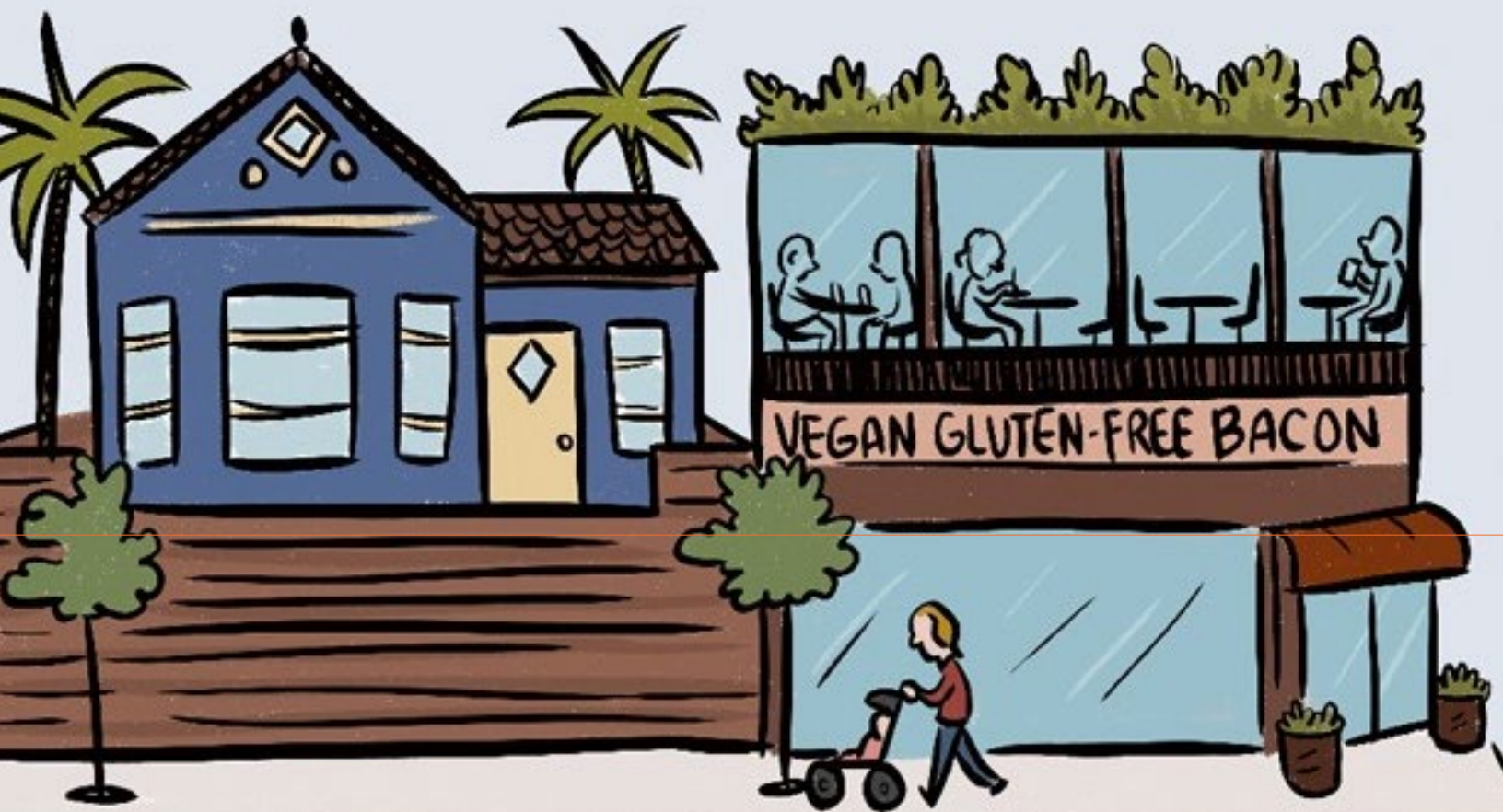


The Gentrification Question

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A Story of Race, Class & Washington Politics

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Separate and Unequal in D.C.

A Story of Race, Class & Washington Politics

Story by
Dax-Devlon Ross

ON A LATE DECEMBER NIGHT IN THE ANACOSTIA SECTION OF WASHINGTON, D.C., MORE THAN 100 RESIDENTS, FROM INFANTS TO OCTOGENARIANS AND EVERYTHING IN BETWEEN, GATHERED IN THE BASEMENT OF UNION TEMPLE BAPTIST CHURCH. They were there to observe the second day of Kwanzaa, the now 4.5-decade-old African-American holiday tradition. Each day of the seven-day festival is dedicated to one principle. Day two's is *Kujichagulia*, the Swahili term for self-determination, and in a few moments the crowd would be watching *Flag Wars*, a 2003 documentary about a black community's resistance to and reconciliation with gentrification in a Columbus, Ohio neighborhood. I had been sent to the gathering by a woman named Luci Murphy, whom I had only spoken to via e-mail about the story I was writing on the old and new D.C. Although Murphy couldn't make it out herself, she thought it would be a good opportunity for me to hear how longtime residents were thinking and talking about the city's makeover.

