

# *“TOTALLY RIPE FOR DISPLACEMENT”*

## GENTRIFICATION IN IVY CITY, DC



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# EXECUTIVE SUMMARY

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*“[Ivy City]—as you probably gathered immediately—it’s just totally ripe for displacement of everybody.” – affordable housing developer*

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Ivy City is a neighborhood in Northeast Washington, DC that is gentrifying. Absent intervention, residents are likely to be displaced. This report reviews current anti-displacement policy and proposes ways to avoid displacement.

Ivy City is home to 480 households, 47 acres of industrial land, and much publicly-owned land, including the historic Crummell School. Ivy City dates to 1871, when housing was built for employees of the adjacent rail yard. Residents are 60% African-American, 26% white, and 8% Latino.

**Figure 1: Aerial View of Ivy City**



*Image Source: Bing.com*

### **Ivy City will gentrify.**

Washington, DC has been growing dramatically; the share of high-income and highly educated residents is rising. Neighborhoods surrounding Ivy City have gentrified, seeing increasing property values, incomes, and education levels. The process is beginning within Ivy City, with the opening of the Hecht Warehouse development, a former warehouse that is now luxury apartments and retail.

### **As the area gentrifies, residents are very vulnerable to being displaced.**

Prior work has shown several factors that put residents at risk of displacement, including low incomes, renting over owning, and the presence of a high proportion of minority residents (Chapple 2009). In Ivy City, all three factors are present: residents are poor, with a median household income of \$15,313; 84% of households rent their homes; and 74% of residents are people of color. Further, 65% of renters are cost burdened (paying over 30% of income for rent).

The number of affordable places to live in the District has declined dramatically in recent years; if displaced from Ivy City, residents are unlikely to find another place to live within the District.

### **The city's existing anti-displacement laws are inadequate to protect Ivy City residents.**

The nature of the housing stock in Ivy City—predominantly single-family homes (15% of units) and buildings with 2-4 units (53%)—limits the effectiveness of anti-displacement laws:

- Rent Control limits rent increases to inflation plus 2%. However, the law only applies to approximately 1 in 4 units in Ivy City, due to the small scale of the housing stock.
- DC's Tenant Opportunity to Purchase Act allows tenants to buy their buildings when they are for sale, or assign that right to the company of their choosing. However, it is difficult for tenants to use this right when they live in single-family homes or small buildings, as most do in Ivy City.
- DC's Inclusionary Zoning ordinance requires 8-10% of units in new residential development to be affordable. However, the law only applies to buildings with 10 or more units, which are unlikely to be built in Ivy City due to the small lots.

**Figure 2: An Intersection in Ivy City**



Therefore, the District of Columbia should take action by doing the following:

**Table 1: Summary of Anti-Displacement Policy Recommendations**

| <b>Recommendation #</b> | <b>Land Use</b>                         | <b>Recommendations</b>  | <b>Page Number in Report</b> |
|-------------------------|---|---|------------------------------|
| 1                       | Mid-Sized Apartment Buildings           | Ensure the tenant purchase process can proceed smoothly by providing tenant counseling, allocating sufficient funds for purchase and renovations, and improving the application process for tenant groups.  | 32                           |
| 2                       | Subsidized Ivy City Apartments building | Ensure the subsidized 60-unit Ivy City Apartments stays affordable for low-income renters.  | 35                           |
| 3                       | Voucher-holders                         | The Housing Authority should take measures to ensure residents with vouchers are able to stay in neighborhoods where rents are rising above the Fair Market Rent.   | 36                           |
| 4                       | Small Apartment Buildings               | Reform the rent control law to cover small buildings and make it harder for landlords to raise rents beyond the allowable limit.  | 41                           |
| 5                       |   | Implement a small landlord rehabilitation fund with permanent affordability restrictions.   | 41                           |
| 6                       | Single-Family Rented Homes              | Expand the maximum subsidy available under the city's Home Purchase Assistance Program and ensure its administration is efficient enough to allow tenants using the tenant purchase process to access funds within the tenant purchase time limits.                               | 41                           |
| 7                       | Vacant/Run-Down Buildings               | Use a community land trust to acquire vacant, blighted, run-down, and low-value properties for eventual redevelopment and guaranteed long-term affordability.   | 43                           |
| 8                       | Publicly-Owned Lands                    | Prioritize anti-displacement in any public land dispositions within Ivy City by requiring the maximum feasible amount of affordable housing.  | 52                           |
| 9                       |   | Use the Crummell School site for community-serving facilities and affordable housing.   | 52                           |
| 10                      | Industrial Lands                        | Reduce the nuisances to residents caused by adjacent industrial land by reducing truck traffic, making façade improvements, adding landscaping, and shifting to lower-impact uses. If rezoning land to residential, impose high inclusionary requirements for affordable housing. | 55                           |

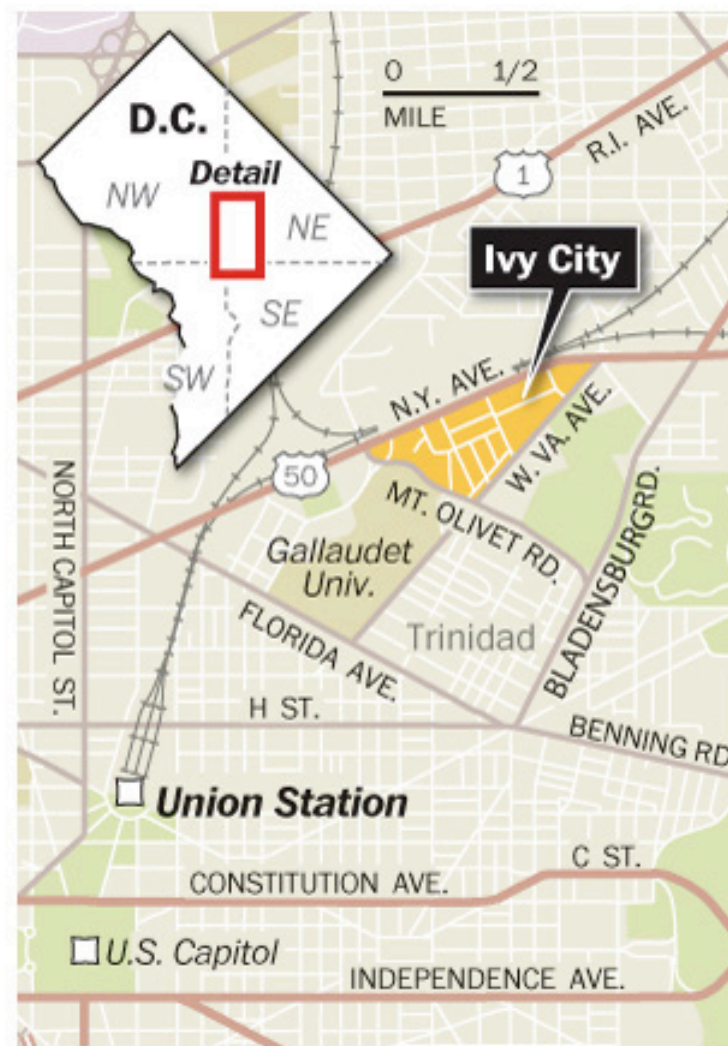
With intervention, Ivy City can be a mixed-income, diverse community; the District can be a leader in allowing growth without displacement; and, most importantly, the city can retain the rich diversity that so defines it.

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**Ivy City Context Map (Image Source: Washington Post)**



## I. INTRODUCTION

After declining in population for 50 years, the city of Washington, DC has, since 2000, experienced dramatic growth.<sup>1</sup> Spurred by the expansion of the regional economy and growing interest in urban, walkable cities, an influx of young, educated, and higher-income people has been occurring in the city. For low-income residents—mostly African-American, owing to the city’s long history as a center of African-American life for the entire country, and Latino, owing to recent immigration patterns—this boom has brought several benefits, including new amenities and jobs. But it has also had many costs, including rising rents, an increased cost of living, and, most significantly, displacement. The number of households earning less than \$25,000<sup>2</sup> declined from 80,650 in 2000 to 63,403 in 2014—this over a period when the city overall was growing dramatically and incomes were flat or increasing.

Gentrification and displacement are occurring in most parts of the city, with each neighborhood at a different stage. Tucked into a small area north of Union Station, by the NoMa metro station, Ivy City is on the cusp of gentrification. The neighborhood—eight blocks of residential and seven of industrial—is a small, depressed, low-income neighborhood that has been disinvested and isolated for many years.

Now, it is experiencing new attention from investors and developers, with a large new residential development opening last year, and many new retail and light industrial uses opening. This, combined with the extremely low incomes of households who mostly rent their housing, puts residents of Ivy City at a high risk of displacement.

As Washington rightfully celebrates its dramatic growth, overflowing tax coffers, and newfound national prominence, the city should take action to address the likely displacement of low-income households from Ivy City and neighborhoods like it throughout the District.

To assist the city’s policy-makers, advocates, and organizers in addressing the displacement crisis, this report critiques the city’s current policies and provides suggestions on more-effective policies to retain low-income households in Ivy City and the city overall.

**Figure 3: New and Old Housing in Ivy City**  
(Source: Judkis 2015)



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<sup>1</sup> Cover photo: Ricky Carioti, The Washington Post. Unless otherwise noted, all photos are by the author.

<sup>2</sup> Not adjusted for inflation. Source: American Community Survey.

I take a case study approach here, focusing on the specific changes in a neighborhood in the midst of gentrification that could still, with intervention, gentrify without displacing low-income households. While different interventions will be necessary in different neighborhoods, Ivy City is emblematic of the type of neighborhood that will be next to go: a place deeply mired in poverty, a bit farther off from the metro stations than places that have already gentrified, with fewer old houses with “good bones” that can be easily flipped.

Ivy City is similar to many neighborhoods in the District in that its housing stock is small-scale (mostly 4-unit buildings and single-family homes) and there are few large plots of land easily developed into large-scale housing. Therefore, this analysis of what will and will not work in Ivy City will be useful to advocates and policy-makers city-wide as they tackle similar problems in other DC neighborhoods.

In the pages that follow, I first clarify my methodologies before discussing Ivy City’s history, the coming (and starting) gentrification there, and the specific nature of how displacement is likely to occur. Next, I outline several strategies that could avoid displacement in Ivy City, including policies targeted towards small apartment buildings, single-family rented homes, publicly-owned land, and industrial land.

The District of Columbia can be a socioeconomically and racially diverse place, or it cannot. Market forces, acting alone, seem likely to make it bereft of the African-American and Latino people and rich culture that have for so long defined it. I hope the analysis here will provide useful information to help policymakers take swift, dramatic action to avoid this regrettable fate.

## II. METHODOLOGY

This report utilizes a mixed-methods, case study approach to policy analysis.

*Case Study Selection:* The report takes a case study approach for several reasons. A case study approach is particularly useful for answering “how” and “why” questions (Yin 2013 p 29). While the inevitability of gentrification is clear in Ivy City and other District neighborhoods—and could be shown through a different methodology—the specific processes through which that gentrification will unfold are less well-defined. A case study approach is best suited to discover those processes. Other research methods are better suited to policy analysis that answers questions like, “How many units of rent-controlled housing are there in the District?” or “To what extent will inclusionary zoning create affordable housing in gentrifying neighborhoods?” But less well-understood is what combination of policies, and policy changes, will be most effective at preserving low-cost housing for low-income residents. By focusing on one neighborhood, I can analyze the efficacy of many policies, as opposed to only one or two policies across many different parts of the city.

The depth of the case study approach reveals new insights about anti-displacement policies that will prove useful beyond Ivy City. Many other neighborhoods in the District have similar characteristics as Ivy City: disinvested places with predominantly low-income, minority residents who reside in single-family homes and small apartment buildings. As these

*The report is informed by  
interviews with 37 people:  
developers, advocates, policy-  
makers, government officials,  
and more.*

neighborhoods begin to face gentrification pressures in the coming years, the policy analysis here will be useful in addressing those similar concerns.

For my case study neighborhood, I looked at places that community organizers identified as having at least some community organization; areas located close to a Metro station; at the beginning stages of gentrification; and that include at least some land uses that are not single-family homes. To identify a neighborhood's vulnerability to gentrification, I looked at places with a high proportion of renters, many low-income households, and proximity to rail transit (Zuk and Chapple 2015). I chose Ivy City from the places I reviewed.

*Secondary Data:* I rely on the following secondary data sources: US Census and American Community Survey, assessor data, and other databases prepared by other researchers. I reviewed scholarly literature, newspaper articles, policy reports, city staff reports, and legislation.

*In-Depth Qualitative Interviews:* To better understand the history of Ivy City and the efficacy of anti-displacement policies, I interviewed 37 people. These included non-profit affordable housing developers, market-rate developers, staff at city agencies, policy advocates, researchers, community organizers, and others familiar with my topic. A list of interviewees and interview protocol are available in an appendix.

Several features of the interview methodology may bias my results: I was unable to find every individual who is working on affordable housing and anti-displacement in the city and the Ivy City neighborhood; therefore, it is possible there are strategies I missed, or my analysis fails to take into account some aspect of the neighborhood or city that only these stakeholders know about. Another source of bias is that some people I identified and emailed did not reply (14 people). These individuals might have access to information the others do not.

I was able to mitigate these sources of error by speaking to a wide range of individuals from each of my target groups. My questions were straightforward and targeted to each interviewee. I heard diverse perspectives, but also similar themes. This gives me confidence that, even if I missed some relevant information, I captured the true situation on the ground.

### III. IVY CITY'S HISTORY, AND WHY IT HAS NOT YET GENTRIFIED

Ivy City is quite small—about 60 acres—and is well-defined: The Florida Avenue Market industrial area and Gallaudet campus are to the south; Mt. Olivet cemetery and a Department of Public Works campus is to the East; and New York Avenue bounds the neighborhood on the West and North. These surroundings provide definition and a sense of enclosure, but walking around the neighborhood gives the impression of a loose collection of housing with many vacancies and pockets of industry mixed in.

Ivy City was established in 1871 to provide housing for employees of the rail yard located along New York Avenue (Judkis 2015). It was once home to a “bustling racetrack” called the Ivy City Fairgrounds, from 1870-1893 (Turner 2015 and Judkis 2015). The Baltimore & Ohio Railroad Yard provided jobs to

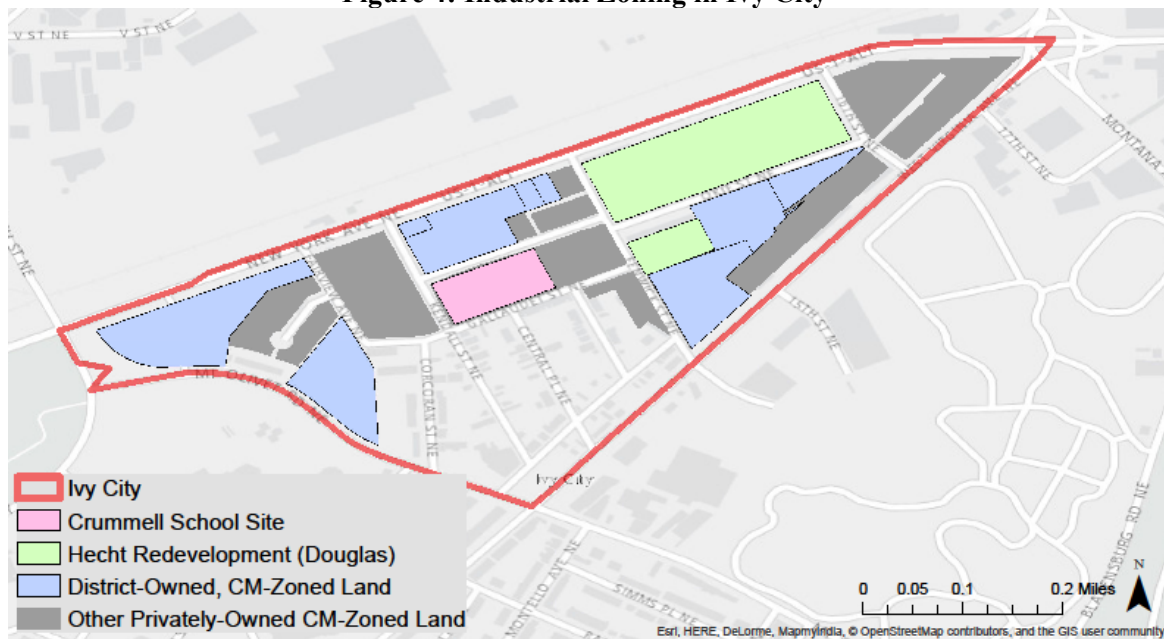
railroad workers, many of them African American, [who] moved into the neighborhood, which had its own stop on a local rail line. The stop disappeared when the tracks were moved in the early

1900s — contributing to a sense of isolation that persists today. Warehouses began to move into the then-vibrant neighborhood, alongside churches, schools and families. (Turner 2015; Judkis 2015).

The neighborhood has certain physical characteristics that contribute to its lack of amenability, to date, to gentrification: one affordable housing developer described it as “this little triangular neighborhood bisected by major roads” and “cut off from other areas.” The housing stock—not particularly high quality, nor historic, and increasingly run-down—also does not lend itself as easily as housing in other parts of the city to reinvestment. The nearby Amtrak and Metro rail lines further isolate the neighborhood.

The community’s origin as a place for workers in the nearby rail yard continues to shape Ivy City as having a residential section and an industrial area. The zoning reflects this, with the parcels adjacent to New York Avenue and towards the north of the neighborhood zoned for industrial (C-M-1, C-M-2, C-M-3, which allow low, medium, and high bulk commercial and light manufacturing uses, respectively) and the inner portion residential (R-4, which allows single-family homes by-right).

**Figure 4: Industrial Zoning in Ivy City**



*Source: DCGIS Open Data: Property and Land, “Owner Points – all fields” shapefile*

Given this history and zoning, the dominant uses of the area have been industrial space, including parking for city vehicles and school buses. Some have described Ivy City as a “dumping ground” for the city (Turner 2015). For example, the District had plans for a six-lane highway in the 1960s, which residents were able to stop (Judkis 2015). As one organizer put it, “the city used it as a dumping ground, which facilitated the really rapid transformation.” Of course, every city needs a place for industrial and municipal uses, and Ivy City’s location adjacent to New York Avenue and with existing industrial zoning lent it to those uses.

There have been recent efforts to invest in the neighborhood, including allocating \$1,000,000 in the city’s capital improvements plan for streetscape improvements (the project does not appear to have begun yet) (Government of the District of Columbia 2015). Other recent investment efforts are discussed below. Despite these, disparities continue: as a community organizer put it, “it’s so crazy that the city has just allocated \$50 million for NoMa to buy land to create parks. Meanwhile, in Ivy City—a historic black community—the city thinks they shouldn’t even get the full 2-acre [Crummell School] site” for community use.

### III.A. RESIDENT DEMOGRAPHICS

The neighborhood is home to 480 households (in which 865 people live), plus 201 residents living in group quarters.<sup>3</sup> (The figures in this section are from the 2010-2014 American Community Survey<sup>4</sup>).

