ads/shisconc.htm>

District of Columbia Real Property Assessment File: The District's Office of Tax and Revenue collects information about land parcels for the purpose of levying taxes. The file contains information about every property in the city, including parcel identification information, property sales and transfers, amount of sale, date of sale, and deed type. It also includes property characteristics, such as the number of rooms, the square footage, and the year built. The District of Columbia Web site provides online access to real property assessment information for individual parcels.

Web site: <http://cfo.dc.gov/services/tax/property/database.shtm>

Home Mortgage Disclosure Act (HMDA): This act requires certain mortgage lending institutions to disclose data about loan applications and approvals. Institutions required to file HMDA data include commercial banks, S&Ls, credit unions, and mortgage companies that meet specific criteria. Data collected under HMDA are used to help determine whether lending institutions are meeting the housing credit needs of their communities, to help public officials target community development investment, and to help regulators enforce fair lending laws. The data include individual loan application records, with the census tract of the property, loan amounts, reasons for denial, and characteristics of the borrower and lender.

Web site: <http://www.ffiec.org>

IRS County-to-County Migration Data: The IRS annually produces data on migration patterns by county for the entire United States, including inflows and outflows, based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. The data include the number of returns (which can be used to approximate the number of households), the number of personal exemptions (which can be used to approximate the population), and, starting in 1995, average income data.

Web site: http://www.irs.gov/tax_stats/soi/ind-cntymig.html

Local Area Unemployment Statistics (LAUS): The BLS LAUS program produces monthly and annual employment, unemployment, and labor force data for regions, states, counties, metropolitan areas, and many cities. Estimates for the states (including the District) are based on the CPS, while indicators for substate areas are based on data from several sources, including the CPS, the Current Employment Statistics program, and the unemployment insurance program.

Web site: <http://www.bls.gov/lau/home.htm>

Multifamily Assistance and Section 8 Contracts Database: HUD created this database to provide HUD partners and clients with a way of measuring the potential impact of expiring project-based subsidy contracts in their communities. The national file includes the property address, number of units, expiration date, and other characteristics about each contract and property. HUD plans to refresh this data set on a monthly basis.

Web site: <http://www.hud.gov/offices/hsg/mfh/exp/mfhdiscl.cfm>

National Planning Association (NPA) Data Services: NPA Data Services produces the Regional Economic Projections Series for states, metropolitan areas, and counties. The set includes personal income, population by age group, and total employment and earnings by selected industry sectors. The file covers annual historical data for 1967 to 1999, estimates for 2000 and 2001, and projections for 2002 to 2025.

Web site: <http://www.npadata.com>

National Association of Home Builders (NAHB): NAHB maintains the Housing Opportunity Index, a measure of the percentage of homes sold that a family earning the median income can afford to buy. The index is calculated for the United States and selected metropolitan areas (1999 definition) on the basis of sales of new and existing homes in 186 markets. It is updated quarterly.

Web site: <http://www.nahb.com/facts/economics/housingopindex.html>

National Association of Realtors (NAR): The NAR reports median sales prices of existing single-family homes for the United States and metropolitan areas (1992 definition). The Web site reports the median price for MSAs for the latest quarter and for the previous three years. The *Statistical Abstract of the United States* reports historic data and is available in PDF (Portable Document Format) on the Web.

Web site: <http://www.onerealtorplace.com/research.nsf>

<http://www.census.gov/prod/www/statistical-abstract-us.html>

Neighborhood Change Database (NCDB): The NCDB is the main source of decennial census data used in this report. Funded by the Rockefeller Foundation, the NCDB is a joint project between the Urban Institute and Geolytics, Inc., to develop a national set of comparable population and housing variables from the 1970, 1980, 1990, and 2000 decennial censuses. A methodology has been developed to link the associated data to 2000 census tract boundaries so that consistent comparisons can be made across census years.

In 2000, respondents were allowed for the first time to select more than one racial group. To produce comparable estimates of racial composition for 1990 and 2000, this report uses “bridged” population counts by race, using a methodology developed by Jeffrey Passel at the Urban Institute. The race-bridging variables take all of the multiracial categories for Census 2000 and reapportion them into single racial groups, according to the rules below, in descending order of priority:

1. Black + any other race → Black, otherwise
2. Asian + any other race → Asian, otherwise
3. Native Hawaiian/Other Pacific Islander (NH/OPI) + any other race → NH/OPI, otherwise
4. White + any other race → White, otherwise
5. American Indian/Alaskan Native (AI/AN) + any other race → AI/AN, otherwise
6. → Some other race

The ethnicity question, which asks each respondent whether he or she considers himself or herself to be Hispanic or Latino, is the same as in 1990, so no special method is needed to compare these data across the two censuses.

At the time of this report, the bridging methodology had not been developed for households. Tabulations of householders selecting more than one race were classified as one “multiracial” category, not by which specific races they selected. Although the question change makes the 2000 single-race categories not directly comparable to the 1990 race classifications, we treat the categories as equivalent for the purposes of analyzing households in this report.

U.S. Bureau of the Census Web site:

<http://www.census.gov/dmd/www/2khome.htm>

Geolytics, Inc., Web site: <http://www.geolytics.com>