REPORT

Toward a Community Vision for Equitable Economic Development

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April 2016
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This brief was funded by the City First Foundation. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at www.urban.org/support.
Executive Summary

Washington, DC, has prospered in the last decade and a half, attracting many new residents, businesses, and investments. But for residents living in neighborhoods east of the Anacostia River (a part of the city many refer to simply as “east of the river”), the story has been different. In this context, the City First Foundation, an affiliate of City First Bank of DC, convened the Equitable Economic Development East of the River conference in November of 2015 to address how DC can bring more of its newfound prosperity to neighborhoods east of the river in a way that equally benefits current and new residents. Through a series of informative panels and conversations, the conference focused on key areas of development, including jobs, businesses, housing, and community engagement. An equitable development strategy, grounded in a unifying community vision, could bring all of these elements together in a mutually supporting and reinforcing way and provide a roadmap for further action.

The City First Foundation engaged the Urban Institute to capture the major themes and recommendations for policy and programs that were discussed during the conference into a paper. The goal of the report was not only to capture the prominent themes, but to also identify tools that can be used to make progress in each respective area. Key recommendations that emerged from the day’s robust discussions are briefly summarized here.

- **Jobs:**
  - Create innovative workforce development and training programs; and
  - Improve access to living wage jobs.

- **Entrepreneurship and commercial development:**
  - Raise awareness of programs that support minority- and women-owned businesses;
  - Develop programs for new and aspiring entrepreneurs;
  - Create a fund to provide below-market capital to small, minority-owned, and women-owned businesses;
  - Create a commercial development fund for underserved areas; and
  - Move vacant or underused city-owned property back to productive use, respecting the goals of equitable development.

- **Housing:**
  - Create and preserve affordable housing;
  - Refocus and retool homeownership assistance programs;
  - Encourage more diversity of amenities to attract new residents; and
» Target public-sector development to entice private investment.

- Resident and community engagement:
  » Value and foster grassroots resident and community engagement in all phases of real estate development; and
  » Use tools like asset mapping to engage with the community and enumerate strengths and resources.

- Unifying vision:
  » Create a collaborative vision as the basis of an equitable development strategy; and
  » Reduce the reality and perceptions of negative amenities and lack of retail market viability.
Toward a Community Vision for Equitable Economic Development

Washington, DC, has prospered in the last decade and a half, attracting many new residents, businesses, and investments. The city has started growing again for the first time in a half a century, with its population increasing from 572,000 to almost 602,000 between 2000 and 2010; the population is projected to surpass 668,000 by 2020. Despite the recent national recession, DC gained over 110,000 jobs between 2000 and 2015, and average family income increased 54 percent (adjusted for inflation) between 1980 and 2008–12.

But for residents living in neighborhoods east of the Anacostia River (a part of the city many refer to simply as “east of the river”), the story has been different. Wards 7 and 8 include all of the area east of the river, as shown in figure 1, and, even though large population losses have stopped in these wards, new residents and businesses have been slow to move in. Incomes have been stagnant in Ward 7 and remain below 1980 levels in Ward 8. Many structural barriers, such as lack of public and private investment, have prevented communities east of the river from sharing in the prosperity that other parts of DC are enjoying. Adding to the challenges for vulnerable populations, DC has become one of most expensive places in the country to live, with the costs of housing, transportation, child care, and other essential goods and services rapidly outpacing income growth. These increasing costs create the potential for displacement of existing residents if and when development picks up east of the river.

In this context, the City First Foundation, an affiliate of City First Bank of DC, convened the Equitable Economic Development East of the River conference on November 5, 2015 (box 1), to address how DC can bring more of this newfound prosperity to neighborhoods east of the river, through economic development, in a way that equally benefits both current and new residents. Despite steady job growth throughout the city, unemployment rates have been persistently high among populations east of the river. Thus, it was no surprise that one of the reoccurring themes throughout the conference was employment. Quality jobs and workforce training were thought to be central to fulfilling the promise of equitable development, necessary to enable residents to afford increasing rents and home prices, and a byproduct of supporting entrepreneurship and commercial development. Conference participants also called for more investment in entrepreneurship, small businesses, and commercial development, including increasing providing access to credit and restoring vacant and
abandoned properties back to productive use. On housing, the focus was on creating new housing developments for a mix of incomes and tenure and preserving affordability for existing residents and supporting those who already struggle to pay their rents or mortgages. To ensure the goals discussed at the conference were achieved and produced shared prosperity and inclusive growth, east-of-the-river stakeholders felt that strong resident and community engagement throughout the development process was critical.