**Table 2: Ivy City Demographics and Housing Data**

| Demographics  |                                  | Housing Characteristics   |       |
|---|----------------------------------|---|-------|
| Population  | 1,066<br>(201 in group quarters) | Number of Housing Units   | 655   |
| Households  | 480                              | Vacancy Rate  | 27%   |
| Average Household Size                                  | 1.80                             | Renter Households   | 84%   |
| Families  | 33% of households                | Median Rent   | \$945 |
| Unemployment  | 26%                              | Proportion who lived in their same house at least one year          | 63%   |
| Median Household Income                                 | \$15,313                         | <i>Percent of units in buildings with...</i>                        |       |
| <i>Educational attainment of residents 25 and older</i> |                                  | 1 units   | 15%   |
| Less than High School                                   | 21%                              | 2-4 units   | 53%   |
| High School degree                                      | 39%                              | 5-9 units   | 12%   |
| Some college or Associate’s degree                      | 22%                              | 10 or more units  | 20%   |
| Bachelor’s degree or higher                             | 19%                              | Percent of renter households paying over 30% of income towards rent | 65%   |

*Source: 2010-2014 American Community Survey.*

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<sup>3</sup> This group quarters population includes: students at Gallaudet University (80% of the population in group quarters, as of 2010), residents of the homeless shelter on New York Avenue (14%), students who live at the Model Secondary School for the Deaf (5%), and youth detained at the youth services center (1% in 2010, though likely higher now; the facility holds 150 youth). (Noble 2015) Most of these facilities are outside Ivy City, but within the Census Tract that most closely approximates the neighborhood.

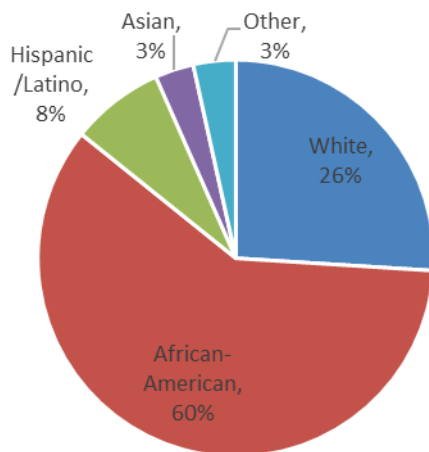
<sup>4</sup> Unless otherwise indicated, Census and American Community Survey statistics are for Census Tract 88.03. A map in the appendix shows the difference between this tract and the case study area.

Thirty-three percent of households are families (compared to 42% in the District) and the average household size (1.80) is smaller than in the city overall (2.22). One former service provider to the neighborhood remembers its residents as being part of “a long-time community...they fought like brothers and sisters with one another.” According to a recent survey of residents, 66% feel proud to live in Ivy City (Derwin Dubose and New Majority Community Labs 2016).

Ivy City “is a long-established neighborhood, [and] has many older residents who have been there a long time,” according to a researcher familiar with the neighborhood. The average respondent on a recent survey had lived in Ivy City for 13 years (Derwin Dubose and New Majority Community Labs 2016).

The neighborhood’s residents are 60% African-American, 26% white, and 8% Latino—a higher portion of minorities than in the city at large, where 49% are African-American and 10% Latino.

**Figure 5: Race/Ethnicity of Population in Ivy City (American Community Survey 2010-2014)**



The community is economically depressed: only 19% of residents 25 and older have a college degree; the unemployment rate is 26%; and the median household income is \$15,313.

Though the neighborhood has very little open/green spaces, residents used to use vacant lots as their community space, setting up inflatable pools in the summer.

In the past, the neighborhood had a “very troubled history...in terms of public safety issues.” After improving a bit between 2012 and 2013 (a 12% drop), in 2015 the crime rate was back to where it has been in 2012, at 12 crimes per 100 people, compared to 5.8 in the District at large (District of Columbia Metropolitan Police Department 2016). A graduate student at Gallaudet put it this way: “Ivy City still has a bad rap in terms of the violence. It always looks deserted and dead to me. People say

no one should be going over there because it’s dangerous.”

### III.B. HISTORY OF THE CRUMMELL SCHOOL

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*“The neighborhood is...certainly not gentrified. And there are probably some reasons why, and the city actually has a role in that if you know the story of Crummell School. I think that sitting vacant for so long has certainly not helped the redevelopment.” –non-profit housing developer*

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At the center—physically and symbolically—of Ivy City is the Alexander Crummell School, a public elementary school until it was closed in 1972. Since then, it has stood vacant and deteriorating. In 2002, residents organized and won a historic designation for the school. In 2006,

the school was to be sold for a commercial development. Residents fought against this use, and won, according to a person involved with the campaign.

**Figure 6: The Crummell School has been vacant since 1972**



More recently, in 2012, the city began plans to use the Crummell School site as a bus depot for “dozens of D.C.-to-New York motorcoaches” (Stein 2015). An organizer commented that the deal was

done under the table. There was a last-minute meeting and they didn’t tell the neighborhood...it was a real slap in the face to the community...you’re going to put a polluting tour bus in the heart of the neighborhood? At a historic landmark in the heart of a historic black community? So we protested.

Residents sued the city for failing to take into account the preferences of the neighborhood’s residents, via the Advisory Neighborhood Commission. The residents won the lawsuit, and an injunction was ordered to halt the use through March 2014, when the injunction was lifted, though no buses were parked there. During the lawsuit, the Crummell School’s grounds were covered in concrete and a waiting area was installed for bus drivers.

In 2015, the District’s new mayor, Muriel Bowser, announced the area would not be used for buses. Instead, the city is currently developing a Request For Proposals (RFP) for the site after holding two community meetings in July and September of 2015 (Office of the Deputy Mayor for Planning and Economic Development 2016).

The city is using a new process for generating the RFP, initiated under Mayor Muriel Bowser, called Our RFP. The process is meant to

incorporate community engagement early in the Request for Proposals (RFP) process. Early engagement with the community will ensure that the public's perspective and priorities are understood in conjunction with the District's goals when crafting and issuing the RFP for this District-owned parcel. (Office of the Deputy Mayor for Planning and Economic Development 2016).

The city held two meetings with residents, in July and September of 2015 (Office of the Deputy Mayor for Planning and Economic Development 2015a; Office of the Deputy Mayor for Planning and Economic Development 2015b). The city set up a website to continue the community engagement, but all the posts are from the day of the first meeting, and only a handful of residents commented on the site (District of Columbia 2015). Two meetings and a website used for a day do not constitute a true community process. Yet this is still better than involving the community only at the *end* of the process.

At the first meeting—attended by over 100 people—the city outlined the basic parameters of redevelopment at the site, solicited resident feedback on their most favored uses, and explained the constraints on development, including zoning (Office of the Deputy Mayor for Planning and Economic Development 2015a).

According to an organizer in the community, residents “want the land around the school to be mostly green and park space” and are skeptical of the city's latest efforts:

They're so duplicitous. Every time the Office of Planning comes to do a plan, they ask residents their priorities, residents always say restore Crummell. The comp plan says that. It's so documented. We've had meeting after meeting, with every administration, every deputy mayor...[At the first meeting about the Crummell School,] all the neighborhood came out...I think [Mayor Bowser] was surprised...[she] did the whole dog and pony show, “What type of retail would you like?” You have to be savvy enough to know to say, “We don't want retail, we want community uses.”

At the second meeting, in September 2015, the city shared the feedback they had received at the first meeting, including three “major themes”: public uses, public space and amenities, and development uses (Office of the Deputy Mayor for Planning and Economic Development 2015b). The RFP is currently being drafted by the city, and could be released at any time. A local organizing group continues to raise awareness of the ongoing process.

The City allocated \$8,925,000 in general obligation bonds in the FY2015-2020 Capital Improvements Plan for an “Ivy City Community Center” at the Crummell School site; however, this line item had disappeared on the FY2016-2021 plan (Government of the District of Columbia 2014b; Government of the District of Columbia 2015).

**Figure 7: View of Crummell School with Bus Infrastructure**



A recently-introduced (April 2016) bill would revise the process of declaring publicly-owned land to be “surplus,” or unnecessary for public purposes (Councilmember Cheh 2016). The bill would require:

the Department of General Services to prepare the analysis that real property is no longer required for public purposes, to require the analysis to include a description of public uses considered and an accompanying narrative explaining why the real property will not satisfy each public use considered (Councilmember Cheh 2016).

While the timing of the bill means it will not affect the disposition of the Crummell School, it would have helped to nudge the city to use it for a community center or other public purpose. The bill also codifies the Our RFP’s public engagement intent by forcing the city to hold a public hearing 30 days before issuing a Request for Proposals “to secure community input on potential public uses of the real property to inform the Department’s finding that the real property is no longer required for public purposes” (Councilmember Cheh 2016).

**Figure 8: Residents in Ivy City**



*Image Source: (Judkis 2015)*

## IV. GENTRIFICATION IS COMING TO IVY CITY

Gentrification is a process of neighborhood change that is “generally defined as simultaneously a spatial and social practice that results in ‘the transformation of a working-class or vacant area of the central city into middle-class residential or commercial use’” (Lees, Slater, and Wyly 2008, cited within Zuk et al. 2015).

While Ivy City has not seen widespread gentrification thus far, the people I spoke with agreed that it was coming. Here, I outline the main reasons for this: changes in the city as a whole, gentrification in surrounding neighborhoods, and the beginnings of gentrification in Ivy City itself. The concept of the “rent gap” theory helps to explain the neighborhood’s future gentrification.

### IV.A. CITY-WIDE GROWTH AND GENTRIFICATION

A theme I heard in my interviews was the shift of the District from lacking a tax base and “hemorrhaging citizens” to growing tremendously. Politicians focused “for many years to try and make us an attractive destination. And we have succeeded now. And we’ve got the ramifications that come with it.” Most interview respondents place the year of turning the corner at or around 2000, when “there was already this talk around town about gentrification happening.”

The metropolitan region’s total employment grew by 3% between 2007 and 2015 and the District itself grew by 7.55%, or over 51,000 new jobs (Bureau of Labor Statistics 2015).

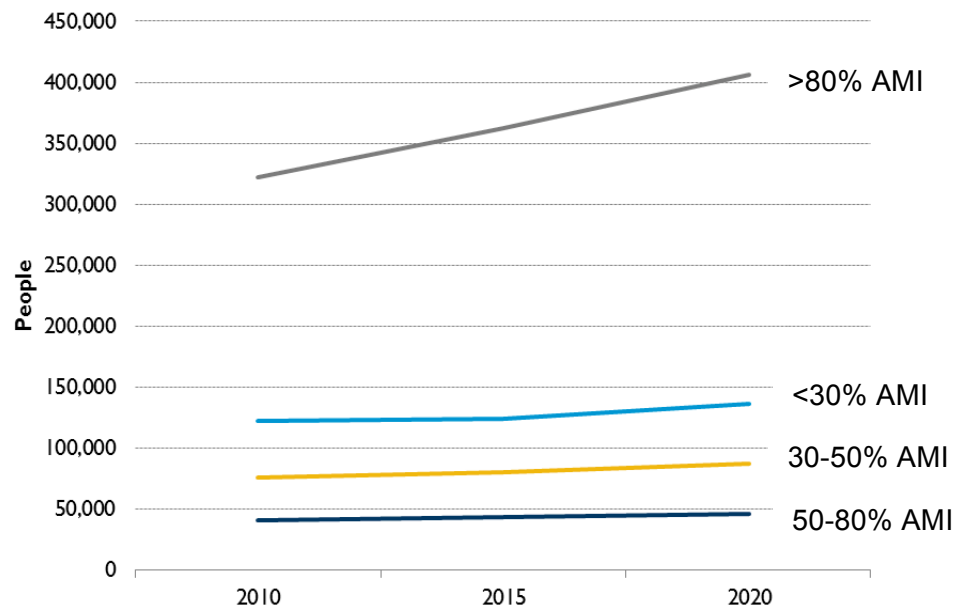
These changes in the city’s economy have brought about a massive population influx of 86,600 people in the city itself, or 15%, since 2000, bringing the total population to 658,893 people in 2014<sup>5</sup>. Whereas before many or most of these new employees would have lived in the suburbs, they are choosing to live in the central city more and more, part of the so-called “back to the city movement.”

Who are these new residents? For the most part, they are high-income, highly educated, young people without children. In 2000, 25% of households earned \$75,000 or more; that jumped to 48% in 2014. This trend is expected to continue in the next five years (Figure 9).

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<sup>5</sup> Data is from the US Census and American Community Survey unless otherwise noted.

**Figure 9: Large Growth in Moderate/High Income Residents  
Population by Household Income, 2010, 2015, and 2020, Washington, DC**



**Source:** Urban Institute estimation based on DC Office of Planning population projections

*AMI is Area Median Income. Source: (Tatian et al. 2015)*

New residents also are more highly educated: the portion of residents 25 years and older with a college degree or higher increased from 39% to 55% between 2000 and 2014.

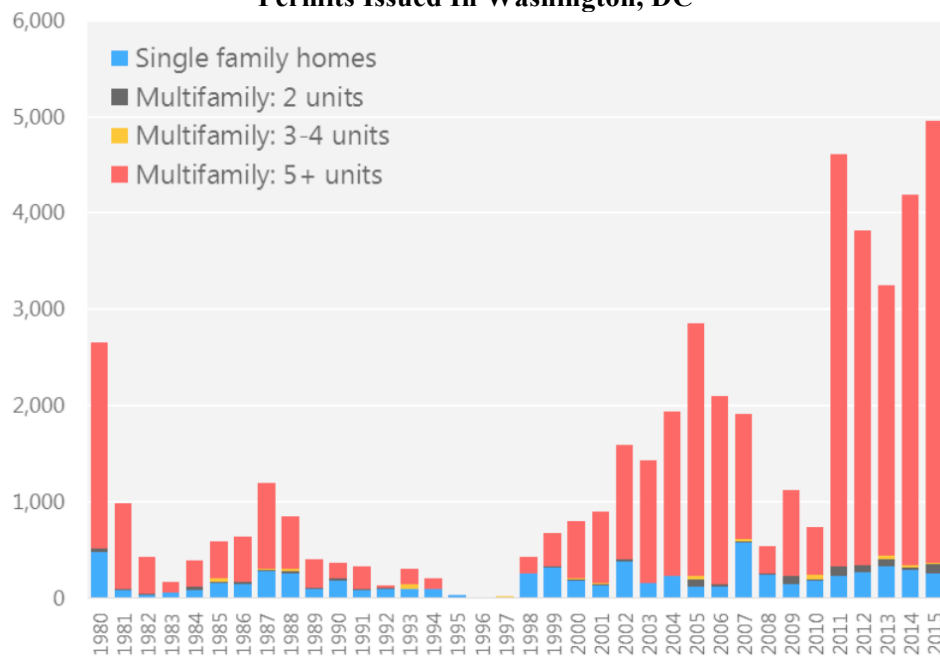
Young people account for much of the growth: the number of 18-to-34 year olds grew by about 37,000 between 2000 and 2010 (Peter Tatian, Serena Lei, and Urban Institute n.d.).

Additionally, newcomers are less likely to have families than current households<sup>6</sup> (Peter Tatian, Serena Lei, and Urban Institute n.d.).

To accommodate newcomers, developers are building rapidly: more units were built between 2001-2010 than in the previous 30 years (Figure 10) (Tatian et al. 2015). Council members take every opportunity to refer to the many cranes towering over the city. The city has been taking action to develop vacant land and attract development, and “property values surrounding city-backed developments have risen dramatically, translating to significant displacement and gentrification” (Howell 2015, 2).

<sup>6</sup> In 2011, 38% of new residents were two-person households without children, compared with 27% of existing residents (Peter Tatian, Serena Lei, and Urban Institute n.d.).

**Figure 10: Dramatic Growth in Housing Units  
Permits Issued In Washington, DC**



*Chart from (Ricco 2016) using Census data.*

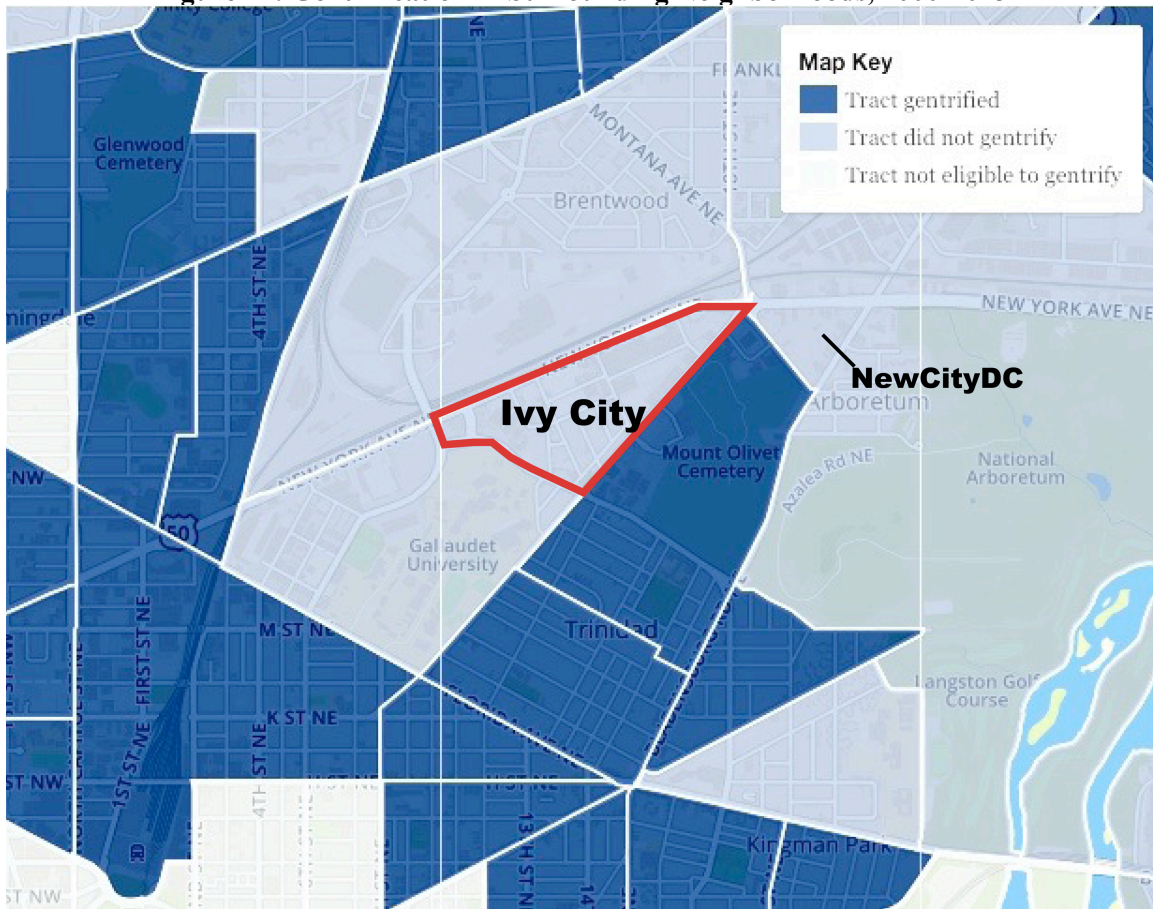
#### IV.B. GENTRIFICATION IN SURROUNDING NEIGHBORHOODS

Demographic changes in the city are the aggregate of many neighborhood-level changes: Columbia Heights, H Street, and 14th Street are hardly recognizable to long-time residents. In 1999, a new metro station opened in Columbia Heights, and in the years that followed, big box retail stores have opened; these serve an increasingly white, young demographic. The H Street neighborhood sports brand new condominium and apartment buildings amidst many new bars and restaurants, making it the preeminent “hipster” destination in the city. 14th Street, formerly the site of much of the city’s sex work and automobile stores, is now where the hottest restaurants open. These neighborhoods were depressed, disinvested places 20 years ago.