FIGURE 1
Map of Washington, DC, with Ward Boundaries
BOX 1

About the Equitable Economic Development East of the River Conference

On November 5, 2015, at the R.I.S.E. Demonstration Center in historic Anacostia, Washington, DC, the City First Foundation, an affiliate of City First Bank of DC, convened over 250 participants from government, banks, community development corporations and financial institutions, affordable housing developers, service providers, businesses, advocacy organizations, funders, media, and the community at their Community Development Finance Conference 2015: Equitable Economic Development East of the River. This was the second such conference convened by the Foundation, which, along with other stakeholders that have historically served these neighborhoods, wants to ensure that development east of the river is equitable and inclusive and that the current residents and businesses will benefit favorably from future growth. The day-long conference focused on the primary challenges and opportunities for neighborhoods and residents in this part of the city. A series of panels and presentations featured local experts who have lived or worked east of the river discussing the socioeconomic conditions and trends in this part of the city, how stakeholders can work collectively to bring about equitable development east of the river, housing priorities for renters and homeowners, and ways to revitalize commercial corridors and create a supportive environment for small businesses. The concluding panel unveiled the equitable development strategy for the 11th Street Bridge Park as a possible model for the larger east-of-the-river community. The panels and presentations fueled deeper conversations with conference participants on conditions and trends east of the river, community needs and concerns about current and future development, and best practices and new ideas for encouraging more equitable outcomes for residents.

This report is intended to synthesize the major themes and recommendations for policy and budget changes that were highlighted during the conference, with the goal of sharing the rich discussion of ideas with audiences beyond those who attended that day.

*For the conference agenda and list of speakers, please see https://www.cityfirstfoundation.org/wp-content/uploads/2015/07/CFB_Conference_Agenda_One_Sheet.pdf.*

Through a series of informative panels and robust conversations, the conference focused on key areas of development east of the river. In addition to thinking about these issues individually, an equitable development strategy, grounded in a unifying community vision, could bring all of these elements together in a mutually supporting and reinforcing way and provide a roadmap for further action. A more equitable DC would benefit residents and businesses in Wards 7 and 8 and the entire city by making use of the untapped potential east of the river.
Jobs, Jobs, Jobs

Though there was not a specific plenary session on jobs, the topic was brought up by panelists and audience members during every session. To pursue equitable development, there needs to be intentional action to connect the unemployed, underemployed, and young people to jobs and workforce development opportunities. Data on employment east of the Anacostia River supports the focus on jobs. The citywide employment rate in 2008–12 was 89.5 percent, but only 79.8 percent in Ward 7 and 76.4 percent in Ward 8. If the employment rate for these wards matched the citywide average, there would be almost 7,000 more people with jobs.

The quality of jobs is also critical. Working at the 2015 minimum wage of $10.50 per hour, a DC resident would need to work 90 hours per week to afford a one-bedroom apartment at fair market rent ($1,230). Educational attainment is a significant barrier to getting better, higher paying jobs for many adults in Wards 7 and 8. For residents east of the river, 18 to 20 percent of adults did not have their high school degree or general education degree in 2008–12. This is of significant concern as, both nationally and locally, the fastest growing and better paying occupations require at least some college or postsecondary attainment. Even many low-wage jobs are now being held by individuals with at least some college—even if the objective requirements for carrying out the job have not changed (de Souza Briggs, Pendall, and Rubin 2015).

Improving access to living wage jobs, workforce development, and training programs will be critical to closing the gap in employment that exists for residents east of the river (box 2). Conference participants cited several policies and tools already in place that can be used to increase residents’ access to employment. Several of these have been enacted or modified recently, and it will be important for the DC government to monitor the performance of these efforts as well as the compliance of employers.

- **First Source Employment Program**: DC has had a First Source Employment Program, which mandates the hiring of local residents for city-funded projects, in place for more than 30 years, and the most recent reforms further strengthen these requirements. Fifty-one percent of new hires on contracts with DC funds of $300 thousand–$5 million must be city residents. In addition, for construction contracts over $5 million, there are specified proportions of hours worked that must be done by residents (depending on the type of worker). Several conference participants mentioned the need to “hold employers’ feet to the fire” and ensure information about the types of jobs in a project is available in advance so that job training can be tailored to the opportunities and qualified residents are being hired as required.
Living wage: With the passage of the “Minimum Wage Amendment Act of 2013,” the minimum wage will increase from $8.25 per hour to $11.50/hour by July 2016. Beginning in July 2017, the minimum wage will be adjusted each year to account for inflation. These increases should help residents east of the river, but for many, affordable housing will still be out of reach (at $11.50/hour a worker needs to work 82 hours per week to afford a one-bedroom apartment at fair market rent, which represents typical rents in the region). California and New York as well as the city of Seattle have gone beyond DC and passed legislation that would gradually raise the minimum wage to $15.00/hour. According to the living wage calculator from the Massachusetts Institute of Technology, a $15 minimum wage in DC would represent a living wage for a single adult working full time, though a single adult supporting one or more children would need to earn twice that amount to support his or her family. DC’s Working Families Party is working to get a voter initiative on the 2016 ballot for the $15 minimum wage. Further, initiatives like the 11th Street Bridge Park are working to develop their own performance measures on how many jobs they can create that will pay a living wage.

Ban the box: Effective December 2014, in accordance with the Fair Criminal Record Screening Amendment Act of 2014, employers are not allowed to ask about an individual’s criminal involvement on a job application or screening. Such questions can only be asked after a conditional offer of employment is made; the offer can only be withdrawn for a “legitimate business reason.” Policies such as this one are intended to improve the ability of returning citizens and those who have been arrested to obtain employment.