The neighborhoods ringing Ivy City have all experienced, or are currently experiencing, investment and gentrification, which is one reason Ivy City is susceptible to gentrification, due to “spillover” effects of gentrification (Clark 1985; Hackworth 2002; Bates 2013) (Figure 11). Details on each of the surrounding neighborhoods are provided in an appendix.

On a 15-acre site just to the Northeast of Ivy City, Douglas Development—the same group that is redeveloping the Hecht Warehouse, discussed more below—has a large development planned, called “NewCityDC,” with 350 apartments and 350,000 square feet of retail (Michael Neibauer 2016).

**Figure 11: Gentrification in Surrounding Neighborhoods, 2000-2013**



*Source: (Governing 2016). “Gentrified” defined as (1) median household income and median home value at or below 40th percentile within metro area in 2000, (2) increase in percent of people with bachelor’s degrees or higher from 2000-2013 was in the top third percentile of metro area tracts, and (3) increase in median home value from 2000-2013 was in the top third percentile of metro area tracts.*

#### IV.C. THE BEGINNINGS OF GENTRIFICATION WITHIN IVY CITY

There are several signs that the gentrification process is beginning in Ivy City. To explain the initial spark of interest in Ivy City, a city official described it this way, referring to two nightclubs that used to operate in Ivy City:

The bars start first, “Dream” and...“Love”...that’s a very common process. It happened with U Street, it happened with H Street. Bars go in because the land is cheap and they can get big spaces for people to drink, and then that exposes [people], and people going there for night life start saying, “Oh! Hey! Okay! Let’s look for a house here, or an apartment, or something!”

This shift was echoed by several other interviewees; one commented that “any homes that are now for sale, are at least twice what they were a few years ago,” while another remarked, “single-family homes in the neighborhood are being snatched up left and right.” The median sales price for a home in Ivy City between 2010-2014 was \$112 per square foot, compared with \$87 between 2000-2004<sup>7</sup> (Office of the Chief Technology Officer 2016). Recently listed and sold properties include a 3-bedroom, 1.5-bathroom semi-detached home for \$250,000; a three-bedroom condominium for \$109,000, and a three-bedroom, four-bath renovated rowhouse for \$410,000. Even so, walking around the neighborhood one sees mostly older, disinvested homes: the residential area “appears untouched” by the changes, though “housing prices are unmistakably rising” (Abrams 2015). One does notice a smattering of new construction; most of these, however, are affordable housing, discussed more below.

#### *IV.C.1. THE HECHT WAREHOUSE AND NEW STORES*

The most noticeable changes are occurring not in the residential area of Ivy City, but in “the community’s...industrial zones, and that’s where the development is happening” (Abrams 2015). Because the land is zoned as industrial, “it’s cheap,” says an Office of Planning staff member familiar with the area.

The largest and most high-profile development in Ivy City is the former Hecht warehouse, a long vacant warehouse in the process of a major rehabilitation that will feature 335 luxury rental units, with rents “ranging from studios starting at \$1,400 to three-bedroom units from \$3,800 (21 units will be available at reduced income-adjusted rents)” (Judkis 2015). The first third of these has opened, and experienced a lease-up rate of 30 in the first month, according to an individual familiar with the development.

**Figure 12: The Renovated Hecht Warehouse**



Image Source: [https://photonet.hotpads.com/search/listingPhoto/Bozzuto/978/0000\\_1482239403\\_large.jpg](https://photonet.hotpads.com/search/listingPhoto/Bozzuto/978/0000_1482239403_large.jpg)

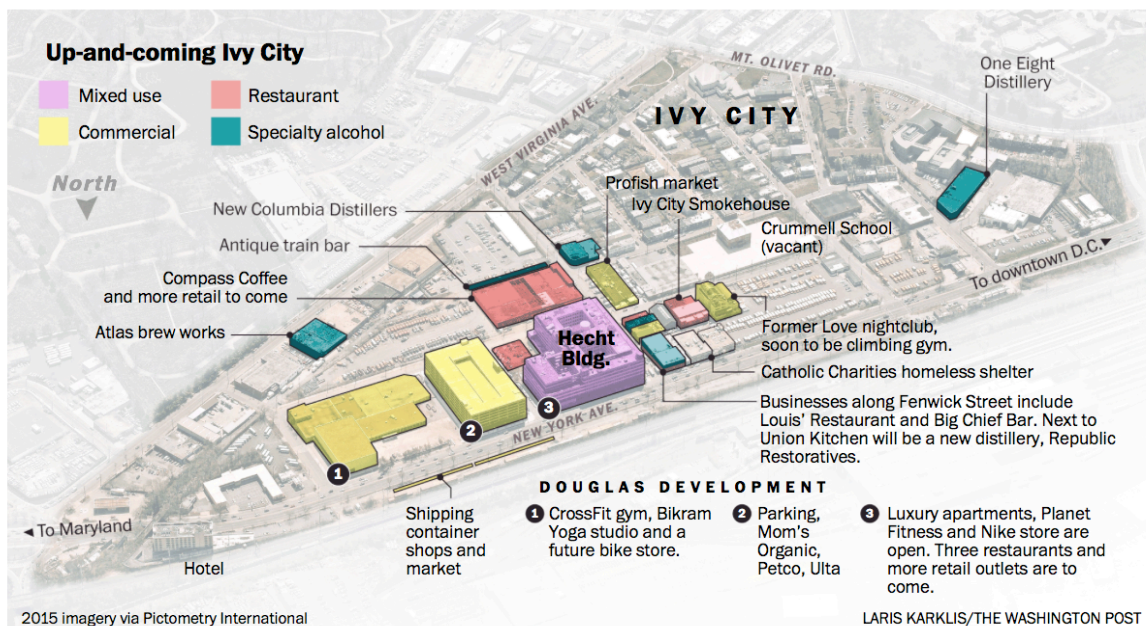
<sup>7</sup> Adjusted for inflation based on the inflation factor for 2002 to 2012. In 2010-2014, the median size of homes sold was 1,584 square feet and median sale price was \$198,000. In 2000-2004, the median size of homes sold was 1,624 square feet and median sale price was \$138,240, in unadjusted dollars. For comparison, the median sale price of homes throughout the District ranged from \$371,000 to \$547,000 between 2010-2014 (Zillow Inc 2016).

The Hecht Warehouse will be a major contributor to the neighborhood's change. Because of the development, there is an infusion of high-income residents, with money to spend; this will attract new retail options, which will in turn make the neighborhood more desirable for others. Moreover, a brand new building signals to potential residents and investors that Ivy City "has arrived." According to a person involved with the redevelopment:

The person that lives in Bethesda and hasn't been to Ivy City in 3-4 years has a set idea of what Ivy City's all about, and doesn't know what it's all about now. It's a different place today. Very vibrant, a lot of people working there, a lot of people moving in. [We need to raise] awareness of the cool things that are happening.

New businesses have been opening in recent years, spurred by the upscale Union Market to the South and the Hecht Warehouse development within Ivy City. These include a distillery, coffee shop/warehouse, food incubator, and bicycle store (Turner 2015).

**Figure 13: New Retail in Ivy City**



*Image Source: (Judkis 2015).*

Some residents of the neighborhood have expressed concern that the retail options being added will not serve them well; the new retail uses are not ones needed on a daily basis, nor do they serve the low-income demographic in the neighborhood. Developers see this area as a potential location for regional-serving retail, akin to Friendship Heights, given its good location along the busy New York Avenue thoroughfare, according to several interview respondents.

According to a recent survey, "Ivy City residents support the neighborhood's new businesses" and visit the Nike Store most (Derwin Dubose and New Majority Community Labs 2016). The new retail stores have not hired many people from the neighborhood: of 40 respondents from the survey who applied for positions, only two have been hired (Derwin Dubose and New Majority Community Labs 2016).

Together, these changes are likely to attract new higher-income residents, placing pressure on house prices.

#### *IV.C.2. NEW DEPARTMENT OF PUBLIC WORKS CAMPUS*

The city's Department of Public Works (DPW) owns large parcels of land on West Virginia Avenue, partially within Ivy City, and partially across the street (extending to Mt. Olivet cemetery, just to the East of Ivy City). The facility is currently used for refueling, maintenance, vehicle storage, and more (Office of Planning 2015).

**Figure 14: Portion of Department of Public Works Facility Within Ivy City**



*Source: Bing.com*

A plan for a major renovation of facility includes the relocation of many DPW jobs to this site and the creation of a mixed-use campus to include existing and additional government functions, new commercial and retail space, more green and open space, and enhanced connectivity to the surrounding streets (Office of Planning 2015). The public outreach effort concluded in the Fall of 2015, and a final report is pending.

For the parcel within Ivy City (Figure 14), the proposed uses are commercial and flexible space, an office building for the department, and a 6-level parking garage, with a “green spine” through the middle (Office of Planning 2015). This will be an improvement from the current use, which is an open-air parking lot. However, many city vehicles will continue to use the site, especially on the large triangular parcel to the East of the redevelopment, which is not slated for any changes.

The plan appears to re-route trucks into the campus via West Virginia Avenue, which is an improvement from the current arrangement where they enter off Fenwick Street, which abuts the residential part of Ivy City.

**Figure 15: Department of Public Works – Campus Concepts**



*Source: (Office of Planning 2015, 37)*

The rising home prices, large new apartment development, growing retail options, and potential investment in a new Department of Public Works campus are all indications that Ivy City is beginning to gentrify. They all portend increased interest in the neighborhood, and further gentrification as a result.

#### IV.D. FUTURE GENTRIFICATION IN IVY CITY: THE “RENT GAP”

To understand why Ivy City is likely to experience gentrification, the concept of the “rent gap” is useful (Smith 1979). The rent gap is the difference between the currently obtained and potential ground rents (where “ground rent” is defined as either the rent directly paid by tenants to landlords or the potential sale price of an owned home, less the value of the structure). A disinvested area does not see change so long as a developer could not make a sufficient return on the redevelopment. However, there comes a point when the maximum rent obtainable from use of the current structures is so far below the potential rent that could be obtained in redeveloped structures that buying the properties and paying the (high) costs of construction still yields a return. That is, the rent gap reaches a sort-of tipping point. Under this theory,

gentrification occurs when the gap is wide enough that developers can purchase shells cheaply, can pay the builders’ costs...for rehabilitation, can pay interest on mortgage and construction loans, and can then sell the end product for a sale price that leaves a satisfactory return to the developer (Smith 1979, 545).

Other neighborhoods in the city have already reached this point, leading to their gentrification. There, the “potential” rents were higher, given the neighborhoods’ closer proximity to amenities—especially rail transit, which Ivy City lacks—and the historic quality of the architecture, among other things. Until now, Ivy City’s rent gap has not been enough to warrant

gentrification. But now, “as these first areas are recycled, other areas offering lower but still substantial returns [will] be sought out by developers. This would involve areas further from the city center and areas where decline was less advanced”—i.e., Ivy City (Smith 1979, 546).

But how soon, and how quickly will Ivy City gentrify? One market-rate developer thinks “Union Market and Ivy City will grow over decades, not in the next 10-15 years,” given how much redevelopment capacity is available in the Union Market area, creating a “period of gestation.” Others viewed the neighborhood as already in the throes of gentrification.

#### IV.E. WHERE WILL DISPLACED RESIDENTS GO? DC LACKS ADEQUATE AFFORDABLE HOUSING

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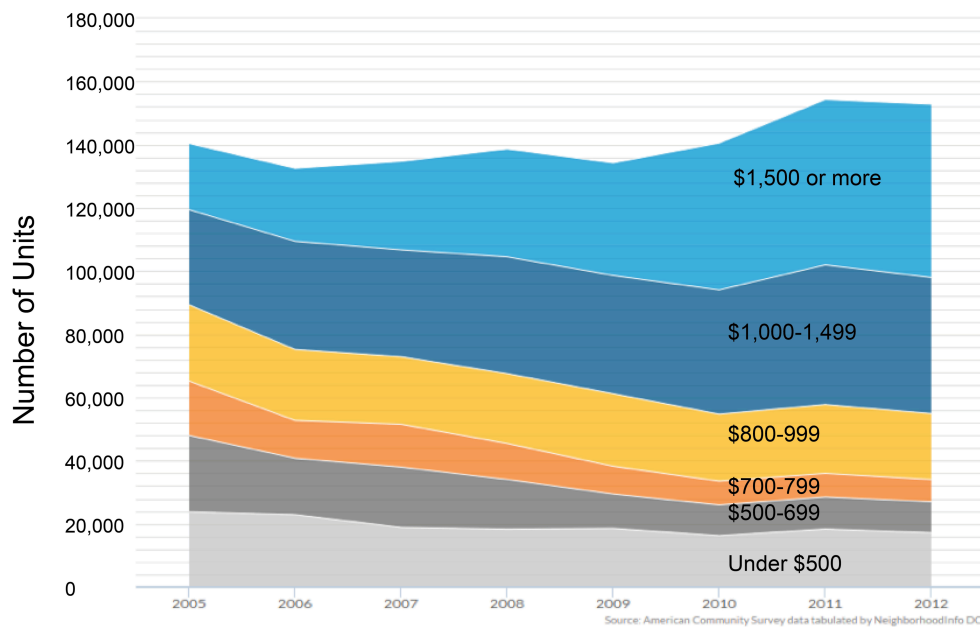
*“The places people are forced to move to suck” – affordable housing developer*

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If, as expected and outlined here, gentrification picks up in Ivy City, it will result in the displacement of residents. In the next section, I discuss how exactly that displacement will occur via an analysis of the city’s existing anti-displacement policies. Here, I show how high the stakes are for this displacement. Trends in the city make it less and less likely they will be able to find housing in the District.

There were half as many apartments that rent for less than \$800 a month in 2013 compared to 2002 (Figure 16) (Wes Rivers 2015). Now, “nearly all of the low-cost housing in DC results from government subsidies, and...low-cost private rental housing has virtually disappeared” (Wes Rivers 2015, p.6).

**Figure 16: DC Has Lost Half of its Low-Cost Rental Units**  
**Renter-Occupied Housing Units by Gross Rent (constant 2012 \$)**



*Source: (Peter Tatian, Serena Lei, and Urban Institute n.d.)*

These rising housing costs hit low-income households hard: for “residents with incomes of about \$22,000...average rents now equal half of average income” (Figure 17) (Wes Rivers 2015, p.1). Because of this loss of low-rent units, many more households are severely rent burdened in 2013 than were in 2002 (i.e. households that pay more than 50% of their income on rent) (Wes Rivers 2015).

**Figure 17: Severe Rent Burden Is on the Rise for Low-and-Moderate Income Households**

|              | Percent of Households Severely Cost-Burdened (Paying more than 50% of income towards rent) |             |
|--------------|--|-------------|
| Income Level | <b>2002</b>  | <b>2013</b> |
| <30% AMI     | 50%  | 64%         |
| 30-50% AMI   | 8%   | 31%         |
| 50-80% AMI   | 1%   | 10%         |
| 80-100% AMI  | 0%   | 1%          |
| 100-120% AMI | 0%   | 0%          |
| 120%+ AMI    | 0%   | 0%          |

*AMI is Area Median Income. Source: DCFPI analysis of 2002-2012 American Community Survey 1-Year Household Estimates. All figures adjusted for inflation. Chart from (Wes Rivers 2015).*

The city is short 22,100 units of rental housing for extremely low-income households<sup>8</sup> (Tatian et al. 2015, 68). For low-income households, the city was short 2,500 rental units. Even so, “many households in these groups were still cost-burdened, suggesting a continued need for subsidies targeted at households up to 80 percent” of the area median income (Hendey, Tatian, and MacDonald 2014 p.36). Projections show that this housing affordability problem is not likely to get better anytime soon.<sup>9</sup>

The affordable housing crisis in the District underscores the importance of halting the displacement of residents from Ivy City. If displaced residents are unable to stay in their neighborhood as it becomes mixed-income, the resulting spatial segregation will limit individual households’ outcomes as well as regional growth and equity (Dreier, Mollenkopf, and Swanstrom 2014).

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<sup>8</sup> It does have a surplus of 8,400 units affordable to very low-income households.

<sup>9</sup> By 2020, the city is projected to increase by 6,600 extremely low-income households, 5,200 very low-income households, and 2,000 low-income households (Tatian et al. 2015, 3). Will there be enough housing affordable for these residents? Unlikely: between 2011 and 2020, the city is projected to add 13,930 units of affordable housing, with most of that for low-income (not very or extremely low), with a concurrent loss in market-rate affordable housing units. The Urban Institute projects a “net loss of housing units affordable to very and extremely low-income households by 2020” (Tatian et al. 2015, 3). Therefore, while low-income households are projected to have a sufficient supply of housing, there will be, at a minimum, 26,600 more very and extremely low-income households than units affordable to them (Tatian et al. 2015). Besides the lack of adequate production of new affordable housing, “market trends, coupled with projections for an increase in upper-income households, suggest that much of the remaining affordable market-rate housing stock could also be at risk” (Tatian et al. 2015, 63).

## V. THE LIMITED ABILITY OF CURRENT LAWS TO STOP DISPLACEMENT IN IVY CITY

When gentrification picks up in Ivy City, it is likely to displace the existing residents because they are vulnerable and the laws on the books do not provide sufficient protection for them. The city's existing anti-displacement policy consists of several different laws, passed at different times, that provide varying degrees of protection for existing renters, or produce new affordable housing units. The laws do not constitute a comprehensive or cohesive anti-displacement policy, and the many gaps in the coverage of these statutes leave Ivy City's residents vulnerable to displacement.

This section discusses the specific land uses and housing stock in Ivy City and how those relate to the various anti-displacement laws, offering an overview of the specific processes of displacement that, without intervention, will occur.

Prior work has shown several factors to put residents at risk of displacement, including low incomes, renting over owning, and having a high proportion of minority residents (Chapple 2009).

Ivy City's residents meet all of these criteria. First, as discussed above, the area is depressed economically, with low levels of education, high unemployment, and a strikingly low median household income of \$15,313. Second, most households—84%—rent their homes (compared to 58% in the city overall) at a median rent of \$945. Finally, as noted above, 74% of residents are people of color.

Ivy City has “been teetering on the edge of blight and gentrification” according to Parisa Nourouzi, of the community-organizing group Empower DC (Judkis 2015). An affordable housing developer put it this way:

...you've got renters in sub-standard places that are ripe for tear-downs, you've got developers...who [are] just tearing down whole corners and putting in higher-end condos....what Ivy City used to be is no longer. It fell into severe disrepair. Very severe. I mean, one of the most distressed areas in the city.

People I spoke with noted that residents displaced from other gentrifying areas used to move to Ivy City—it “was one of the places where there were relatively affordable units, with or without subsidy, and now those prices are going up.” If the neighborhood becomes a high-rent, gentrified place, it will cease being a place where low-income people displaced from elsewhere in the city, or trying to move into the District from elsewhere, can afford to live. This dynamic is referred to as “exclusionary displacement” (Marcuse 1986).

*Ivy City's residents are particularly vulnerable to displacement: they are predominantly renters, people of color, and low-income.*

## V.A. RENTERS

Three features of the neighborhood's housing profile make households here particularly vulnerable to displacement. First, renters are more easily displaced, and 84% of households rent. Second, 65% of renter households pay more than 30% of their income towards rent (compared with 49% in the city overall), which is considered "cost-burdened." Already cost-burdened residents cannot afford much more in rent increases. Finally, housing units are predominantly in buildings of 5 or fewer units (68% of units). The small size of buildings present challenges to preservation.

Lacking large developable parcels of land, the neighborhood's gentrification is likely to occur on a more piecemeal basis, with owners of single-family homes and small multifamily buildings selling their property to families who intend to renovate and move in, or developers who intend to renovate and rent. Much of the housing stock is in such bad shape that there is a very large investment potential. Purchasers can buy the structures at relatively low prices given the state of disrepair and, after renovation, sell or lease them at much higher prices.

The city has many policies in place meant to protect renters from displacement, including rent control and tenant purchase. However, given the small scale of Ivy City's rental housing and the limitations of these policies, they are unlikely to work to halt residents' displacement.

### *V.A.1. RENT CONTROL WILL NOT ADEQUATELY PROTECT IVY CITY RENTERS*

Rent control refers to local ordinances that limit the rent private landlords may charge tenants. In Washington, the maximum rent increases are the official rate of inflation plus two percent, annually (D.C. Code § 42-3502.08 (2016)). By District law, rent control applies to units built in or before 1975, with certain exceptions, most significantly for landlords who own fewer than five total rented units in the District and units that receive public subsidy (D.C. Code § 42-3502.05 (2016)). There is no list or database of rent-controlled units in Washington, DC, so there is no way of saying for sure what portion of the rental housing in Ivy City is subject to the law<sup>10</sup>. However, we can estimate the number of units as follows.

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<sup>10</sup> However, recent legislation has instructed the Department of Housing and Community Development to create such an inventory (D.C. Code § 42-3502.03c (2016)).

**Table 3: Only 25% of Ivy City's Rental Units Are Potentially Subject to Rent Control**

|   | <b>Number of Units</b> | <b>Notes</b>   |
|---|------------------------|--|
| Total Units of Occupied Rental Housing                                      | 403                    | As of 2014.  |
| Number of Rental Units Built after 1980                                     | - 49                   | The law excludes units built after 1975 (D.C. Code § 42-3502.05 (2016)). The available data only provides age of housing stock by 20-year periods; therefore, I am failing to exclude some units.  |
| Number of Rental Units in Building with 4 or fewer units, built before 1980 | - 195                  | Units owned by persons who own only 4 units or fewer of rental housing in the District are exempted from rent control (D.C. Code § 42-3502.05 (2016)). For simplicity, I exclude all units in building with 4 or fewer units, though this likely includes some rent-controlled units because landlords may own more than just the one 4-unit building in Ivy City. |
| Number of publicly assisted units   | - 60                   | Publicly subsidized units are exempted from rent control (D.C. Code § 42-3502.05 (2016)). According to the DC Preservation Catalogue, there is one 60-unit subsidized property in Ivy City, discussed more below (NeighborhoodInfo DC 2015).   |
| Potentially Rent Controlled Units   | = 99                   |  |

*Data from 2010-2014 American Community Survey for Census Tract 88.03, Table B25127.*

A recent study found a similarly-low estimate of units subject to rent control in Ivy City: 215 units (NeighborhoodInfo DC, Peter Tatian, and Ashley Williams 2011). From these approximations, it appears that while there is a significant stock of rental housing in Ivy City, most of it is probably not subject to rent control.

Expanding rent control to cover more units in Ivy City could help preserve affordability there. One tenant advocate commented:

I think expanding rent control laws would go a large way to not making Ivy City, which has a lot of 2-4 units, susceptible to predators that turn property. I think it would go a long way to be able to say, "Hey, I can stay" and "No, you can't increase my rent and push me out." Because right now, that's what could happen in most 2-4 unit [buildings]. – tenant advocate

Even for the units subject to rent control, landlords can use several provisions in the law to increase rents beyond the limited amount, with the most common being vacancy increases, hardship petitions, and voluntary agreements:

- When a unit becomes vacant, landlords may increase rent by 10%, or to the rent of a "comparable unit" in the building, up to 30% (D.C. Code § 42-3502.13 (2016)).
- If a landlord is receiving less than a 12% rate of return, they may file a "Hardship Petition," requesting the city's permission to raise rents (D.C. Code § 42-3502.12 (2016)).

- Landlords may also come to a “Voluntary Agreement” with tenants where, with 70% of the tenants’ support, the landlord may increase rents beyond the usual allowable level (D.C. Code § 42-3502.15 (2016)). In exchange, tenants are often promised repairs, renovations, or permanent caps on rent increases for their specific tenancies, while rents on vacant or other units are allowed to increase.

Recently, landlords appear to have shifted from using hardship petitions to voluntary agreements as their main strategy for raising rents. While many landlords filed hardship petitions in 2014, only one was filed in 2015, according to a tenant advocate familiar with the list of petitions filed. Increasingly, landlords are using the threat of a hardship petition to secure a voluntary agreement. They tell tenants, “Who knows how much your rent is going to go up? It could be 30, it could be 40 percent, or it could be 50, I mean we think we could get a 50% increase. Or you could negotiate with us, and you’ll know exactly how much your rent increase will be,” according to a tenant advocate.

*Landlords use several legal methods to circumvent rent control, including hardship petitions and voluntary agreements.*

When hardship petitions are filed or other tactics are used, “I think there’s also a lot of resignation on the part of tenants, even when they know their rights, feeling like they’ve got to go...” and move out of the unit, according to the same advocate. When this happens, people are displaced and the effect of rent control is significantly limited.

Given these features of rent control—its limited applicability to units in Ivy City, and the several ways it can be circumvented—the law as it stands is unlikely to keep rents low enough that renters can afford to stay. I discuss ways to make rent control more effective below.

#### *V.A.2. TENANT PURCHASE LAW’S LIMITED ABILITY TO STOP DISPLACEMENT*

Every unit of rental housing in the District—rent controlled or not—is subject to the Tenant Opportunity to Purchase Act (TOPA) (D.C. Code § 42-3404.01-13 (2016)). The law allows tenants to intervene when a landlord wishes to sell a rental property. Tenants may come together and purchase the building, or assign their right of purchase to a third party; if they exercise this right, the landowner must sell the building to them or their assignees.

The process is as follows: a landlord, when they wish to sell the building, first is required to issue the tenants a notice of their right to purchase the building. Tenants have a set time frame in which they may respond to this notice and pursue their right of purchase. Tenants have several options, including: Tenants can convert the building into a condominium and each buy their own unit; they can convert the building into a limited-equity cooperative in which “the occupants own the whole building and carry a collective responsibility for its maintenance, mortgage, taxes, insurance, etc”; or they can assign their right of purchase to a third party with a written agreement in place governing renovations to be made and restrictions on rent amount (Falcon 2011). As of 2011, there are 84 limited-equity cooperatives in the District (Falcon 2011, citing the Latino Economic Development Center).

**Figure 18: Tenant Purchase Process for 2-4 Unit Buildings**



Source: Office of the Tenant Advocate, <http://ota.dc.gov/node/644112>

The Harrison Institute for Public Law (2006) found that TOPA has “been the catalyst for preserving thousands of affordable homes in Washington, DC, often in neighborhoods that have been undergoing gentrification,” “has preserved hundreds of units” of low-rent housing, and has allowed “low-income residents to purchase homes” (p.2).

To support tenant purchase, the city has a First Right Purchase program in place that “provides low-interest loans to tenant groups that want to purchase—and in many cases rehabilitate their building—when their landlord has decided to sell” (Reed 2013). Between 2002 and 2013, the law contributed to preserving almost 1,400 units of affordable housing (Reed 2013). The law can be helpful in gentrifying neighborhoods, where it gives tenants a chance to influence the affordability of the neighborhood by intervening in a building’s sale. For example, in one gentrifying neighborhood (the Columbia Heights neighborhood cluster), 14 projects received financial support from the city for tenants to purchase the buildings (Reed 2013).

However, the amount of funding available is not sufficient to meet the need: in fiscal year 2012, “at least 45 groups of residents formed tenant associations and filed” the paperwork needed to pursue their purchase rights; “yet current resources for First Right Purchase assistance are not adequate to meet this high demand” (Reed 2013).

How could the tenant purchase law help renters in Ivy City? The utility of the law varies by the size of the building, being most useful in mid- to large-size buildings, less effective in small multifamily buildings, and very difficult in single-family homes. I discuss each in turn.

**Mid-Size Buildings:** For renters in mid- to large-sized multifamily buildings (greater than 10 units), the tenant purchase law could help them to stay in their homes. As renters in similar buildings in other gentrifying neighborhoods have done, they could form a limited equity cooperative with the assistance of a non-profit affordable housing developer-consultant. Alternatively, they could assign their right of purchase to either a market-rate developer in exchange for long-term rent protections and renovations, or to an affordable developer to redevelop, with subsidy, and maintain low rents indefinitely.

*The tenant purchase law is difficult for tenants of 4-unit buildings to use.*

***Recommendation #1: Ensure the tenant purchase process can proceed smoothly by providing tenant counseling, allocating sufficient funds for purchase and renovations, and improving the application process for tenant groups (Reed 2013).***

**Small Buildings:** For renters in small multifamily buildings, however, these usual TOPA options do not work. A tenant organizer explains the challenge thus:

...small, 4-unit [buildings] fall into this weird special category of... “We don’t know what to do with you when you’re up for sale.”...Basically...if tenants want to respond to an offer of sale, and they do, then it’s, “Okay, do you have the ability to buy this?” And tenants never do, themselves. And then we also don’t have a good network of developers who are interested in working with these. And we bring these up at preservation meetings, and at all kinds of meetings, and everyone agrees, “Yup, it’s a problem, we don’t know what to do.”...So we end up, if [the tenants] organize or respond to an offer of sale, a lot of it is about trying to negotiate something with the [contracted buyer]...Can we get some concessions or repairs from the third party to ensure the people are able to stay, their rents won’t be raised, or whatever. What we also see, though, is in a lot of these little four-unit buildings is...everyone is just being bought out, or told they have to leave, or pushed out, or...people who don’t know their rights. It’s like, “The building’s being sold, you have to leave because the building’s being sold,” and they’re like, “Oh, okay.” And they leave.

Other interviewees reiterated this difficulty of redeveloping small buildings under existing affordable housing finance programs, and the challenge of finding market-rate landlords interested in such buildings. Recommendations for addressing the challenges associated with small buildings are included in Section VII.b.

**Single-Family Homes:** For renters in single-family homes that go up for sale, the window in which the tenant may buy the unit is quite short: 30 days to respond to the offer of sale, 60-75 days to negotiate a sales contract with the landlord, and then 60-90 days to secure financing and reach settlement (D.C. Code § 42-3404.08-09 (2016)). Many low-income renters lack the credit to secure a mortgage. If they can qualify for a mortgage, but lack sufficient savings to cover the

down payment on their own, they can use the city's home purchase assistance program (HPAP), which provides down payment assistance (up to \$50,000) through a zero-interest loan that is subordinate to a conventional mortgage, as well as closing costs (Department of Housing and Community Development 2016b). But this is difficult:

From a buyer's point of view...if you're out in the market getting a loan and buying a house, you're gonna close in 45 days. Now, if you're purchasing because you're low income, and you're purchasing something [with subsidy] including HPAP...it could take 60 days or even longer. So many...families just drop out because it's taking so long...That's a crucial point. The department of housing manages to shoot itself in the foot over and over again. – affordable housing developer

Besides the timing challenges, HPAP has a maximum down payment amount that is often not enough to cover the high prices of the unit:

The prices in DC are so high now, and the people who've lived there for 20 or 30 years or whatever who don't have the income, but have a stake in the community, what are they going to be able to do to stay? I mean, they can assign their [tenant purchase] rights for some money to some developer who will tear it down, gussy it up, make it super fancy. But is there anything in place that, truly, can help low and moderate income tenants become homeowners? I mean there's [the Home Purchase Assistance Program], but I don't think it's sufficient. And people have to secure a first trust loan. And prices are so high. – tenant advocate

The tenant purchase law is a unique and important law in the District. However, its ability to limit displacement of renters in Ivy City is limited by the difficulties of using the law with small multifamily buildings and single-family homes, which form the majority of the rental housing stock there. I discuss potential fixes to these problems in Section VII.a.3.

*The city's first-time home-buyer assistance program moves slowly, hindering buyers' ability to purchase a home.*

#### *V.A.3. INCLUSIONARY HOUSING: UNLIKELY TO PRODUCE MANY UNITS IN IVY CITY*

Inclusionary housing policies aim to increase the stock of affordable housing at a minimal cost to the city, concurrent with development, and typically in the same neighborhoods as market-rate housing. Washington, DC's inclusionary zoning law was passed in 2006 and became effective in 2007, just before the recession hit and slowed development in the city; it was not until 2010 that the first inclusionary units came on the market (Tatian and Oo 2014). Developers must rent or sell a portion of their development's units at a reduced price to low- or moderate-income households.

The city-wide, mandatory ordinance applies to all buildings of 10 or more units, or when an existing building's gross floor area is expanded by 50% or more (D.C. Municipal Regulations §14-2199.2 (2009)). Between 8-10% of the units must be affordable to households earning 50% or 80% of the Area Median Income (AMI), depending on the zoning and density (D.C. Municipal Regulations §11-2603.1-4 (2016)). Higher-density and steel- and concrete-frame construction types require fewer affordable units (Table 4).

**Table 4: Inclusionary Zoning Requirements by Density/Construction Type and Zoning District**

| Density/construction type  | Zoning Categories  |   |
|--|--|---|
|  | Residential zones<br>(R-2 to R-5-D)  | All other zones<br>(C, CR, SP, and W)                         |
| <b>Low-density zones<br/>(R-2 to R-5-B, C-2-A, W-1) (stick-built construction)</b>   |  |   |
| Percentage of units required   | Greater of 10% of residential floor area ratio (FAR) or 75% of the bonus density | Greater of 10% of residential FAR or 75% of the bonus density |
| Target households  | Units set aside split evenly between 50% and 80% of AMI                          | Units set aside split evenly between 50% and 80% of AMI       |
| <b>Higher-density zones<br/>(R-5-C and D, C-2-B to C-3-C, W-2 and 3, CR and SP) (steel- and concrete-frame construction)</b> |  |   |
| Percentage of units required   | Greater of 8% of residential FAR or 50% of the bonus density                     | Greater of 8% of residential FAR or 50% of the bonus density  |
| Target households  | Units set aside split evenly between 50% and 80% of AMI                          | Units set aside for 80% of AMI                                |

Source: Department of Housing and Community Development, 2013

*Source: (Tatian and Oo 2014)*

Developers may receive a 20% density bonus for including inclusionary units (D.C. Municipal Regulations §11-2604.1-3 (2013)). To date, 32 of 40 developments with inclusionary units have done so (Tatian and Oo 2014). There are minimum size requirements for units, and inclusionary units must be comparable to market-rate units (D.C. Municipal Regulations §11-2605.2-6 (2011)). If developers can show that complying with the law would “deny the applicant economically viable use of its land,” the Board of Zoning Adjustment may exempt them from all or part of the requirements (D.C. Municipal Regulations §11-2606.1 (2008)).

Will inclusionary housing produce new units of affordable housing in Ivy City for current residents who would otherwise be displaced? There is limited opportunity for large-scale market-rate development in the residential portion of Ivy City. If a developer bought several existing buildings, tore them down, and built a new market-rate building with a handful of inclusionary units, there would probably be a net *loss* of units affordable to low-income families. Therefore, inclusionary housing will probably not be of much benefit in retaining low-income households in the residential portion of Ivy City.

***Inclusionary Housing  
is unlikely to help Ivy City  
much because it only applies  
to buildings with  
10 or more units.***

However, to the extent that developers secure approvals for residential uses on the presently industrial lands in Ivy City, the law may help create new affordable units. For example, the Hecht Warehouse development, part of a Planned Unit Development, includes the required inclusionary housing (8% of residential gross floor area) under the new zoning on the parcel (C-3-C), with 10 of the units offered to a lower income level than required (50% AMI as opposed to 80% AMI) (Zoning Commission for the District of Columbia 2014). I discuss this possibility in greater detail in Section VII.d.

#### *V.A.4. PRESERVATION OF EXISTING SUBSIDIZED HOUSING*

In the face of market pressures, private owners of subsidized housing have an incentive to opt out of their affordable housing contracts and convert the buildings to market-rate use. Preservation of these units is critical. In Ivy City, there is one such development with 60 units, managed by the for-profit Horning Brothers company (NeighborhoodInfo DC 2015). The property is subsidized via a HUD Section 8 contract and a HUD-insured mortgage; the terms of affordability for these sources of subsidy run through 2026 and 2036, respectively (NeighborhoodInfo DC 2015). The households in this building have lived there, on average, just over 10 years (Department of Housing and Urban Development 2015).

***Recommendation #2: Ensure the subsidized 60-unit Ivy City Apartments stays affordable for low-income renters by intervening if the owner attempts to opt out of the Section 8 contract.***

**Figure 19: Ivy City Apartments, a 60-unit subsidized housing complex**



*Source: Bing.com*

Besides this building, there is a 12-unit apartment building owned by the DC Housing Authority. These units are less likely to be lost given their public ownership.

As of 2015, there were 111 households receiving housing subsidy, 105 via Housing Choice Vouchers and 6 through the Moderate Rehabilitation program (Department of Housing and Urban Development 2015). If rents in these units rise above the maximum the voucher will pay (the Fair Market Rent for the District is \$1,458 for a 2-bedroom apartment), these voucher holder households may be forced to use their voucher elsewhere (Department of Housing and Urban

Development 2016). That would be a dramatic change: many voucher households have lived in Ivy City for decades (Department of Housing and Urban Development 2015).

***Recommendation #3: The Housing Authority should take measures to ensure residents with vouchers are able to stay in neighborhoods where rents are rising above the Fair Market Rent.***

## V.B. HOMEOWNERS

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*In Ivy City, the “community is radically changing, and yet, people who have stayed there—there’s not a good way to help them stay there. Property tax will increase as development happens. And there’s no support for them to stay there.” – affordable housing developer*

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For residents who own their homes, displacement is less likely than it is for renters: unlike rent, mortgage payments would not increase just because the area is gentrifying, and if homeowners own their homes outright, this is not a concern. Instead, the likely rise in property values from the gentrification—and concurrent increase in property tax—is the main financial mechanism through which homeowners could experience displacement. Even this type of displacement is unlikely: households who own their homes have a median income of \$62,019—\$50,000 higher than renter households, whose median income is \$11,845 (as of 2014). While 77% of renters earn less than \$35,000, only 31% of home-owners earn that little. Therefore, homeowners would be better able to absorb increases in their housing costs.

Because of this, and their small number in Ivy City (77 households, compared to 403 renters) homeowners are not the focus of this report. In this section I discuss briefly the impact gentrification might have on the homeowners of Ivy City. There are several scenarios that could occur for households in Ivy City: no displacement; financial displacement from higher property tax bills; home-condition displacement from an inability to make necessary repairs; or voluntary relocation due to the ability to sell the home at a high price.