Workforce development and training: Many DC residents lack the skills or experience to obtain good paying jobs. Improvement in this area is essential to making other efforts, such as the First Source Employment Program, work. Unfortunately, the city has faced a series of well-known struggles in delivering comprehensive and coordinated workforce development services. There are several new leaders in place, with Deputy Mayor for Greater Economic
Opportunity Courtney R. Snowden, who has oversight of the Department of Employment Services, and the recent mayoral appointment of a new chairman of the Workforce Investment Council, Andy Shallal. In addition, the Workforce Innovation and Opportunity Act of 2014 (WIOA) requires the development of new strategic plans that emphasize engagement with employers, the development of career pathways and use of sector partnerships, more flexibility for on-the-job training and transitional jobs, and new performance management goals and requirements. As Deputy Mayor Snowden stated at the conference, there is a need for innovation in how we use the tools of government. As one example, she described a summer youth employment program that partnered with WDC Solar to get youth into job opportunities in a high-growth sector to which they may not ordinarily be exposed.

- Two federal programs encourage employers to hire those who face systemic barriers to employment. The Federal Bonding Program helps insure businesses against the risk of employee theft or dishonesty for employees who might not be bondable under typical insurance policies. The federal work opportunity tax credit is available to employers who hire individuals from particular groups, such as returning citizens, Temporary Assistance for Needy Families or Supplemental Nutrition Assistance Program recipients, veterans, or the disabled. The tax credit reduces the income tax liability for the employer (Simms, McDaniel, and Fyffe 2015).14

In addition to the tools mentioned above, policies related to employment that help create a more equitable community include paid sick days, advance notice or fair scheduling practices, paid family leave (new legislation under consideration), wage theft prevention, and wage enforcement.

**BOX 2**

**Key Recommendations from Job-Related Discussions**

- Create innovative workforce development and training programs in high schools and vocational schools that connect to specific industries and select employers projected to grow in the DC region.

- Improve access to living wage jobs by enforcing First Source hiring requirements and ensuring fair hiring and employment practices.
Entrepreneurship and Commercial Development

Conference participants viewed the development of small businesses and new entrepreneurs, as a critical component for job creation east of the river. Small businesses are also an important part of DC’s economy. In 2013, small businesses employed nearly half of the city’s private workforce, and 92 percent of firms with employees are small businesses. Small businesses were also responsible for creating 52 percent of net new jobs in DC. More than half those new jobs were at firms with 20–99 employees.

Conference participants felt that DC needs to do more to invest in and support business development by African Americans and residents of Ward 7 and 8 and build up an entrepreneurship culture (box 3). In 2012, though African Americans made up nearly half of all residents in the city, 37 percent of DC business owners whose race could be identified (of all business sizes) were African American. Further, African American–owned firms tended to be lower volume, accounting for only 9.3 percent of the sales and receipts generated by all firms. They also were smaller, with only 6.5 percent of African American–owned firms having employees, compared with 18 percent of all DC firms.

Though the number of business establishments more than doubled in Wards 7 and 8 from about 2,200 in 1990 to 5,000 in 2012, there are far fewer establishments east of the river than in residential wards west of the Anacostia River, particularly given relatively similar population sizes among the wards. To support new development, many of the commercial corridors in Wards 7 and 8 need revitalization and investment. At the conference, Deborah Jones from the Ward 7 Business Partnership called for the city to help small businesses thrive in place, so that Ward 7 and 8 businesses get the same opportunities from the city as businesses downtown and not ones determined by perceptions of the neighborhoods east of the river. But the diversity of neighborhoods east of the river means that close attention must also be paid to the needs of the community and to matching the right type of commercial development and initiatives to the right conditions.

In the two panels held on entrepreneurship and commercial development, a common theme that arose was the need for financing and credit. Often, traditional sources of financing do not meet the needs of business owners and developers east of the river. For example, Washington Area Community Investment Fund, a community development loan fund, is one of the few lenders in the area that will provide lines of credit to small businesses and entrepreneurs. The Washington Area Community Investment Fund serves low-income neighborhoods in the region and funds affordable housing, small businesses and community organizations. Other lenders may not have the on-the-ground and grassroots knowledge to accurately assess risks and opportunities in particular neighborhoods east of the river. Additionally, with the high poverty and low homeownership rates in Wards 7 and 8, few
residents have access to capital from intergenerational transfers and social networks, or the ability to leverage their home or other assets to help fund a start-up firm.

Certified community development financial institutions, such as City First Bank of DC and Industrial Bank, which focus their lending and financial services on communities that are not well-served by traditional banks, are an important source of personal and commercial financing for the communities east of the river. City First Bank provided financing for the Anacostia Arts Center, a small business and arts incubator, and refinanced a retail shopping center on Alabama Avenue SE. Additionally, it financed a number of other commercial developments and charter schools in Wards 7 and 8 using the New Market Tax Credit Program (described in more detail below).18

Though real estate in Wards 7 and 8 is relatively more affordable compared with elsewhere in the city, conference panelists emphasized that commercial development still may require help to be viable. Because businesses east of the river cannot generate as much revenue as those in other parts of the city, even the lower commercial rents can be unaffordable. Perceptions of the market east of the river may also mean that retailers wait to commit to a space until after it is built, which could make it difficult for the property developer to obtain financing. These factors can severely limit the development of commercial property east of the river.