**Figure 20: Homes in Ivy City** Source: (Judkis 2015)



First, many home-owners in Ivy City will be able to afford any increases in their property taxes, given their relatively higher incomes, and so will not be involuntarily displaced. On the other hand, for other homeowners, the property tax bill can become so high, especially for seniors, that staying in the home is cost-prohibitive. Twenty-four households earn less than \$35,000. Their ability to absorb property tax increases is limited, and they may be displaced as a result.

Another scenario for homeowners in Ivy City is, if their home is in disrepair and they do not have the means to fix it, they may move as a result. As one interview respondent put it, “There are properties that are, I think, owner-occupied that are in really bad shape. There are some seniors who live in the neighborhood who are living in pretty poor conditions...” Even if people make a profit on the home upon selling and finding a new place, they did not move voluntarily, and may lose out on the social networks and community they enjoyed in Ivy City. The city has a program

*Homeowners are less likely  
to be displaced than renters,  
but are still at risk.*

in place to assist homeowners who need to make repairs on their homes but lack the means to do so; this can help them stay (Department of Housing and Community Development 2016c).

Yet another group of home-owners may have a home in fine condition and be able to afford the increased property taxes, but *choose* to sell their home and take the profit. This is the aspect of gentrification that is so often celebrated: long-time, low-wealth residents increasing their wealth via home sale in a changing market.

One risk in this last scenario is that even if the decision to move is not made out of cost or conditions-related pressures, residents might feel “pushed out” by the cultural shifts in the neighborhood that result from an increased presence of white, higher-income people, as has occurred elsewhere in Washington, as in the Shaw/U Street neighborhood (Hyra 2014).

Therefore, while there are few home-owners in Ivy City, and their ability to withstand the displacement pressures is greater, there are still several ways they might be displaced.

## VI. PREVIOUS EFFORTS TO STOP DISPLACEMENT IN IVY CITY

In addition to the city-wide anti-displacement laws just discussed, there have been several recent attempts to intervene specifically in Ivy City to head off future displacement of long-term residents. These include a home ownership training session and a neighborhood re-investment effort. Here, I briefly outline these two programs before turning my attention to the most substantive project in Ivy City: the Home Again Initiative.

Several years ago, a local housing counseling organization was contracted by the city to run a program in Ivy City that focused on helping renters prepare to buy homes. It was essentially a neighborhood-specific version of the pre-purchase orientation sessions the organization still runs for first time home-buyers who are participating in the city’s Home Purchase Assistance Program. The program was “to talk about homeownership. To tell people get your credit ready, let’s learn about home ownership opportunities...because gentrification is coming, folks, and you need to be ready,” according to a staff member who worked on the program.

In 2012, the city received \$28 million from the federal Neighborhood Stabilization Program. The National Community Reinvestment Coalition prepared a detailed report of the current issues in

Ivy City (and the neighboring Trinidad neighborhood), including a set of recommendations on how to engage in community development in Ivy City, including acquiring existing housing units for redevelopment, creating new affordable housing opportunities, commercial improvements, workforce training, and transportation improvements (The National Community Reinvestment Coalition 2011). Funds were spent on small-scale affordable housing developments, among other projects (Department of Housing and Community Development 2012 and Department of Housing and Community Development 2016e)).

#### *VI.A. 2002-2015: HOME AGAIN INITIATIVE*

The problem of vacant and blighted structures is present in neighborhoods across the District. In an effort to remedy this issue, the city, in 2002, began a program called the Home Again Initiative. They bought vacant lots and blighted properties through various means, including eminent domain, in “targeted development areas around the city” (DePillis 2010). The initiative was undertaken “for the purpose of removing blight, furthering community revitalization, and creating homeownership opportunities” (Government of the District of Columbia 2004). A former government official involved with the program recalled that its primary goal was to “reduce the negative consequences associated with vacant, dilapidated structures,” and only second to provide affordable housing. Assessing the strengths of the program in hindsight, the former government official thought the process the city followed to identify eligible properties was strong and was pleased that owners of other nearby parcels upgraded their buildings, too.

To acquire the properties, the city primarily used the tax foreclosure process (by which the city may take the property of an owner who is delinquent in paying property taxes), a few “friendly sales” (in which owners agree to sell their property to the District), and a few uses of eminent domain, according to a former staff member of the program.

Throughout the city, parcels were sold to “pre-qualified developers in ‘bundles,’ priced as low as \$1,000 per lot. Developers signed contracts obligating them to develop and market the properties at affordable prices within a set time period, usually around 18 months” (DePillis 2010). The intent was to generate cross-subsidy within the bundle, so that a developer might offer some at market rates, and use some of that profit to subsidize the others. The city issued multiple requests-for-proposals for the “bundles.”

In Ivy City, as one affordable housing developer put it, “there was a sense that it was...a neighborhood in decline.” The neighborhood, with its many run-down structures, contained about 25 of the parcels in the program—a significant number.

Recollections of the community’s response to the program differ. A person briefly involved commented that people who are active in Ivy City were “adamant” about wanting the new units to be homeownership over rental. A community organizer recalled forming a task force of residents to weigh in on how the city should use the parcels in their neighborhood, who advocated affordable housing at various levels—not just home ownership,

*“The idea was to reinvest in neighborhoods and stabilize them through encouraging ownership” – affordable housing developer*

but we think there should be affordable rentals, limited equity coops, you can’t just revitalize these vacant lots for new people—[they] should also help existing residents repair their homes (seniors have old homes and trouble upgrading them), and you should restore Crummell School.

The former government official remembers it differently: residents wanted more *market-rate* housing in Ivy City to make up for the perceived over-concentration of affordable homes.

Ultimately, homeownership became the focus of the program. As one of the developers involved in the project recalls,

The idea was to reinvest in neighborhoods and stabilize them through encouraging ownership... [for] long-term residents who could then build wealth and get some equity, and also to encourage some movement, some influx of new residents. And so home ownership is really seen as the conduit, or the engine for achieving those goals.

The focus on homeownership was “during the heyday of ‘homeownership is great, everyone should do it.’ And I think, many of us knew that wasn’t true before, but everyone learned that lesson for a variety of reasons come 2008,” according to an affordable developer.

The city’s Request for Proposals mandated a portion of the homes (from 0-30%) be offered at affordable prices to low-income households. This is consistent with other public land disposition requirements under recent mayoral administrations (Coalition for Smarter Growth 2012). However, even if there were any developers who bid on the Ivy City parcels and intended to sell most of the units as market-rate—unlikely given the poor condition of the neighborhood and cooler market overall—the city did not choose those proposals. Instead, the city awarded the vacant parcels to three affordable developers—Habitat for Humanity, Manna, and Mi Casa—who offered 100% of the units at affordable prices (with subsidy) to low-income buyers. All three developers are small, local non-profit organizations whose work is focused in the District and who have primarily focused on affordable home-ownership.<sup>11</sup>

The organizations used the parcels awarded by the city in combination with others they bought on their own. The developers accessed financing through the city’s Housing Production Trust Fund and home-buyers generally used the city’s first-time home-buyer program to secure down-payment assistance. Together, the organizations developed about 60 units through a combination of condominiums and single-family townhouses—an amount that, in a small area like Ivy City, “is significant,” according to one of the developers.

The units were sold to households with a range of incomes, all below 80% of AMI, with some at 60% and 50%. Some buyers came from Ivy City while others were from elsewhere within the District. An organizer, critiquing the program as not serving the lowest-income households did not “know anyone from Ivy City that was able to buy any of those homes. The lowest income to be eligible was around \$28 or 30k, with decent credit.” On the other hand, a common critique of the recent housing bubble was that people with too-low incomes (and insufficient down payments savings) were being allowed to buy homes because of relaxed lending standards. The Home Again Initiative, while targeting households with low incomes, did not use unusual mortgage products or relaxed lending standards; in this way, it was a safe, careful way to help low-income households become homeowners.

At the time of the initiative, “the non-profits were the only ones investing in Ivy City,” according to one developer, but “[then] we noticed some movement in the private market...[developers

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<sup>11</sup> The Washington branch of Habitat for Humanity is a small affiliate of an international organization.

began to] purchase rental buildings...and fix them up." As the neighborhood continues to experience this investment, "the fact that our buyers were able to buy in while the floor was still low was very good. They've been able to stabilize and gain benefits as their neighborhood improves," according to a different developer.

**Figure 21: Homes Built Through the Home Again Initiative**



### **Wealth-building or affordable housing preservation?**

An issue raised by the Home Again initiative is the trade-off between household-level wealth building and long-term affordability when it comes to subsidized, affordable for-sale housing. While some view the creation of affordable homes for purchase primarily as a way to allow low-income families a place to live in an expensive city, others see it as equally, or even more so, as a mechanism to help poor families accumulate wealth through homeownership.

The reason there is a trade-off between these goals is that for the household to build the maximal amount of equity, the home must be allowed to be resold at the market price, not a restricted one. This allows the family to make a return on the home, just like any non-subsidized homebuyer might. However, doing this removes the unit from the stock of affordable housing for two reasons: first, the market price is likely to rise above what a low-income family can afford; second, even if the market price is low enough for low-income families to afford, the unit's sale is not limited to low-income buyers, and so a higher-income buyer with ready access to a down payment and stronger credit is more likely to purchase the home. As one advocate put it:

When you have a relatively stable or weak housing market, there's really no conflict between being a housing program that provides housing for people who need it and providing wealth creation through modest increases in value... but of course DC is not that place any more, and has seen meteoric rises in property values.

In Ivy City, the homes come with a 15-year affordability period. This is guaranteed because the public funds that help the developer finance construction (via the Housing Production Trust Fund) and the subsidy that helps the home-buyer afford the purchase (Home Purchase Assistance Program) require, via a subordinate deed of trust, the home to be resold at an affordable price if sold within 15 years. While beneficial to the home-owners, who will likely be able to earn a return if they sell the home after the 15 year period, this policy also means the units are not permanently affordable, and in the long run do not ensure low-income families a place to live in Ivy City: according to one policy advocate, "I predict we will lose those units in 15 years."

## VII. HOW TO STOP DISPLACEMENT IN IVY CITY

The existing city-wide laws and Ivy City-specific intervention have and will mitigate the displacement pressures in Ivy City to a certain extent. However, they are far too little to actually ensure Ivy City retains its low-income population and continues to welcome new low-income families. In this section, I will propose changes to existing laws and new policies that would do far more to stop displacement in Ivy City.

I have organized the section around the four main land uses in Ivy City: small apartment buildings, single-family rented homes, publicly-owned lands, including the Crummell School, and industrial lands.

***Recommendation #4: Reform the rent control law to cover small buildings and make it harder for landlords to raise rents beyond the allowable limit.***

***Recommendation #5: Implement a small landlord rehabilitation fund with permanent affordability restrictions.***

***Recommendation #6: Expand the maximum subsidy available under the city's Home Purchase Assistance Program and ensure its administration is efficient enough to allow tenants using the tenant purchase process to access funds within the tenant purchase time limits.***

### VII.A. PRESERVING AFFORDABILITY IN EXISTING HOUSING STOCK

The small, multifamily rental buildings (65% of units are in buildings with 2-9 units) and the single-family homes (15%) in Ivy City are difficult to preserve as affordable. There are several changes that could address this problem.

### *VII.A.1 RENT CONTROL REFORMS*

Reforms to the rent control law could help preserve units in small buildings as affordable to their tenants. There is ongoing discussion in the city about “adjusting the small landlord exemption to include folks who own 4 or more units, and not just 5 or more units,” according to a community organizer. There is a nascent campaign to reform the rent control law. The campaign is starting out with a focus on closing loopholes, before turning its attention to a major revamp of the law. The idea is to start with easily passable bills and ramp up from there over a longer time frame. The initial changes being discussed include reforming the process by which landlords currently obtain one-time rent increases beyond the level allowed in the law. For example, when a landlord can document they are not earning at least a 12% return from rents in their property, they can file a “Hardship Petition” to seek a one-time large increase in the rent (District of Columbia Department of Housing and Community Development 2014). The campaign is discussing changing the rate of return to somewhere between 2-6%, or pegging it to an economic indicator.

Two ideas are currently being considered by the Council for introduction as bills. One would make permanent a temporary 5% limit on the conditional rent increase landlords are allowed to take while their petition is pending. One tenant advocate commented that this proposed change “goes a long way to taking the sting out of hardship petitions.” Another proposed law would ban any rent increases at all for seniors and people with a disability.

### *VII.A.2 HOUSING CONDITIONS ASSISTANCE*

The rental units in small buildings with serious capital improvements needs that are owned by “mom and pop” landlords are at risk of being lost if the buildings deteriorate so much as to become uninhabitable. There are many buildings in Ivy City in this category: one former service provider recalls the housing stock being in such bad quality, she called them, essentially “shacks.”

Greater housing code enforcement is one way to target these units, but if the landlords lack the resources to actually make repairs, then all the city could do is condemn the building and relocate the tenants—an option of last resort. Instead, a fund to help small landlords rehabilitate such units is under discussion by the Mayor’s recently-convened Housing Preservation Strike Force, which is charged with “[developing] an action plan to preserve the District’s existing affordable housing covenants set to expire by 2020” (Department of Housing and Community Development 2016a). As one staff member of the group describes it,

One tool that we’ve been kicking around is some kind of loan fund to these smaller property owners that...need a little cash infusion. So we find a way to help them get the renovations they need, and then...negotiate some kind of affordability so that the property stays in use, which is our first goal, but then the second goal is to let the people stay in that neighborhood, so that when the gentrification does inevitably start, and rents start to go up, then they still are protected.

Such a program would be very useful in Ivy City. It would bring up housing conditions while securing the affordability of the buildings for the long term—through a silent second mortgage or deed restriction, for example—without the city bearing the extra

*The city is considering a program to help small landlords make repairs, and an expansion to the first-time home-buyer program.*

administrative difficulties of owning and managing the properties.

### *VII.A.3. PRESERVING AFFORDABILITY IN SINGLE-FAMILY HOMES*

As discussed above, it is difficult for low-income renters of single-family homes to benefit from the city's tenant purchase laws. The main issues are, first, the fast pace required during a tenant purchase process relative to the slow pace of the Home Purchase Assistance Program. Reforms to the administration of the program could address this.

Second, the amount of subsidy available under the program, \$50,000, is often insufficient to allow tenants without savings to purchase their homes. The DC Council recently passed a bill that would raise the limit to \$80,000<sup>12</sup> (Councilmembers Bonds, Allen, Todd, Alexander, Grosso, Nadeau, Orange, Cheh, and Silverman 2015). This would certainly be an improvement, but a greater amount is needed to ensure access to ever-rising home prices.

Another interview respondent thought that perhaps a special version of the program could be created for Ivy City, with higher subsidy limits and quicker turn-around times, recognizing the rapid pace of turnover likely to hit there. She recalled that higher purchase prices were allowed as part of the Home Again Initiative, so there is a precedent for such a provision.

### **VII.B. USING A COMMUNITY LAND TRUST TO REDEVELOP HOUSING, ENSURING LONG-TERM AFFORDABILITY**

Ivy City presents many opportunities for developers of market-rate uses. It has many vacant units—27%, compared with 11% in the city overall—that are prime targets for redevelopment. Many occupied buildings are run down and need significant repairs to remain viable for continued occupancy. As discussed above, the city's existing policies do little to protect rented single-family homes and small, multifamily buildings from losing their affordability as gentrification proceeds. Absent intervention, these are likely to be sold to new residents and developers who will “flip” them and occupy them or re-rent at prices unaffordable to low-income families.

Therefore, I propose the following program of direct intervention on the part of the city to ensure the existing housing stock is habitable and affordable for low-income families. Similar to the Home Again Initiative, the city, via a community land trust, should acquire vacant, run-down, and low-value properties via tax lien, eminent domain, and direct acquisition. The trust would make basic habitability repairs and operate until the trust has enough parcels to make redevelopment feasible. Then, the organization should pursue a scattered-site redevelopment program—of either rehabilitation or demolition/new construction—and rent or sell the units to low-income families.

***Recommendation #7: Use a community land trust to acquire vacant, run-down, and low-value properties for eventual redevelopment and guaranteed long-term affordability.***

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<sup>12</sup> The bill was passed April 19, 2016 and, as of this writing, was still pending the mayor's signature.

*STEP 1: ESTABLISH A LAND BANKING POLICY, AND DESIGNATE A LAND TRUST*

The Home Again Initiative provides a precedent for city intervention in Ivy City. While successful in many ways, it is likely that many of the units developed through the program will no longer be affordable in the coming years, due to the provision allowing owners to sell them at a market rate amount after 15 years. Speaking about the program's shortcomings, one affordable housing developer thought that a community land trust model might have been beneficial:

Personally, I think that if the city had developed the properties it held on to in some kind of a land trust, and utilized equity sharing, that might have done more to preserve affordability. If you have in your hands all this land, and you're really thinking ahead to the future that this could be—that you're creating the market essentially. You're sparking change in the neighborhood.

A community land trust (CLT) would do more than preserve affordability for newly-developed homes. A land trust is a non-profit organization, with community oversight, that acquires and owns land permanently, while selling or renting affordable homes on the land (PolicyLink 2001). A land trust would be useful for Ivy City because of its ability to remove land from the speculative market, ensuring the affordability of the housing is not lost. While an affordable housing developer can also do this, a land trust is better positioned to hold the land for a long period of time before it is developed. This is especially critical for Ivy City, where there are not large parcels that can be quickly redeveloped into multifamily housing, but instead, scattered single-family homes and small rental buildings that would need to be combined into one redevelopment deal. That process will take time, and a land trust can hold onto the properties in the interim.

A challenge in organizing a community land trust for Ivy City would be organizing resident leadership. As one person familiar with the process said, a CLT's success depends on "what level of investment they're willing to make, because sometimes tenants just want affordable rental and don't want the work of a cooperative" or CLT. The community has some organization: they participate in various organizing campaigns, came out in large numbers for meetings about the Crummell School, and an organizer in the community characterized them as engaged. But a CLT requires an especially high level of involvement. A community process could help to determine whether a traditional CLT, with community leadership, is the best approach, or if a different approach—such as a private developer or land trust managing the process with significant community input—is more appropriate.

City First Homes is the most likely organization to serve as the land trust. In 2007, the organization was created following a community process and funding from the city, with the organization launching in 2010 (City First Homes 2016b). The organization provides down-payment subsidy to bring down the cost of the home for a low-income buyer. Under a shared equity model, that subsidy stays with the unit upon resale, ensuring the long-term affordability of the home. Homeowners are restricted to selling the home for the price they paid for it plus 25% of the appreciation (City First Homes 2016a). This keeps the home affordable for the next purchaser,



without any new subsidy, while also allowing the homeowner-seller to earn some equity. The first home-owners have begun selling their homes, and most of them have earned enough equity—through principal payments and appreciation—to afford the down payment at a market-rate home without additional subsidy, according to a staff member.

City First Homes considers itself a part of the community land trust (CLT) movement. Its model differs from those CLTs that hold onto the land and sell only the structure to low-income households; City First Homes does not own any land. However, it is the city’s most well-established community land trust-like organization, and therefore would be a natural partner in such an intervention program in Ivy City. In fact, the organization is exploring a new approach in which they would purchase rental buildings to own and operate, according to a staff member. This would consist of “acquiring property, making sure it’s safe, meets code, is clean, etc. We would hold it long-term as permanently-affordable rental housing.” One policy advocate thought that City First Homes “should be used more to get ahead of rising values.”