One solution is to assist local businesses that are tenants in purchasing the property where they are located, which helps ensure their stability in the community and may make them more attractive to investors. In other cases where land is city-owned, it could be contributed as “subsidy” in the deal. One panelist, Stan Voudrie from Four Points LLC, shared how he used free land obtained for a deal west of the river to finance retail space set aside for local businesses. Such a strategy might have application east of the river, particularly where the DC government is providing additional financing, equity, or subsidies.

Vacant or underused property is another difficult issue for commercial corridors east of the river. On the surface, vacant spaces present opportunities for new entrepreneurs and small business owners. But, as the conference panelists shared, often vacant properties have absentee owners who may be difficult to find and lack incentive to maintain or make improvements to their properties. If the properties have been designated as vacant or blighted and the owner does not keep up with the increased property taxes, liens on the property could make it difficult for the owner to sell, even when they are motivated. Landlords also may have unrealistic expectations for the price of their vacant property, attempting to capture the value of surrounding revitalization efforts without reinvestment in their own properties. As Deputy Mayor Snowden acknowledged, DC is also not a great landlord when it
comes to vacant and blighted property. Conference participants emphasized the need to get land out of the hands of the DC government and absentee landlords so that it could be returned to productive use.

There are several federal and local programs that support entrepreneurship and commercial development:

- **New market tax credits**: This tax credit is competitively allocated to a community development entity (CDE) that exchanges the tax credits with investors who make equity investments in the CDE.\(^{19}\) The CDE can then use the equity investments to finance loans and investments in businesses, commercial developments, and community facilities in qualified distressed areas. An arm of City First Bank has been the CDE for a number of projects east of the river, including THEARC, the Unity Parkside Health Center, So Others Might Eat at Benning Road, and several charter schools. Other active CDEs in the local market include DC Housing Enterprises, Enterprise Community Partners, the Reinvestment Fund, and Low Income Investment Fund.

- **State Small Business Credit Initiative**: Under the US Treasury Department’s State Small Business Credit Initiative, DC received $13.2 million to increase credit to small businesses.\(^{20}\) The Department of Insurance, Securities and Banking administers three programs for financing small businesses that are qualified for credit but do not meet all of the traditional lending standards, such as collateral requirements, debt service coverage ratio, or capital reserves. One of these programs, the District of Columbia Innovation Finance Program, allows DC to coinvest with venture capital or community development finance institutions in start-ups or emerging businesses. All three programs are only offered to small businesses (fewer than 750 employees) registered in DC that have 75 percent of the employees working in DC and 25 percent living in DC.

Though the initiative is funded by federal dollars, those on the revitalization of commercial corridors panel suggested that DC should do more to invest directly in small businesses and commercial corridors. Gina Merritt of Northern Real Estate Urban Ventures called for the creation of a commercial trust fund, similar to DC’s Housing Production Trust Fund. A revolving loan fund could also be set up to provide gap financing for small businesses that have difficulty accessing traditional sources of credit. A public-private partnership between the DC government and the Washington Area Community Investment Fund currently offers a revolving microloan fund (for loans up to $25,000).

- **DC Main Streets program**: There are two designated main streets east of the Anacostia River—one in Congress Heights and one in Deanwood. These operate with the Main Street Four-Point
Approach, which includes organization of revitalization efforts, promotion and branding, physical design, and economic restructuring. Conference participants called for a main streets program “on steroids,” one that moved beyond the more incremental approach to revitalization to focus on getting whole blocks done and demonstrating visible improvements. East of the river, the main streets program may also need to broaden its approach, perhaps by looking at ways to connect businesses with the regional economy or by addressing pressing issues like public safety and workforce development (Seidman, n.d.).

- **DC Great Streets program**: One interagency effort is the Great Streets Retail Small Business Reimbursement Grants program, which provides up to $50,000 in a reimbursable grant to small businesses located on Great Streets corridors for interior and exterior renovations or other business improvements. The Great Streets program (http://greatstreets.dc.gov/) also makes catalytic investments, including in St. Elizabeths East and Gateway DC in Congress Heights. As shown in figure 2, there are several corridors in Wards 7 and 8 that are part of the Great Streets program.

- **Business improvement districts (BIDs)**: BIDs are a legal mechanism to help manage commercial corridors by maintaining the physical upkeep, investing in upgrades to the area, improving safety, and promoting businesses in the district. BIDs are funded through a tax on property owners in the area. Currently east of the river, there is only the Anacostia BID (http://www.anacostia Bid.org/), which was formed in 2012. Starting a new BID requires a significant amount of organizing of local businesses and may require private funding to support its development. This form of business district management may not be appropriate for newer and emerging business corridors in Wards 7 and 8 if businesses are unable pay the tax to finance the BID.

- **BIDs 3.0**: The University City District in Philadelphia has expanded the traditional role of its BID to build strong relationships between employers, anchor institutions (in this case, several universities and a hospital), and the community. They embedded the West Philadelphia Skills Initiative, a job training program, in the BID to connect to employers. The initiative works closely with the employers develop curricula and identify hiring needs. Since the start, the initiative has been able to place 91 percent of graduates into jobs that pay an average wage of $13.60/hour.

The city also offers a DC-Only Securities Offerings Exemption, information about insurance for small businesses, and a number of technical assistance resources available for aspiring entrepreneurs.
For example, Tyoka Jackson, owner of the IHOP in Ward 8, explained how he went to Anacostia Economic Development Corporation for assistance with developing his business plan. At the conference, Deputy Mayor Snowden also shared a newly developed resource—CBE Connect—the mayor’s effort to increase transparency about the opportunities for certified businesses to obtain DC government contracts. Mayor Bowser has established a goal of $317 million in spending to certified business enterprises in fiscal year 16 and published a guide with goals, planned acquisitions and opportunities that the city has not been able to fill with certified business enterprises in the past.

FIGURE 2

Great Streets Corridors


Note: Minnesota Avenue-Benning Road NE is in green, Nannie Helen Burroughs Avenue NE is in blue; several locations along Pennsylvania Avenue SE are in brown, and several locations along Martin Luther King Jr Avenue SE are in light blue.
BOX 3
Key Recommendations from Entrepreneurship and Commercial Development Discussion

- Raise awareness of programs that support minority- and women-owned businesses to improve access to capital, technical assistance, and contracting opportunities. This could also include the development of an online resource directory and better promotion of CBE Connect.

- Develop programs tailored for new and aspiring entrepreneurs east of the river that help them better navigate start-up requirements and succeed in these neighborhoods.

- Create a set-aside capitalization fund for community development financial institutions and other nontraditional lenders to provide below-market capital for small businesses and minority- and women-owned businesses located east of the river.

- Create a fund for commercial development that parallels the Housing Production Trust Fund and would direct resources to underserved areas of the city.

- Develop a clear strategy with timelines and enforcement mechanisms for moving vacant or underused city-owned properties back to productive use that respects the goals of equitable development.

Housing

Housing affordability remains one of the key challenges facing the Washington, DC. As the city grows in population, demand for housing has risen faster than supply. As a result, rents and home prices continue to increase. Even though housing remains relatively affordable in neighborhoods east of the river, residents there also feel the pressure of higher housing costs. Between 2005–09 and 2009–13, the number of apartments and homes in Wards 7 and 8 renting between $500 and $799 a month (in constant dollars) has dropped from 19,840 to 13,850 units. At the same time, units renting for $800 a month or more have increased by 6,470. Most of this growth (3,770 units) has been for apartments and homes renting for between $1,000 and $1,499 a month.

Much of the loss of affordable rental housing has been in private, market rate housing, rather than assisted housing, which is kept affordable through regulation and subsidies. Data from the DC
Preservation Catalog, which tracks federally and locally assisted housing in the city, show that east of the river has close to 19,000 assisted units, which represents one-third of all housing in Wards 7 and 8. Ward 8, in particular, is home to over 30 percent of all the assisted housing in the city. Though this housing provides an important safety net for low-income residents, over concentration of assisted units in particular neighborhoods may inhibit other types of economic development. Further, the supply of assisted housing may be at risk of loss when market conditions begin to improve, creating financial incentives for owners to redevelop properties for other uses. For example, over 4,000 units in Wards 7 and 8 (predominantly Ward 8) made affordable through the low-income housing tax credit program will reach the end of their 15-year compliance period in 2020. Though past experience suggests that most of these properties will remain affordable, research has shown that the end of the compliance period is a time when tax credit projects are at particular risk of going “market rate” (Abt Associates et al. 2012).

For the sales market, prices have recovered since the Great Recession, but home values east of the river remain considerably lower than those in other parts of the city, providing another measure of the economic divide. In 2013, the median sales price of a single-family home was $228,000 in Ward 7 and $206,000 in Ward 8, compared with a citywide median price of $595,000. Lower sales prices in Wards 7 and 8 represent both a challenge and an opportunity for economic development. Property values represent more than the quality of the home itself. Places with higher sales prices may have more positive amenities (such as better schools or access to transportation options) than those with lower prices. Similarly, more negative amenities (such as higher crime rates) can depress prices. Low prices in Wards 7 and 8 indicate that private investment is not flowing to these areas as it is in other parts of the city. As a result, buyers in Wards 7 and 8 are not able to build wealth through homeownership as quickly as in other parts of the city. Conference panelist Nikki Peele noted that people who bought homes or condominiums in Wards 7 and 8 during the height of the housing market bubble may now owe more on their mortgage than their property is worth, notwithstanding some recent house price recovery.

However, lower prices also mean that homes are affordable for purchase by lower-income buyers. For example, a renter household consisting of a full-time food service manager and a part-time office clerk with a combined income of $75,000 would be able to afford a home costing up to $278,000, which would have been sufficient to purchase 75 percent of the homes sold in Wards 7 and 8 in 2011. This same household would have been able to afford only 19 percent of the homes sold throughout DC in that same year. Despite the lower prices, Ward 8 has the lowest homeownership rate in the city (23 percent as of 2008–12). Nevertheless, lower prices mean there is potential to bring the rate up to the DC average of 42 percent.
Lower prices also present an economic development opportunity because property can be acquired more cheaply than in other parts of the city. This means that the development potential east of the river is high, because less money is needed for acquisition costs. And, because of decades of population loss, Wards 7 and 8 may have more developable land than elsewhere in the city. But most private investors will look for financial return on their investment and may see too much risk east of the river. It may be necessary for the public sector to “prime the pump” by continuing to take the lead in investing east of the river until a turning point is reached.  