Another entity that could perform a similar function is the Property Acquisition and Disposition Division at the District’s Department of Housing and Community Development. According to a DHCD staff member, this division already serves the basic functions I describe below: “they sell or give away properties [they’ve acquired] to organizations that redevelop the properties as affordable housing and maintain long-term affordability.” The staff member thought that keeping this function in a “centralized government agency” was the best approach. This certainly has advantages: the District does not have to pay property tax on its own land, has the institutional infrastructure in place to serve in a new role, and has a track record doing similar work. The main downside would be the more limited ability of the District to move nimbly in acquiring and redeveloping properties, and the inability for the city to stay the long-term owner through redevelopment with tax credits, for example.

## *STEP 2: LAND TRUST ACQUIRES PROPERTIES*

There are several methods the city could use to acquire parcels, including tax foreclosure, friendly sale, eminent domain, through the Tenant Opportunity to Purchase Act, and through the District Opportunity to Purchase Act.

### **Tax Delinquent and Vacant Properties**

If property owners have not paid their property taxes, the District can sell the tax lien at an auction, or foreclose on

**Figure 22: A Vacant Home in Ivy City**



the home themselves, taking the property. This process, while difficult, is less complex and, usually, less costly than purchasing it through a friendly sale or eminent domain, according to a person familiar with all three processes. Challenges associated with the process are that it takes 18 months and requires notifying all parties with an interest in the property (which can get messy quickly, especially with tracking down heirs). Benefits are that, while there “can be some significant costs” from the legal process of foreclosure, “it’s a lot cheaper than going out and purchasing a piece of property.”

Vacant property that is not tax delinquent can be acquired through other means. For example, during the Home Again Initiative, the city began their acquisition of such parcels by sending a letter to the property owner offering to purchase it and notifying the owner that, if they did not put it into productive use, the city would commence an eminent domain procedure, according to a former staff member of the program. If a property owner does not agree to a friendly sale, the city can use its power of eminent domain to take the property.

The 2010-2014 American Community Survey found 175 vacant units in Ivy City. According to more recent (2016) data from the city’s property database, 43 properties in Ivy City are currently vacant (DCGIS Open Data 2016). The Department of Consumer and Regulatory Affairs determines vacancy and works with property owners to verify whether they are occupied<sup>13</sup> (Department of Consumer and Regulatory Affairs 2016). The city would transfer these properties immediately to the land trust.

### **Occupied Properties: Friendly sale, Eminent domain, TOPA or DOPA**

While the processes for acquiring tax delinquent or vacant property are complex, they are still less difficult than acquiring occupied property, according to a person familiar with the processes. However, it is these properties that are most plentiful in the District, since “a lot of the vacant properties have been picked up [by the private market], and the ones that have not been picked up probably have very severe title issues.” In Ivy City, too, it is the occupied properties that present the most direct displacement risk: many are likely to be sold to developers or higher-income families, who will fix them up and evict the current residents.

Before beginning acquisition of any occupied buildings, the land trust would need to develop criteria for which to purchase. The land trust should not acquire newly-renovated homes, newly-constructed homes, or homes that have recently sold for a high amount: these would be very costly for the city to acquire, and are unlikely to house low-income households. Acquiring them, therefore, would not help stop the displacement of low-income households. The land trust should, of course, not acquire homes built through the Home Again Initiative—these are already stabilized as affordable. Instead, the city should be focused on acquiring run-down homes with values generally below Ivy City’s average. Besides being able to acquire them more affordably, these are the homes that need renovation to stay viable as housing for low-income households.

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<sup>13</sup> A DC Council bill introduced in December 2015 would shift the onus from the city to continue verifying that properties are vacant to property owners themselves to prove their properties are *not* vacant or blighted. This would make it administratively easier for the city to designate and maintain an inventory of vacant properties (Councilmembers Silverman, May, Todd, Orange, Nadeau, Cheh, and Chairman Mendelson 2015).

Without intervention, these are likely to be lost to redevelopment for residents to rent or own at market rates.

The city could pursue friendly sales or eminent domain for these properties. The rationale for eminent domain would be an explicit policy of collecting as many parcels as possible in Ivy City for inclusion in a land bank, with the goal of avoiding displacement of low-income residents. The legal threshold for a “public purpose” under eminent domain is broad; such a policy could be made to qualify.

Besides these methods of acquisition, there are two other ways to acquire occupied properties. Both are at the point of sale—a moment when the property could be lost to market-rate uses or preserved as affordable.

Under the Tenant Opportunity to Purchase Act (discussed above in Section V.a.2) tenants have the first right to buy their building when it is for sale. However, as discussed above, this right is difficult for residents of small, rental buildings and single-family homes to use. If a land trust were formed, tenants could assign their right of purchase to the land trust.

If for whatever reason tenants do not pursue their purchase rights, another way to acquire properties at the point of sale is the District Opportunity to Purchase Act (D.C. Code § 42-3404.31-37 (2016)). This policy gives the city the right of first refusal to “purchase buildings with five or more rental units if at least one-fourth are being rented at ‘affordable’ levels (defined by the District)” (Hendey, Tatian, and MacDonald 2014). The District defines an “affordable” unit as one where the rent is no more than 30% of the income of a household at 50% of the area median income (D.C. Code § 42-3404.32 (2016)). In Ivy City, nearly 60% of rented units meet this criteria. The law also requires the District to maintain the affordability of the units if they exercise their right of purchase (D.C. Code § 42-3404.33 (2016)).

**Figure 23: A Small Park in Ivy City—its only green space**



Landlords with buildings subject to the policy must issue an offer of sale to the city government, just like they do to tenants. The city has never exercised this right, but the Strike Force is considering how it could be used to preserve affordable housing, according to one of its members. In Ivy City, the District would make a policy of assigning its right of purchase to the land trust when the property meets its predetermined criteria. The land trust would then purchase the property.

One challenge to acquiring these properties is a ready source of funds that can move swiftly to stay within the TOPA/DOPA time limits. Several interviewees discussed the long time frame it

takes for the Department of Housing and Community Development to get funds out the door. As one staff member of the Department put it, “You must go through the underwriting process. Then, you must go through an RFP, and then you—once the projects are selected—they go through more underwriting. And then, if the amount is greater than one million dollars, you have to go to the DC Council.”

That whole process takes around six months or longer—far too long if the funds are to be used for acquisition within a TOPA/DOPA framework. To make a program like the one I’m proposing work, “the government really needs to step in with fast, ready money allowing the owner to hold the property for a future assemblage for redevelopment,” according to a long-time affordable housing developer.

Recognizing this problem, the city established a specific fund that could make loans more quickly to non-profit developers: the Site Acquisition Funding Initiative, or SAFI. The District pre-qualifies non-profit developers on a rolling basis. These developers may then, at any time, apply to one of four intermediate lenders for acquisition funds (Department of Housing and Community Development 2016d). The city will loan up to \$2 million to the intermediate lender at 0% interest and expects the lenders to match that; the lender offers a “blended” interest rate between the 0% and the rate they need to do business, according to a person familiar with the program. Under the program, up to \$4 million can be made available at that “blended” interest rate, with additional funds potentially available from the intermediate lender or elsewhere. The loans are bridge loans, with a term of only 2-4 years.

Overall, the process can take as little as 30 days, which consists of time to give the lender everything they need, 10 days maximum for DHCD to approve or reject the loan, and a bit more time to get all the agreements executed, according to the DHCD staff member.

Getting a SAFI loan makes no guarantee of receiving construction or permanent financing from the city, and developers who do not end up getting additional city funds take a long time paying back the SAFI dollars, according to a DHCD staff member.

*Rapid financing is key to acquiring property for a community land trust.*

The city could expand this loan program to assist the land trust in acquiring properties at the point of sale. However, since the land trust would be expected to hold the property for a long period of time before redevelopment, using debt with a 2-4 year term is not the most ideal way to fund that acquisition. Therefore, the city should create a new source of grant funds to pay off these SAFI notes. The SAFI program allows for money to move quickly for the land trust to acquire the properties; then, later, the District could provide additional funds to pay off those notes and allow the land trust to hold the properties debt-free.

### *STEP 3: PROPERTIES OPERATED AND REDEVELOPED BY LAND TRUST*

The CLT would hold the units until they are ready to be redeveloped. For vacant property, there is minimal cost associated with holding the site, especially if the acquisition loan was issued with low interest or is paid off by the city. For occupied property, the land trust would need to manage the buildings—a difficult undertaking for small, scattered properties with deferred maintenance needs. Even given this level of difficulty, several non-profit housing organizations have figured out ways to operate such units efficiently; further study of what those organizations do could help inform the land trust. As one affordable housing developer said, “It can be done...”

The key is to create an economy of scale by securing several or more properties around the same time so that you can contract out operations for all three or more. We have also determined, especially with really small properties, that if we build our capacity to self-manage we can be more efficient (and dependable) than hiring a management company.

Of course, as a city staff member put it, the city “can’t just buy up a bunch of properties and then assume you’re going to have a market or developers...[you] need a clear exit strategy.” Once the land trust had acquired all these properties, what would it do with them? How would it deploy them for productive use to mitigate displacement pressures?

The land trust, in collaboration with the city, would analyze the specific parcels to be acquired, the quality of the homes on those parcels, and the development potential, before beginning the acquisition process.

Given the small scale of the housing stock, a useful precedent for the land trust to consider is the Cleveland Housing Network, which has developed 4,000 scattered-site, single-family homes, in Cleveland (Cleveland Housing Network n.d.). The organization develops 40-45 single-family homes at a time with low-income housing tax credit financing. While the family lives in the home, the organization provides counseling and preparation to them so that, at the end of the affordability period (15) years, they are ready to purchase it; 85% have so far (Cleveland Housing Network n.d.). The organization ensures that the monthly housing costs, including mortgage, of the family once they buy the home are the same or less than when they were renting.

With its large number of single-family homes, this is a useful precedent for Ivy City. The land trust could use a similar model to ensure 15 years of rental affordability and then long-term home-ownership for low-income families.

#### *CHALLENGES AND OPPORTUNITIES*

The main challenge to executing this policy is financial—at every step of the way.

On the acquisition side, private developers are willing to pay more than the property is worth in its current state because they would redevelop it and get higher rent or sale price. Therefore, for the land trust or city to be able to acquire it, gap financing is needed at the point of acquisition to make up the difference between the market value of the building and what a land trust can pay for it, according to an employee of a community financial institution. This is true whether the property is purchased through friendly sale, eminent domain, or Tenant/District Opportunity to Purchase Act.

Exacerbating this challenge is that a neighborhood-specific program could inflate sales prices. If owners see that the government is committed to buying up properties, they may list a higher sales price than they could receive in the market on their notice of sale, costing the government more for the properties, according to a DHCD staff member.

Currently, the city has limited funds that are flexible and could be used in the ways described here. For example, the city receives very little in CDBG funds, and unrestricted capital funds are also in short supply, according to the staff member.

Then, while the land trust is holding and owning the properties, they would likely need operating subsidy, because the maintenance needs are so great, and, as multiple interviewees shared, it is costly to operate scattered site properties.

**Figure 24: A Corner Store in Ivy City**



On the renovation side, the city generally does not run programs focused on small buildings; instead, “usually we have multifamily buildings. Officially, we only need to have 5 or more units, but we tend to get 20, 40, 200 unit buildings that we fund.” Why does the city focus on larger buildings? No matter the size of the project, “it’s the same bureaucracy we have to deal with. There are certain things that only happen for bigger projects, like council approval, but in general it’s the same amount of work” to develop a 4-unit or 200-unit building.

Finally, many of the people I interviewed emphasized how difficult redevelopment is of small, scattered buildings. One affordable developer commented, regarding whether he would pursue a scattered site development,

we don’t eschew scattered site opportunities. But there’s got to be enough of a critical mass to impact the community...And you’ve also got to deal with the economic reality of the financing. There’s got to be enough of an assemblage to make an acquisition and development feasible.

The land trust model would allow units to be gradually assembled over time, until there is a “critical mass” that makes “development feasible.”

Therefore, to implement such a program, several new sources of financing would need to be made available:

- Acquisition funding – The SAFI program provides a good model of how to structure such a program. But more funds—and non-debt funds—are needed.
- Operating Subsidy – Many properties are likely to need significant repairs to remain livable during the land trust’s holding period. In addition, managing small, scattered buildings is less efficient, and can be costly. The affordable rents being charged in these units will not cover expenses. Therefore, the District would need to provide ongoing operating subsidy to the land trust.

Additionally, modifications to the administration of the city’s existing affordable housing funds would need to be made to allow them to be used for smaller-scale, scattered site projects.

*New acquisition and operating subsidy will be needed to add properties to the land trust, and operate them.*

This intervention would bridge the divide between two common opposing views of how to create integrated neighborhoods. Discussing the various approaches in New York City, the New York Times recently summed up the debate well:

There are difficult trade-offs to grapple with. Redeveloping low-income areas can increase diversity by bringing in higher-income residents. But it can also end up pricing out existing residents. Doing the reverse — investing in affordable housing in more expensive areas — can draw in low-income residents. But government subsidies often do not go as far in such neighborhoods, with the potential result that fewer rental units are priced at affordable rates. (Navarro 2016)

Redevelopment in Ivy City is simultaneously a neighborhood stabilization program for a distressed, disinvested place *and*, given the likelihood of Ivy City attracting more and more high-income people, an affordable housing initiative in a place that will soon stop being an area of concentrated poverty. It’s able to achieve the latter in a way that would be more difficult in more-gentrified, higher-cost areas, since those places have higher land values.

For these reasons, a land trust would be uniquely valuable for Ivy City.

Ivy City is not the only neighborhood for which a land trust is being considered. As part of the redevelopment of the old 11<sup>th</sup> Street Bridge into an elevated park over the Anacostia River, the organizers of the project have released an Equitable Development Plan that includes a proposal for a community land trust to acquire properties near the site to provide affordable housing (11th Street Bridge Park and Building Bridges Across the River 2015). This parallel process could provide a natural collaborator for implementing the same idea in Ivy City.

The program I’m proposing would be complex, challenging, and expensive. It also lacks much precedent in the District. The city should still do it—without taking bold steps and crafting new, innovative policies, it will be impossible to retain the city’s economic and racial diversity. Given the accelerating gentrification, the time is right for the city to take a much more active, direct role in intervening in gentrifying neighborhoods like Ivy City.

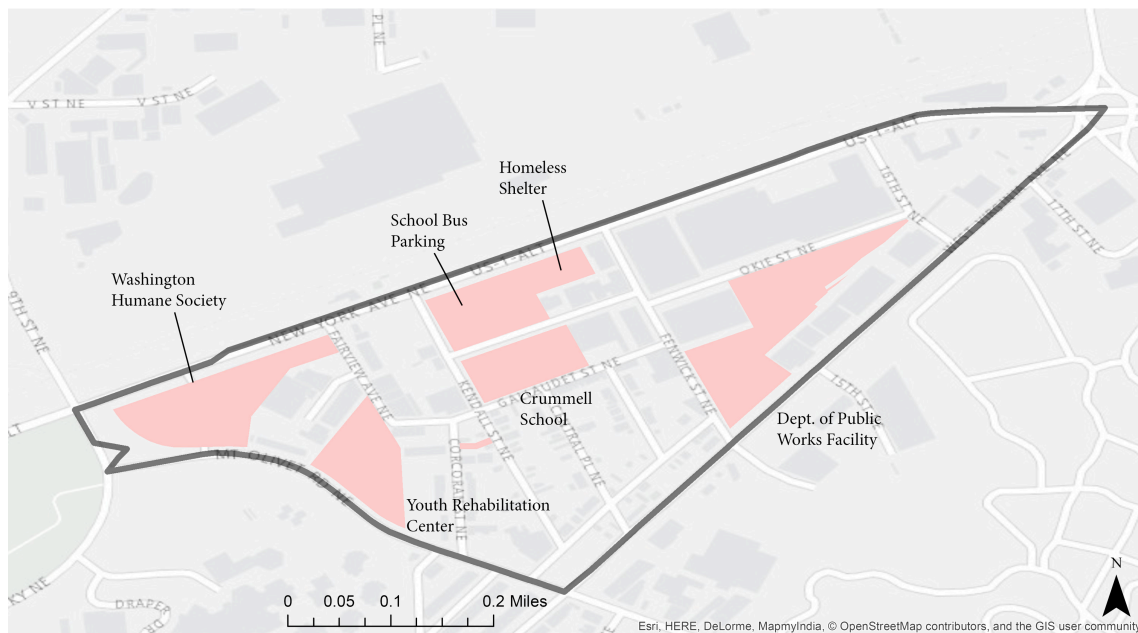
## VII.C. PUBLICLY-OWNED LANDS

Ivy City has a considerable stock of publicly-owned land, most prominently the Crummell School site, but also several industrial sites that are used as parking for school buses and other city vehicles. The publicly-owned land in Ivy City is used for a Department of Public Works facility, a youth rehabilitation center, a homeless shelter, school bus parking, and an animal shelter. This section discusses how these lands could be used to ensure Ivy City retains and welcomes low-income households.

***Recommendation #8: Prioritize anti-displacement in any public land dispositions within Ivy City by requiring the maximum feasible amount of affordable housing.***

***Recommendation #9: Use the Crummell School site for community-serving facilities and affordable housing.***

**Figure 25: Land Owned by the District of Columbia in Ivy City**



*Source: (District of Columbia Office of the Chief Technology Officer 2016)*

Publicly-owned land is useful for affordable housing development. When I asked a staff member in the Office of Planning how the Office thinks about affordable housing and anti-displacement, the first thing he spoke about was publicly-owned lands. He gave several examples of public land projects that were going to be used for one thing, but the office interjected to secure more affordable housing. In the case of one parcel downtown: “Wait a minute—there’s language in the [Comprehensive Plan] about housing downtown...affordable housing...and so we advocated that there should be some affordability in that building.”

One reason publicly-owned land is so important for affordable development is that using it for that purpose sidesteps many of the barriers to affordable housing development generally. These include, most importantly, the scarcity of land and its extremely high cost—a concern mentioned by most of the affordable developers I spoke with. The land cost isn't the only challenge; the acquisition *process* is also difficult:

Say you can pay the same price, but the way you're going to pay it is getting money from the government. And the government has one round of funding they're going to do each year. And you put in your application, it might take a year to go to closing. Well, Wall Street provides money very quickly. There are times in my career where I was competing with people who could close in 30 days. – affordable housing developer/advocate

On publicly-owned land, these concerns are not a problem: it is available, can be marked down to \$0, and the acquisition process can proceed as slowly as necessary. These benefits led one city staffer to comment that “every opportunity I think the District has, particularly with [public] land, you should definitely jump on that opportunity [to generate affordable housing]. Particularly if it's in a high-cost area.”

The District has historically, and is currently, including affordable housing on its public lands (Coalition for Smarter Growth 2012). Throughout the city, developers are planning to build 4,625 affordable units on publicly-owned land, which is 35% of the total units planned for those lands (Tatian et al. 2015). Many of these units will not receive any subsidy from the city; instead, the market-rate units in the developments will provide cross-subsidy. This is another benefit of public lands that is akin to inclusionary zoning: they can generate affordable units more cheaply than traditional subsidized development, usually through internal subsidy or discounts on the land cost.