The challenge, therefore, is to encourage more housing development and income diversity east of the river while preserving opportunities for lower income families and individuals to stay once conditions begin to change. Conference panelists and participants shared ideas on how to reinforce housing development with community development, including providing more paid work to residents as part of redevelopment efforts, establishing housing affordability goals for a mix of income ranges, and investing in the types of amenities that will serve existing residents and attract new residents. Anacostia Economic Development Corporation President and CEO Stanley Jackson said that, with the land available east of the river, one ought to be able to accommodate both economic and population growth without displacing residents.

Additional tools that would help with these goals include the following:

- **The DC Preservation Network** is a collaborative effort to preserve the city’s existing assisted affordable rental housing. Participants include housing counseling organizations, legal services providers, affordable housing developers, the US Department of Housing and Urban Development, and DC government agencies. The Preservation Network maintains a database of approximately 35,000 assisted affordable rental units and meets monthly to review those properties that may be at risk of losing affordability.

- **Home Purchase Assistance Program** provides gap financing and closing-cost assistance to help very low, low-, and moderate-income households purchase homes in DC. Department of Housing and Community Development Director Polly Donaldson said that a retooled purchase assistance program could help more east-of-the-river renters become homeowners.

- Through its **Homebuyers Club, MANNA, Inc.**, assists potential homeowners in accessing the Home Purchase Assistance Program and other affordable home-buying opportunities in the city. The club provides a counseling assessment and the appropriate homebuyer education, as well as opportunities for assistance after purchase.
• **City First Homes** has created a stewardship program that works with new low- and moderate-income homeowners throughout the life of their tenancy in their homes. Every homeowner receives an initial home visit, regular communications about workshops and events, and connection to affinity services (e.g., insurance discounts, car and bike share, collective energy purchasing).

• The **Inclusionary Calculator**, developed by Cornerstone Partnership, (currently in beta) is “a simple on-line development pro forma [that] allows users to model a real or hypothetical housing development and then add affordable housing requirements in combination with different development incentives.” This tool could be used to help policymakers and residents determine what incentives might make housing development more economically feasible east of the river.

• **Stabilizing Urban Neighborhoods**, developed by Boston Community Capital, buys houses or mortgages in foreclosure and sells or refinances them back to the original homeowners or tenants with mortgages they can afford. This model might be beneficial for homebuyers in Wards 7 and 8 who bought during the height of the housing bubble and now find themselves underwater, but further investigation would be needed to determine whether it could be adapted to conditions in DC.

**BOX 4**

**Key Recommendations from Housing Discussion**

- Create and preserve affordable housing opportunities and implement permanent affordability covenants (such as in low-income housing tax credit properties) in neighborhoods facing economic development, to ensure long-term or permanent affordability.

- Refocus and, where needed, retool homeownership assistance programs to provide more opportunities for first-time homebuyers east of the river.

- Encourage more commercial and retail development with diversity of amenities to attract new residents.

- Continue targeted public-sector development east of the river until market forces entice private investment in redevelopment.
Resident and Community Engagement

The conference kicked off with a conversation between Chris Smith of WC Smith and Brian Argrett of City First Bank, in which Chris shared background on his company’s and family’s approach to development, which is grounded in the belief that residents are an important asset: “Dad had the wisdom to talk to people to understand what’s going on in the neighborhood and in [a] building.” Continuing throughout the day in the panels and discussions, participants made it clear that robust resident and community engagement is indispensable to equitable development. Several participants expressed the view that development and (dis)investment has been done to or around the residents east of the river rather than with or for them. For many at the conference, equitable development does not mean improving or promoting diversity in race and income but including everyone in the process and in the outcomes. Doyle Mitchell of Industrial Bank explained, “Inclusion is different from diversity. It is a higher achievement.” Stanley Jackson, of Anacostia Economic Development Corporation, added, “It’s about collaboration, bringing the full body of our community to the table.”

For residents to be a part of the changes happening in their neighborhoods, resident and community engagement needs to be promoted but throughout the process, including in the planning phases for development. Advocate Nikki Peele emphasized that developers cannot duplicate or shortcut the experience that can be gained by working with community organizations that have been here and engaging with the community. Several developers who work east of the river acknowledged this belief as well. Stan Voudrie, Four Points LLC, captured it this way: “As a developer, I always remind myself that I’m building in someone else’s backyard, someone else’s neighborhood. At the end of the day, the neighborhood is right. They are the customers for the retail and the neighborhoods if not the residents.” But “the neighborhood" does not have a monolithic point of view, and other considerations need to be taken into account to create equitable development, including market conditions, demographic trends, the objectives in the city’s comprehensive land use plan, and the preservation and production of affordable housing. Community engagement all along the development process creates many opportunities for all of these issues to be raised and for everyone to bring data and information to inform the conversations.
Participants also acknowledged that residents in Wards 7 and 8 feel they were not included in many past development processes and had seen many developers make and break promises. These residents felt that the only power they had to was to say no. But panelist Bo Menkiti, from The Menkiti Group, admonished, “You’re not a community activist just because you say ‘no’ to everything. You have to help make progress.” Nevertheless, for development to move forward, developers and local government need to respect the history of communities east of the river and work with residents to rebuild trust, deliver on promises, and give residents a genuine opportunity to help make progress.