The Council has put in place a law that requires new multifamily development on city-owned land (with 10 units or more) to set aside at least 20% (or 30% if near transit) of the units for affordable housing (D.C. Code § 10-801.a3 (2016)). A recent development at 965 Florida Avenue, NW, was the first “test” of this new law. Thirty percent of its units will be affordable, with a quarter of those for households at 30% of the area's median income—a very low level not usually achievable in unsubsidized housing (Davis 2015). Of course, the city marked down the land price significantly to make this financially viable. The deal was highly controversial for how little the city will be getting for the land (Davis 2015).

*A new law requires 20-30% of housing units built on public land to be affordable.*

This law is a good first step. The administration should place anti-displacement and affordable housing first and foremost when disposing of public lands, as the Coalition for Smarter Growth has advocated (2012). While the Council must approve public land disposition, the mayor wields significant influence over the process. Therefore, the prioritization of affordable housing is an administrative decision that does not require a new law.

Most of the public lands in Ivy City are in use by the city, so the disposition process is not yet relevant to them. Should these uses become unnecessary in the future, affordable housing should be the top priority for using the land. Such a use will be beneficial to the neighborhood even if it has already lost all or most of its affordable housing. If this is the case, adding back affordable

units into the neighborhood will allow former low-income residents to return, or new low-income residents to live in a high-quality, mixed-income, amenity-rich neighborhood.

#### *VII.C.1 USING THE CRUMMELL SCHOOL SITE*

While most public land in Ivy City is not available for redevelopment, the Crummell School—the most prominent and important publicly owned parcel there—is in the process of being disposed. The site has been vacant for many years since the school was closed in the 1970s.

The city’s Comprehensive Plan calls for a community use on the site:

Rehabilitate the historic Crummell School for a community benefit use, such as adult education, a trade school, or art studio space. Crummell School was built in 1911 and educated African-American school children from that time until 1972. The structure—which is a designated historic landmark—has been vacant for more than 30 years. (D.C. Municipal Regulations §10-A2411.11 (2011).

One affordable housing developer put it this way:

Crummell School is just huge. It’s a symbol as much as it’s a real issue...The neighborhood only has one little area of green, that little park that’s underutilized...I think it is important for that community, I think symbolically, emotionally, physically, to have a community center...which also gives them a sense of history, identity...that [Crummell School] is what Ivy City has.

On a recent Ivy City resident survey, almost 90% of respondents “believe a recreation center is Ivy City’s most critical need and support redeveloping the Alexander Crummell School site as a recreation center” (Derwin Dubose and New Majority Community Labs 2016).

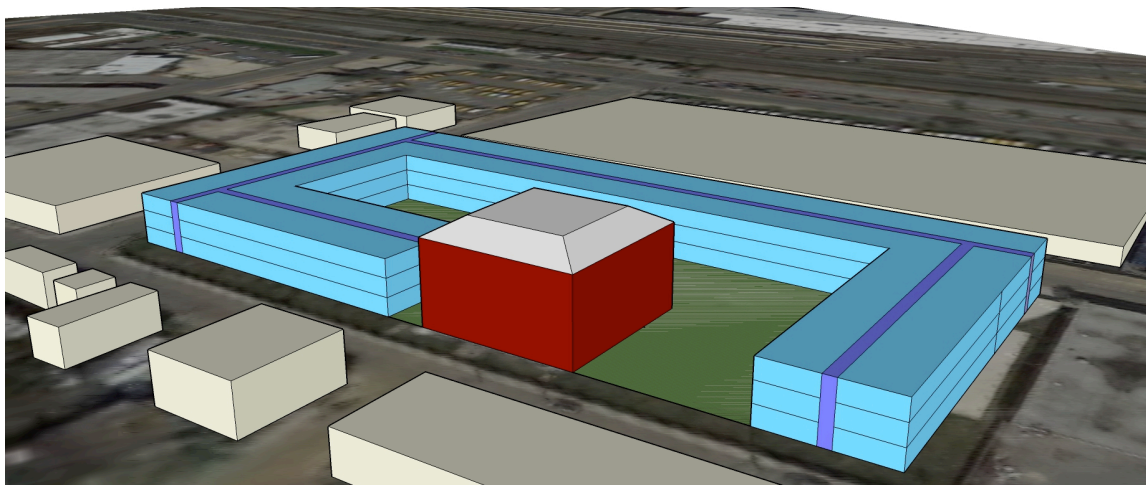
The most ideal use for the Crummell School building is as a community center. On the surrounding parking lot, new affordable housing is the best use.

*90% of Ivy City residents want a recreation center at the Crummell School site.*

These uses would respond to the residents’ stated desire for a community or recreation center, while also providing affordable housing to off-set the likely loss of affordable units in the neighborhood. This requires a variance from the existing zoning (Commercial-Light Manufacturing 1), which disallows residential uses (D.C. Municipal Regulations §11-800.4 (2015)).

At 2.5 acres, various configurations of housing and outdoor park and recreational space are possible. The figure below shows one possibility: a 3-story, 114-unit apartment building with ground-floor services, retail, or other commercial uses, plus parking and 33,000 sf of open space preserved as a courtyard for residents and outdoor recreation space. This building conforms with the design requirements of the C-M-1 zoning. The Crummell School itself would be renovated as a recreation center.

**Figure 26: Crummell School Redevelopment as Community Center & Affordable Housing**



A mixed-income building might generate sufficient return to support its development without city subsidy beyond marking down the price of the land. However, given the large displacement potential in Ivy City, and the city's overall need for affordable housing, a 100% affordable multifamily apartment building, with tax credit and other subsidy, is the best use.

#### VII.D. INDUSTRIAL LANDS

Like many American cities, Washington contains significant industrial lands that seem out of step with the other uses in the city. In Ivy City, 47 acres are zoned for industrial uses. This section discusses the future land use of these parcels.

***Recommendation #10: Reduce the nuisances to residents caused by adjacent industrial land by reducing truck traffic, making façade improvements, adding landscaping, and shifting to lower-impact uses. If rezoning land to residential, impose high inclusionary requirements for affordable housing.***

**Table 5: Industrial-Zoned Land in Ivy City**

|                               | Land Area (Acres) |
|-------------------------------|-------------------|
| Hecht Warehouse Redevelopment | 10.6              |
| Crummell School               | 2.5               |
| Other Publicly-Owned Land     | 23.1              |
| All Other Industrial Land     | <u>11.2</u>       |
| Total Industrial Land         | 47.4              |

*Source: DCGIS Open Data: Property and Land, "Owner Points – all fields" shapefile*

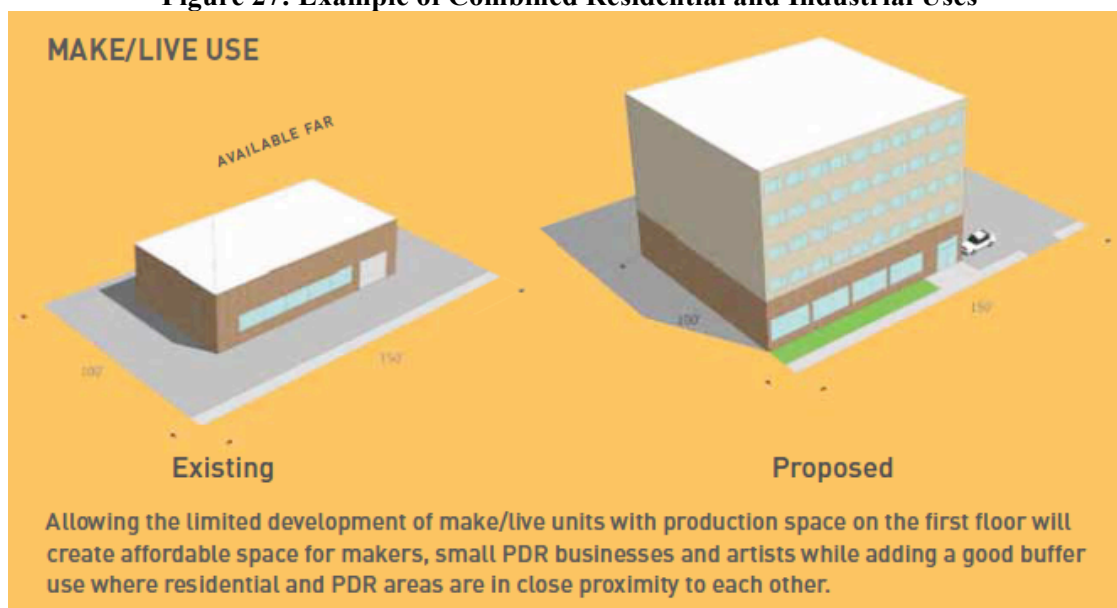
What relationship do these lands, their zoning, and their current and future users have with gentrification and displacement in Ivy City? On one hand, the presence of so much industrial land wrapping around the small residential area has likely helped keep Ivy City from gentrifying so far. As the city wrote in its Ward 5 industrial lands study, “industrial land stabilizes nearby property values within an affordable range” (Government of the District of Columbia 2014a, 7).

However, even if these uses are part of why low-income residents have been able to stay, they are not ideal. According to an organizer, residents report that air quality is poor and that many of them have asthma.

Therefore, one potential solution is to re-zone these areas for non-industrial uses. Such a change would raise the value of the property, which the city could recoup through high (20-30%) inclusionary requirements for affordable housing. This would eliminate the harmful uses and provide new affordable units to mitigate the displacement pressures on the whole neighborhood.

Some industrial uses could even be preserved in such a scenario. For example, the District’s Office of Planning outlined a “make/live” use that preserves a ground-floor production/distribution/repair (PDR) use while adding housing above (Figure 27).

**Figure 27: Example of Combined Residential and Industrial Uses**



*Source: (Government of the District of Columbia 2014a, 93)*

One example of a rezoning is the Hecht Warehouse. It was a distribution center for many years before becoming vacant and, eventually, being redeveloped into residential and retail uses in 2015. The city entitled the land as a Planned Unit Development (PUD), granting a zoning map amendment to allow departures from the C-M-2 and C-M-3 zoning rules on the site (Zoning Commission for the District of Columbia 2014). The Zoning Commission acted on the recommendation of the Office of Planning, who, though they would usually “have difficulty supporting a proposal for a residential mixed-use development” in an area planned for production, distribution, and repair, felt differently here:

In this case, however, the exceptional situation of the already developed site, including its existing historic building, density, and height; its location on a major District avenue; and the changed nature of industrial uses, made the map amendment application truly unique. The proposal includes the provision of a high level of housing affordability and quality ground floor retail space through the adaptive reuse of a prominent historic vacant building, which are goals supported by the Generalized Policy Map and Comprehensive Plan policy statements. [The Office of Planning] urged that the requested PUD and related map amendment will not threaten the stability of adjacent PDR uses, nearby residential uses, or other mixed uses in commercial areas located in the general area. (Zoning Commission for the District of Columbia 2014, 13)

There is no other privately-owned industrial parcel as large or as important in Ivy City as this one. However, if developers pursue a planned unit development akin to the Hecht Warehouse, or any type of rezoning from industrial to residential, care must be taken to ensure the process does not exacerbate displacement; instead, it is an opportunity for the city to intervene to ensure increased affordable housing options.

**Figure 28: Industrial Land (foreground) is located close to homes (background)**



*Image Source: (Judkis 2015)*

This is especially important because of the upward pressure such a change in use can have on land values and rents. As mentioned several times in the a recent city report,

The introduction of non-industrial uses into an industrial area changes the land use context, increasing the likelihood of nuisance complaints, land use and traffic conflicts, and additional rezoning requests. As a result, land prices escalate significantly and often price out industrial users that depend on low-cost facilities. Moreover, the shift to non-industrial uses places upward pressure on the land value of nearby residential areas. (Government of the District of Columbia 2014a)

Therefore, if the city allows further use of industrial land for residential purposes, it should require a high percentage of the units be affordable to low-income households. Such an ordinance is compatible with the current zoning and administrative structure. When the Zoning Commission is rezoning a parcel to a new zone as part of a Planned Unit Development, the new zone's inclusionary requirement applies. However, any affordable housing built on a parcel that previously disallowed residential uses is also considered a "public benefit" as that is defined for the purposes of approving Planned Unit Developments. To approve a project, the Commission must find that the "impact of the project on the surrounding area...[is] acceptable given the quality of public benefits in the project" (D.C. Municipal Regulations §11-2403.3 (2013)). Affordable housing that "exceeds what would have been required through matter of right development under existing zoning" is considered a "public benefit" (D.C. Municipal Regulations §11-2403.9f (2013)).

In the Hecht Warehouse decision, the Zoning Commission found that the developer's meeting the minimum percentage requirement for the new zone—8% of the residential floor area as affordable—with some at a deeper level of affordability than required constituted a "public benefit" because no residential units at all could be built under the "matter of right" zoning (Zoning Commission for the District of Columbia 2014, 9).

In the future, the Commission should insist on a higher percentage of affordable units than 8%, under the reasoning that greater public benefit is needed to mitigate the overall shortage of affordable housing in the District and mitigate the loss of the industrial land, which the city has stated is of critical importance. This would require no change to existing zoning nor other regulations. Instead, it simply requires the Commission to prioritize the public benefit of affordable housing to a greater extent.

### **Environmental quality improvements**

While rezoning industrial land to produce new affordable units would help mitigate displacement, such a change is politically infeasible. As recently as 2014, the District committed to preserving the industrial land throughout Ward 5 (which contains Ivy City), including (and especially) in Ivy City (Government of the District of Columbia 2014a). The "Ward 5 Works" plan outlines the benefits of industrial lands for providing good jobs to District residents as well as the services and goods the city needs. For example, OceanPro, a seafood distribution business in Ivy City, employs 98 staff, 40% of them DC residents (Government of the District of Columbia 2014a, 26). The report cites a 90.1% occupancy rate for industrial space in Ward 5 and laments the loss of some industrial land to rezoning (Government of the District of Columbia 2014a, 38).

**Figure 29: OceanPro Distribution Facility**



*Image Source: Google Maps*

The report calls for Ivy City to be the center of a “PDR Hub,” indicating a clear intention to keep the area zoned industrially, and disallow housing construction (Government of the District of Columbia 2014a, 121). This will be an improvement if the new uses are more attractive and address some of the environmental concerns posed by the current uses.

Recognizing the reality that the industrial uses will probably remain, there are still several improvements that would make the area better for residents. One of the main concerns with having industrial land near residential is the various nuisances created by industrial land: sound, vibration, air quality issues, and more. Residents in Ivy City have expressed these concerns several times, including in the context of the comprehensive planning process (D.C. Municipal Regulations §10-A2407.2 (2011)).

The city has already committed to several actions to ameliorate these issues in Ward 5. One action proposed in the plan is to “reduce commercial traffic through residential neighborhoods” (Government of the District of Columbia 2014a, 94). This is a key concern for Ivy City, where truck traffic on narrow, residential streets is a nuisance for residents.

Another action proposed by the city is to “install landscape or other physical buffers at key locations,” including two streets in Ivy City (Government of the District of Columbia 2014a, 101). Finally, the plan proposes to “consider expanding its façade improvement financing program to include properties in Ivy City, Florida Avenue Market, and other Ward 5 industrial areas” (Government of the District of Columbia 2014a, 97).

The comprehensive plan proposes similar changes:

Retain the existing concentration of production, distribution, and repair (PDR) uses in Upper Northeast [the planning area that includes Ivy City], but encourage the upgrading of these uses through higher design standards, landscaping, and improved screening and buffering. Emphasize new uses, including retail and office space, that create jobs for Upper Northeast area residents, and that minimize off-site impacts on the surrounding residential areas. (D.C. Municipal Regulations §10-A2408.10 (2011)).

Improve environmental quality...with particular attention given to the reduction of emissions and particulates from trucks and industrial uses in the area. (D.C. Municipal Regulations §10-A2409.8 (2011)).

These improvements would help make Ivy City a more livable place for residents.

## VIII. CONCLUSION

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*“Affordable housing is seen as at a crisis point.” –Elissa Silverman,  
DC Council Member*

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Even with the dramatic loss of low-income households in recent years, Washington retains a sizable low-income population. The city’s affordable housing and anti-displacement policies have likely kept it from losing even more low-income households than it has. However, these policies are not enough to stem the tide completely. Absent additional intervention, the city appears to be on a path towards retaining very few of its low-income households.

Ivy City is emblematic of a place that, given its characteristics, is not well protected by the existing anti-displacement laws. But it is far from unique in this regard. Many neighborhoods that are at the beginning stages of gentrification consist predominantly of single-family homes and small apartment buildings, especially east of the Anacostia River. Therefore, the changes I suggest would benefit communities far beyond Ivy City.

The challenges facing the District are formidable. If the city loses many more of its low-income households, it could constrain overall economic growth, which depends on low-wage workers. As one interviewee put it, “one snowstorm and the whole workforce is gone for a Marriott or Hilton.”

I am gravely concerned that the District’s future is one without racial diversity, where only high-income people can afford to live. Yet I also feel hopeful that the city is slowly beginning to shake off its post-riots identity as a depressed place whose priority needed to be attracting new people, and is assuming a post-2000 identity as a place in high demand, where the real priority needs to be retaining existing low-income residents. Positive steps include the recent investment of \$100 million into the Housing Production Trust Fund; the mayor’s ongoing effort to close the DC General homeless shelter; recent legislation to require affordable housing on publicly-owned land; and the shift to greater public input in land disposition through the “Our RFP” process. Ongoing efforts include the Mayor’s preservation strike force, which is set to release its recommendations soon; organizing around changes to rent control that would address many of the challenges in Ivy City; and pending legislation to increase down payment assistance available to first-time home-buyers.

These steps indicate a growing recognition that major efforts are needed to address the city’s affordable housing crisis. Now, it’s time to turn that jog into a sprint and take bold action to address the displacement pressures in Ivy City and elsewhere.

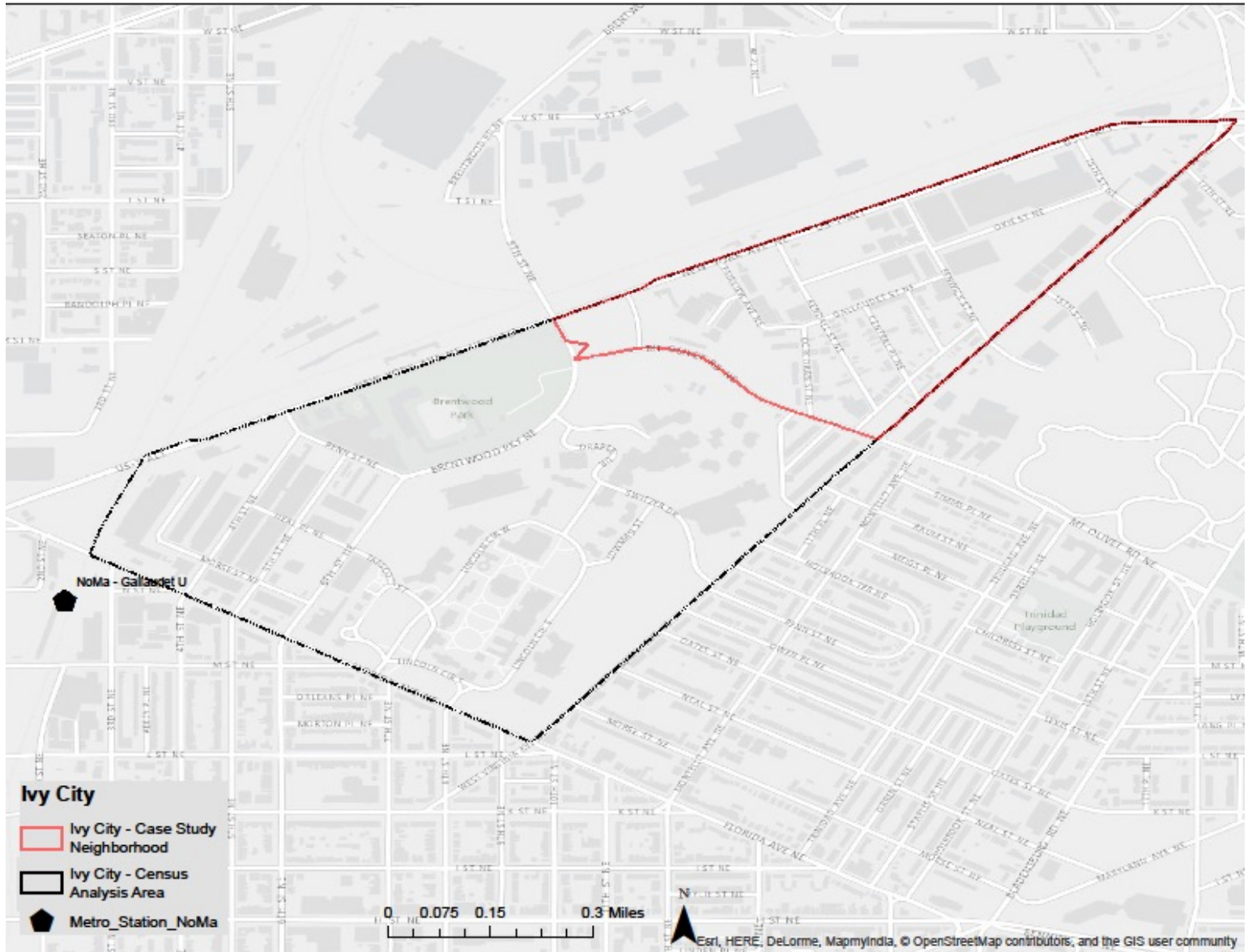
With intervention, Ivy City can be a mixed-income, diverse community; the District can be a leader in allowing growth without displacement; and, most importantly, the city can retain the rich diversity that so defines it.

## ACKNOWLEDGMENTS

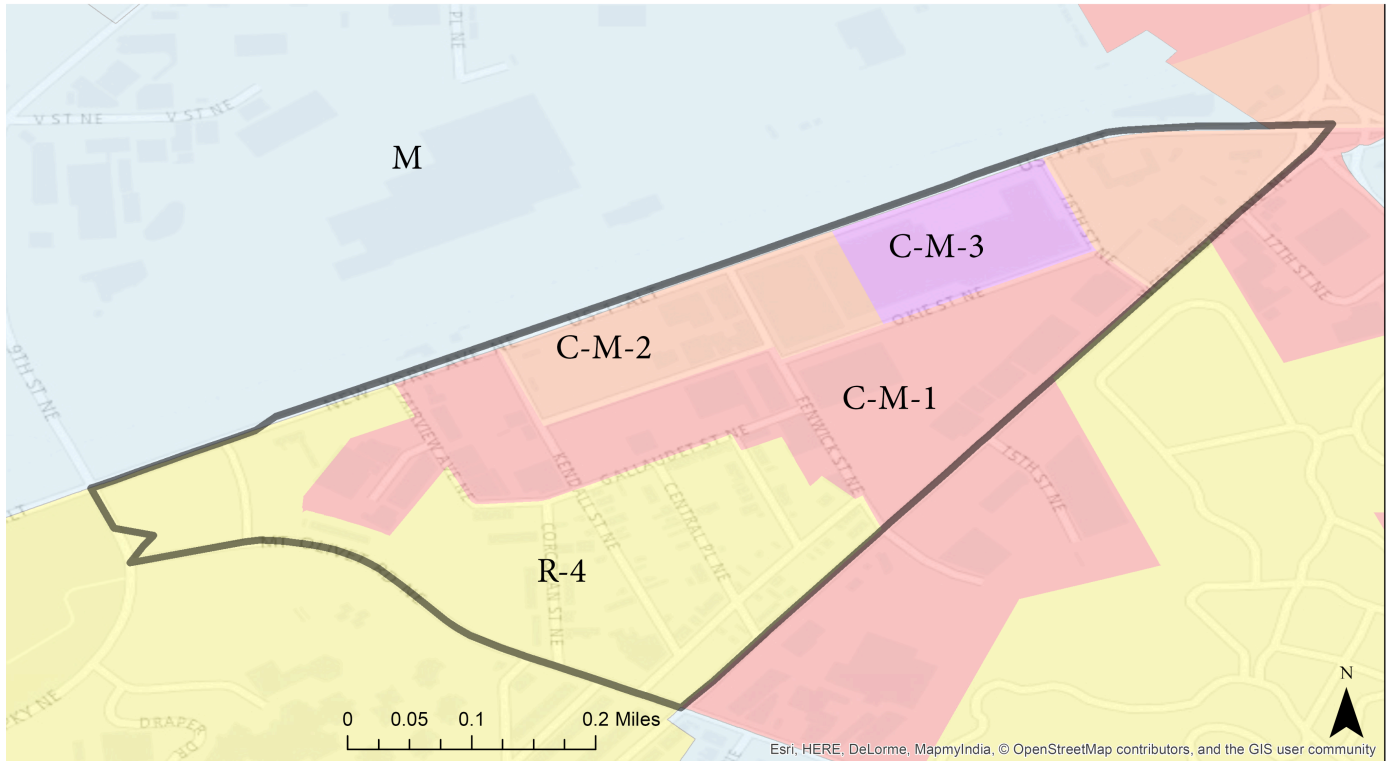
I am grateful to the people who agreed to be interviewed for this report; their feedback was instrumental. Thank you to my committee, Prof. Karen Chapple and Prof. Michael Smith-Heimer, for your guidance and thoughtful feedback. Also, I appreciate Professors Moira O'Neill-Hutson and Carol Galante for their helpful policy input, and Bruce Crispell for his close reading of my drafts.

## APPENDICES

**Map of Ivy City and Census analysis area, from which demographic and housing information was drawn**



## Zoning in Ivy City



### List of Interviewees

| #            | Affiliation  | Affordable Housing Developer | Organizer/ Advocate | Politician/ City Staff | Market-Rate Developer | Researcher | Other    |
|--------------|--|------------------------------|---------------------|------------------------|-----------------------|------------|----------|
| 1            | Affordable housing developer   | X                            |                     |                        |                       |            |          |
| 2            | Affordable housing developer   | X                            |                     |                        |                       |            |          |
| 3            | Affordable housing developer   | X                            |                     |                        |                       |            |          |
| 4            | Affordable housing developer   | X                            |                     |                        |                       |            |          |
| 5            | Affordable housing developer   | X                            |                     |                        |                       |            |          |
| 6            | Affordable housing developer   | X                            |                     |                        |                       |            |          |
| 7            | Affordable housing developer   | X                            |                     |                        |                       |            |          |
| 8            | Affordable housing developer   | X                            |                     |                        |                       |            |          |
| 9            | Affordable housing developer   | X                            |                     |                        |                       |            |          |
| 10           | Affordable housing developer   | X                            |                     |                        |                       |            |          |
| 11           | Affordable housing financier   | X                            |                     |                        |                       |            |          |
| 12           | DC Council Member  |                              |                     | X                      |                       |            |          |
| 13           | DC Council staff   |                              |                     | X                      |                       |            |          |
| 14           | Department of Housing and Community Development staff                  |                              |                     | X                      |                       |            |          |
| 15           | Department of Housing and Community Development staff                  |                              |                     | X                      |                       |            |          |
| 16           | Developer familiar with Ivy City                                       |                              |                     |                        | X                     |            |          |
| 17           | Former DC government staff   |                              |                     | X                      |                       |            |          |
| 18           | Gallaudet Student  |                              |                     |                        |                       |            | X        |
| 19           | Housing researcher   |                              |                     |                        |                       | X          |          |
| 20           | Housing researcher   |                              |                     |                        |                       | X          |          |
| 21           | Long-time affordable housing professional                              | X                            |                     |                        |                       |            |          |
| 22           | Long-time Ivy City stakeholder   |                              | X                   |                        |                       |            |          |
| 23           | Market-rate developer  |                              |                     |                        | X                     |            |          |
| 24           | Office of Planning staff   |                              |                     | X                      |                       |            |          |
| 25           | Office of Planning staff   |                              |                     | X                      |                       |            |          |
| 26           | Office of the Deputy Mayor for Planning and Economic Development staff |                              |                     | X                      |                       |            |          |
| 27           | Policy advocate  |                              | X                   |                        |                       |            |          |
| 28           | Policy advocate  |                              | X                   |                        |                       |            |          |
| 29           | Policy advocate  |                              | X                   |                        |                       |            |          |
| 30           | Policy advocate  |                              | X                   |                        |                       |            |          |
| 31           | Tenant organizer   |                              | X                   |                        |                       |            |          |
| 32           | Tenant organizer   |                              | X                   |                        |                       |            |          |
| 33           | Tenant organizer   |                              | X                   |                        |                       |            |          |
| 34           | Tenant organizer   |                              | X                   |                        |                       |            |          |
| 35           | Land trust staffer   |                              |                     |                        |                       |            | X        |
| 36           | Department of Housing and Community Development staff                  |                              |                     | X                      |                       |            |          |
| 37           | Office of the Deputy Mayor for Planning and Economic Development staff |                              |                     | X                      |                       |            |          |
| <b>Total</b> |  | <b>12</b>                    | <b>9</b>            | <b>10</b>              | <b>2</b>              | <b>2</b>   | <b>2</b> |

## Interview Methods and Protocol

I interviewed 37 people. These included non-profit affordable housing developers, market-rate developers, staff at city agencies, policy advocates, researchers, community organizers, and others familiar with my topic.

*Sample Frame:* I was interested in interviewing people who are knowledgeable about Ivy City's history, demographics, and housing stock; who know about affordable and market-rate housing development in DC and Ivy City; and who understand the political landscape for implementation of housing policy in the city.

To identify these people, I relied on my knowledge of the key community organizations working in the District, a list of non-profit developers from CNHED, a membership organization, and any mention of relevant organizations or individuals in the literature I reviewed. Several stakeholders referred me to others that would be helpful; this "snowball sampling" helped me expand my list. These methods helped me to generate a list of 57 stakeholders.

*Sample:* I emailed every stakeholder that I identified. Of these, 38 replied, and 34 agreed to be interviewed. I knew I had spoken to enough people when I began to hear the same themes repeated.

*Interview format:* I conducted most of my interviews via phone; most of these were recorded, and I transcribed key quotes. For 13 stakeholders, I interviewed them in person. I recorded each of these and transcribed key quotes from the interviews. Phone interviews were conducted between November 2014 – April 2016; in-person interviews were conducted the first week of January 2015.

### *Potential Error:*

My interview design ensured *reliability*: I asked straightforward, fact-based questions that drew on the interviewee's technical/professional experience, so they most likely responded to me as they would if the questions were asked by someone else or in a different way.

In terms of *validity*, I faced challenges with different interviewees perceiving the topics of discussion differently. For example, as one stakeholder indicated, people define "gentrification" (and the various stages of gentrification) very differently; some view neighborhoods that have retained even a few of their low-income households as "successful," while others see those same areas as failures of anti-displacement policy. For example, resident advocates and for-profit developers will likely have different perceptions of Ivy City, gentrification, etc.

Given the lack of a comprehensive list of affordable housing experts and community organizers in Washington, DC, my interview methodology experienced some *coverage error*. Therefore, there is likely to be some bias in my interview responses, resulting from missing out on being able to interview unknown advocates and experts. In particular, people working informally on affordable housing and displacement issues in my case study neighborhood and small developers who are not well known but have intentions to work in the community were likely to be excluded from the interviews. This means that I learned little about unofficial or non-traditional strategies that might be effective to address displacement.

Even within my list of potential interviewees, not all of them agreed to be interviewed; this produced *unit nonresponse error*. The people most likely to say no to an interview or not respond at all to my emails were the busiest people, who may have unique information that I could not capture, as well as people for whom figuring out how to address gentrification and displacement is unimportant.

Some interviewees did not respond to certain questions, producing *item nonresponse error*. Some of the more politically engaged people were unwilling to answer questions about sensitive matters, like the political feasibility of passing a particular policy. Respondents working on business directly related to my questions, like market-rate developers making a deal, were unwilling to share their cost estimates or market analysis. Finally, the busiest respondents ended the interviews before I had a chance to ask all my questions.

### ***Interview Protocol***

The following is the master interview protocol I used to choose my questions for each stakeholder. I asked none of my stakeholders all of these questions; instead, I selected from this list which question each interviewee would be most qualified to answer. For phone interviews, I had the whole list in front of me; for in-person interviews, I brought a short list of themes to remind myself of the questions, but did not bring a bulleted list of questions.

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### **Interview Questions & Notes: Stakeholder #**

Title:

Date of Call:

Main Take-Aways:

- 1.
- 2.
- 3.

Key Quotes:

- 1.
- 2.
- 3.

Follow-Up:

- 1.
- 2.
- 3.

### ***Introduction***

- Thank you for meeting with me. My name is Mitch Crispell. I am a student in the Master of City Planning program at UC-Berkeley. [more on my DC background, if relevant]

- I am completing a Professional Report on affordable housing preservation and production in Washington, DC, and Ivy City in particular.
- The information you tell me will be used in my report, which I intend to share with members of the affordable housing and policy-making community here in Washington, as well as with my colleagues at Berkeley.
- Your responses will be confidential; I will refer to you only by your general title, such as “community advocate.” I will send you my notes after the interview so you can clarify anything I misunderstood.
- I have about 30 minutes worth of questions for you, and am grateful for your time.

### *Interview Questions*

#### *About Ivy City (for community advocates and others)*

- What is/has been your involvement with Ivy City as it relates to displacement and affordable housing?
- History: The key points in the neighborhood’s history seem to be its founding as housing for rail yard employees, the gradual diminishing of those jobs and subsequent rise of the neighborhood’s use as an industrial area and municipal storage area. How have these things affected the neighborhood? What are the other key aspects of the neighborhood’s history?
- What specific housing issues are you seeing in the neighborhood?
  - Loss or increase in subsidized housing?
  - Loss or increase in rent controlled units?
  - Evictions tactics?
  - Rising rents?
  - Overcrowding?
  - Speculative land purchasing?
  - Condominium conversions?
  - Changes in employment patterns?
  - New retail? Old retail closing down?
  - Effects of economic restructuring on residents? Businesses?
  - Racial conflict?
  - What else?

#### *Community Organization*

- What organizing has been done so far in the neighborhood around affordable housing?
- What has been successful and why?
- What has failed and why?
- What do you define as a “well organized” community? How well organized is the community when it comes to issues related to displacement and affordable housing?
- Who are the key leaders?
- Do the Advisory Neighborhood Commissioners have respect in the community? How effective are they at getting results from the city?
- What community organizations are working in the community? What are their priorities? How effective are they at getting results?

#### *Policy Viability in Neighborhood*

- I am interested in your perspective on these policies in Ivy City:
  - Inclusionary requirements (will be specific in terms of the area I'm talking about, and the specific requirements I'm proposing)
  - Traditional affordable development (will give specific potential development sites)
  - Public lands (will give specific parcels and potential options)
  - Preservation of at-risk properties and naturally-occurring affordable housing (will list specific projects)
- If you had an unlimited budget, what things would you do to address displacement and affordable housing?

#### *Affordable Developer*

- What is/has been your involvement with Ivy City in terms of displacement and affordable housing?
- What are the challenges and opportunities you see to developing in this area?
- Tell me about the obstacles you face to development in the city.
  - Would addressing these help you produce more units?
  - How could they be addressed?
- To what extent do you think current city policy encourages affordable housing development where it would help address displacement the most?

#### *Market-Rate Developer*

- What opportunities for development do you see in Ivy City?
- Have you been pursuing any projects there?
- What housing typologies seem most viable to you (condo, rental, single-family, townhouse, etc)?
- Do you see a market in the neighborhood for retail? Office? If so, what type?
- What challenges do you see in building in Ivy City in particular? Community opposition? Not a strong enough market? What else?

#### *Elected officials/high-level governmental staff*

- Ask these questions generally *and* about specific policies I'm interested in:
  - Which policies have been tried in recent years and failed? Why?
  - What have had momentum in recent years? Why?
  - What are up for consideration within this council term? How likely are they to pass?
  - Which do you think could be viable in the next 5-10 years?
  - Which are being discussed elsewhere in DC government, like DHCD, OP, Mayor's office, advocacy community?
  - What administrative challenges are there for implementing these policies?
- What dynamics are there on the Council, with the mayor, and in the departments that are related to changing policy approaches? What would have to change for some of the currently unviable policies to become possible?
- Will a neighborhood-level approach work, or must policies be implemented at the city-wide scale? What about at the specific parcel (public lands) or project (for at-risk

properties) level? Would the council consider piecemeal policy fixes to address issues at this fine scale?

### **Gentrification in Surrounding Neighborhoods: Descriptions**

**H Street:** These neighborhoods mostly consist of single-family attached homes. This area has already gentrified substantially, and is considered part of the “H Street” area. A recently opened (February 2016) streetcar line along H Street spurred much development along that street; the neighborhoods north and south of H Street have experienced substantial gentrification already.

**Eckington:** This neighborhood is primarily single-family row houses with a smattering of bars, restaurants, and industrial uses.

**NoMa:** This area consists mostly of new mixed-use, market-rate development, large-scale public housing developments, and office buildings. One developer of a major project in NoMa said, “...over the next 15 years, the core of NoMa will get built out.”

**Florida Avenue Market:** This is an industrial area with several warehouses, including the only wholesale market in the city, which is very successful, according to a city staff member familiar with the area. The area also includes a hip new food market called “Union Market” located in an old warehouse. There is currently no housing in this area. However, it is experiencing an “influx of development” and a large residential project is planned here.

The city has passed a plan that would preserve the main “spine” of wholesale uses while adding new, high-density residential/retail buildings surrounding the market (Office of Planning 2009). Complicating the plan’s implementation is the highly fractured nature of land ownership in the area: more than 60 individual property owners have land here, according to a Planning staff member. Even so, the owners are beginning to collaborate on shared infrastructure, streets, and other public realm aspects of the plan, and development is starting.

**Gallaudet University:** The country’s premiere university for the deaf and hard-of-hearing is located here. The school is currently “focused internally and along Florida Avenue,” but is going through a campus master plan which intends to “open up the campus, and be much more of a presence, and be much more open to surrounding neighborhoods,” according to a planning staff member familiar with the process. Will this change make students—who hardly ever venture into Ivy City currently, according to a current graduate student—more likely to explore the neighborhood or even move in? Gallaudet also owns land near Union Market, and they have plans to “build up that whole area with additional housing for students...[they’re] hoping to bring in 40-50 stores and restaurants.”

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