Inclusion is different from diversity. It is a higher achievement. –Doyle Mitchell

Fears of gentrification also contribute to apprehensions about new development in Wards 7 and 8. There is a fear that short-term gains could be only a phase for a neighborhood on the way up, rather than more equitable development that includes benefits for both new and existing residents and minimizes displacement. To address this, there is a need to be thoughtful up front and make sure there are opportunities for existing businesses and residents, something meaningful community engagement could contribute to ensuring.

The 11th Street Bridge Park, an inspiring effort to repurpose a decommissioned highway bridge connecting Historic Anacostia and Capitol Hill as the city’s first elevated park, has recognized the fears that new development can raise. The project has sought to address these concerns head on with intensive community engagement efforts from the conceptualization for the project and an equitable development plan, which was unveiled at the conference. Bridge Park organizers spent the past two years listening to the community, convening more than 200 meetings and tapped into local expertise to draft an equitable development plan focusing on jobs, business development, and housing. In his
remarks at the conference, 11th Street Bridge Park Executive Director Scott Kratz said that the community oversight on the project was not for compliance but to make the project stronger. Without a deliberate plan of action grounded in community input, Kratz asserted, benefits for residents will not automatically accrue.

One approach that could be used to get more community members engaged is to inventory resources east of the river through **community asset mapping**. Many places have used community asset mapping as a starting point for further local organizing. It has been particularly effective in engaging youth. Assets that can be surveyed range from formal institutions, such as churches, economic development corporations, schools, health clinics, and recreation centers, to local businesses and nonprofits, like THEARC and DC Promise Neighborhood Initiative, to the Advisory Neighborhood Commissions, civic associations, informal block clubs, and neighborhood watch groups. Mary Brown, executive director of DC Promise Neighborhood Initiative, stressed that members of the community are assets, too.

Community asset mapping could help identify the strengths that exist east of the river and give the community an opportunity to put those strengths to full use in equitable development plans. This process would also help identify where there are existing gaps in institutions or where residents lack ways to engage with government, developers, and other civic leaders, that need to be filled with direct investment or the creation of new associations or organizations.

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**BOX 5**

**Key Recommendations from the Discussions Related to Resident and Community Engagement**

- Create a real estate development culture in DC that values and fosters grassroots resident and community engagement in all phases and that is inclusive and transparent.

- Use tools like community asset mapping to engage with the community and enumerate the strengths and resources east of the river.
Unifying Vision

In addition to the key areas that were the focus of informative panels and conversations, it is important to consider how these areas support and mutually reinforce each other in bringing about shared prosperity and inclusive growth east of the river. Conference participants agreed that success in one area of development cannot be achieved without progress in others. Stanley Jackson said that it was important to explore new sectors of opportunities that could be made available to residents east of the river. He added, “[Development] has to be more than sticks and bricks. It’s about how we include human capital.”

An effective equitable development strategy should be grounded in a unifying community vision that would bring all of these elements together. To be meaningful, this vision must be conceived in collaboration with residents, the government, businesses, and nonprofits. The vision should recognize the assets and opportunities that already exist east of the river and express a clear view of future development that respects and meets the needs and desires of both current and new residents. It should also lay out concrete and measurable goals for future conditions. This vision can then help align the strategy and individual efforts that will help to achieve the community’s goals.

The strategy also needs to recognize and reflect on the diversity of strengths and needs for populations and neighborhoods east of the river. Conference participants repeated throughout the day that east of the river is made up of many different communities, including singles and families, native-born Washingtonians and immigrants, and renters and homeowners. Further, many local and national businesses, nonprofit organizations, and houses of worship operate here and a number of city agencies are now based east of the river and the US Department of Homeland Security’s east and west campuses on the St. Elizabeths site is adding to the changing landscape.
Nevertheless, people and communities east of the river face significant structural challenges. Barriers limit access to opportunities or resources for residents of Wards 7 and 8. A 2004 report by the East of the River Task Force painted a stark picture of some of these challenges.

Today, the term “east of the river” means more than geography. It has become a metaphor for the racial, social, physical, economic and psychological segregation that exists in the District of Columbia. The Anacostia River is the liquid dividing line between rich and poor, black and white, social acceptance and social stigma. Just as the river has become a dumping ground for environmental waste, communities east of the river have become dumping grounds for the city’s hard-to-site programs such as public housing and public treatment facilities. (Kornegay-Henry 2004, 8)

Although some of these conditions may have changed or are changing, communities east of the river still battle many of the realities and perceptions that were described in this report over a decade ago. Since the conference was held in November 2015, Walmart announced it would no longer open two large stores east of the river, as it had earlier agreed to do, citing concerns about profitability. The decision denies residents of Wards 7 and 8 access to much-needed retail services and jobs and sends an unfortunate signal to other businesses that may want to invest in this part of the city.

A strong equitable development strategy for east of the river is needed to overcome both the realities and perceptions that limit opportunities for the people who live there. It should encompass all of the areas discussed at the conference, as well as other important issues, such as basic education and transportation. Below are some resources that can be helpful in developing a unifying vision and an equitable development strategy for east of the river.

- **“11th Street Bridge Park Equitable Development Plan.”** The Bridge Park created this plan to help ensure that the project achieves its vision of equitable development (11th Street Bridge Park and THEARC 2015). The plan addresses how the Bridge Park, directly and indirectly, can
help bring about benefits in employment, business development, and housing on both sides of the river.

- **Advocating for Equitable Development.** This manual explains how community advocates can plan strategies, build coalitions, and work with media to achieve economic and social equity (Bell, Oshiro, and Snyder 2004).

- **Roadmap for Equitable Economic Development.** This report describes how the Association for Neighborhood and Housing Development in New York can build on past successes in affordable housing development to create a fuller vision of economic development that improves the lives of every resident (Oritz, Leighton, and Foggin 2013). This vision encompasses job creation, industrial development, commercial development, business improvement, and workforce training and promotes grassroots approach to economic development. Many of the report’s strategies could be applicable to DC.

Ultimately, stronger east-of-the-river neighborhoods and a more equitable city benefit everyone. As Leah Hendey discussed in her presentation at the conference, data from the National Equity Atlas show that if DC had racial equity in income and employment, black annual income would have been $52,000 higher and DC’s economy would have been $65 billion larger. A more equitable city would mean about 5,400 more adults with high school diplomas, nearly 5,800 more homeowners, and about 6,900 people with jobs in Wards 7 and 8 (see figure 3).
FIGURE 3
Additional People with High School Diplomas, Homes, and Jobs If There Were Racial Equity in the District, 2008–12

<table>
<thead>
<tr>
<th>Ward 7</th>
<th>Ward 8</th>
<th>Ward 7</th>
<th>Ward 8</th>
<th>Ward 7</th>
<th>Ward 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>More people with high school diploma</td>
<td>More homeowners</td>
<td>More people with jobs</td>
<td>More homeowners</td>
<td>More people with jobs</td>
<td></td>
</tr>
<tr>
<td>2,300</td>
<td>3,140</td>
<td>370</td>
<td>2,970</td>
<td>3,930</td>
<td></td>
</tr>
</tbody>
</table>

Source: American Community Survey data tabulated by NeighborhoodInfo DC.

Achieving shared prosperity and inclusive growth east of the river will take leadership, vision, and persistent effort by residents, city officials, businesses, nonprofits, investors, and many others. City First Foundation’s Equitable Economic Development East of the River conference highlighted many of the successful efforts that have already produced concrete improvements for residents east of the river. By continuing to build upon these efforts through a unifying vision and a strong equitable development strategy, the city can make sure that all of its residents benefit from the revitalization under way in Washington, DC.

BOX 6
Key Recommendations for Creating a Unifying Vision

- Create a collaborative vision that includes residents, businesses, government, and nonprofits as the basis of an equitable development strategy.

- Take actions to reduce both the reality and perceptions of negative amenities and lack of retail market viability, such as efforts to improve public safety and positive marketing for east-of-the-river neighborhoods.
Notes


3. Data compiled by NeighborhoodInfo DC from decennial census and five-year American Community Survey.


5. American Community Survey five-year data compiled by NeighborhoodInfo DC.


7. For details on the current law, the Workforce Intermediary Establishment and Reform of First Source Amendment Act of 2011," see Department of Employment Services (2015).

8. Urban Institute calculations, adjusting for the increase in minimum wage, based on National Low Income Housing Coalition data, “Out of Reach 2015.” The fair market rent for a one-bedroom apartment is $1,230.


13. For more information see Employment and Training Administration (n.d.).


15. These statistics are from the 2013 Business Dynamics Statistics of the US Census Bureau.

16. Data on firms by race are from the 2012 Economic Census, Survey of Business Owners conducted by the US Census Bureau.

17. Urban Institute analysis of the National Establishment Time-Series Database.
18. For more information about the new market tax credit investments City First Bank made, see “Notable City First NMTC Projects,” City First Bank of DC, accessed March 31, 2016, https://www.cityfirstbank.com/node/144.

19. For information about the New Market Tax Credit Program see CDFI Fund (n.d.).


21. For steps to starting a new BID see DC BID Council (2011).


23. American Community Survey five-year data compiled by NeighborhoodInfo DC.

24. NeighborhoodInfo DC tabulation of data from DC Preservation Catalog on low-income housing tax credit units reaching end of their 15-year compliance period between 2016 and 2020 (inclusive).

25. An example of such an effort is the Neighborhoods in Bloom initiative in Richmond, Virginia, which focused its community investment dollars in five neighborhoods. This sustained effort succeeded in attracting more private investment to these neighborhoods (Galster, Tatian, and Accordino 2006).


References


About the Authors

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