I had a look around the basement as I was waiting for the main event to begin. Most of the people had already taken their seats. A few were in line to buy dinner or a refreshment at the concessions window. Vendors dressed in African wraps and dashikis peddled tchotchke in the back of the room. A picture of President Obama, ornate African tapestries and several photo albums containing snapshots of the prominent African-American athletes, entertainers and ministers who've graced the church's pulpit through the years adorned the walls. Nation of Islam leader Louis Farrakhan, former D.C. mayor and current City Councilmember Marion Barry, singer Erykah Badu and former heavyweight boxing champion Riddick Bowe were among the faces I recognized. But judging by their weathered condition and the pre-millennium dates on the *Washington Post* stories featuring the church's controversial pastor, Willie E. Wilson, Union's heyday — like the District's "Chocolate City" moniker — appeared to have come and gone.

Finally, after an inspired drum performance, the lights dimmed and for the next 90 minutes we watched uncomfortable dinner table talk about race, class and crime rub up against the classic NIMBY skirmishes. For many of the folks in the audience, *Flag Wars* was the story of their lives: The city they'd always known was becoming a foreign land before their eyes, and they were no longer sure if and where they fit in. Upscale markets, old neighborhoods with new names and amenitized buildings were commandeering the nation's capital, and it didn't appear that any of it was being made with their means or ways of life in mind.

Three panelists addressed the audience following the film. Dr. Frances Cress Welsing, a polarizing psychiatrist and author whose views have been called racist, told the audience that she was being pushed out of her home of 40 years on 16th Street in upper Northwest. (D.C. is divided into four quadrants, denoted by the ordinal directions.) The 77-year-old wasn't being priced out, however. Welsing charged her neighbor, the Jewish Primary Day School, with flouting a written agreement to maintain a 15-foot noise buffer between her home and its new playground. It was her position that the school was intentionally creating an unlivable situation for her so that she would sell her property on the cheap. I found the notion that a school would use small children to make an elderly woman's life a living hell repugnant, but I also registered the empathy on the faces in the crowd. For many, Welsing's plight was yet another example of the coup d'état taking place in the city.



1250 U Street NW, 1999-
2000 and present day

“This is aggressive gentrification,” the snowy-haired Welsing declared. “We have to stand together and speak out. The more you talk about it, the more you realize it’s happening to different groups of black people in different ways. It’s like the old saying where black people have no rights that white people are bound to respect.” Welsing paused briefly to receive the audience’s tart applause. Beside her, Reverend Wilson folded his arms over his stout stomach and offered a vague nod. She went on: “We have come too far in our struggle as black people to get pushed out of the city because some people want to come back and they don’t want us in the city with them.”

Sixteenth Street’s racial discord precedes Welsing’s conflict with the school by almost a century and a half. In the late 1880s, a U.S. Senator’s wife orchestrated the removal of a black community in what is now Meridian Hill in order to turn the street into the “Avenue of the Presidents.” African Americans were barred by custom and covenant from buying any of the street’s Victorian homes well into the 20th century. Once they gained the right to live on the street, white homeowners moved west of bucolic Rock Creek Park or out of the city entirely. To this day, 16th Street, which cuts a narrow swath through three wards from downtown D.C. to Silver Spring, Md., serves as a de facto dividing line between white and black Washington. Ward 3, the city’s westernmost section, is nearly 80 percent white and exclusively upper income, for all practical purposes. It contains swanky, secluded enclaves with names like Spring Valley, Foxhall, Friendship Heights and Chevy Chase, neighborhoods where the average family income is more than a quarter-million dollars and the median home is valued a shade below \$900,000, where high-end shopping, green space, markets, eateries, elite schools, hospitals and parks are plentiful.

Meanwhile, Ward 8, the city’s southeastern-most section, feels something like a deep southern town from a bygone era. It is physically isolated from the city’s core by the Anacostia River and bereft of the upscale accoutrements that characterize the new D.C. The luxury condos that now crowd the city’s skyline haven’t arrived. Neither have top-end retailers, nor the bars, lounges and restaurants that people who’ve moved to the city in recent years rave about on food and culture blogs. With 94 percent of the population African American, it is rare to see anyone who isn’t black or brown. In Ward 8, the average family income is \$44,000 and falling. The median home’s value — the ones in sellable condition — is \$229,000, less than half the citywide average and on a steady decline as well. A quarter of the population is unemployed and the poverty rate stands

at 34 percent. At night, the side streets are barren and dark. Cops dispersing groups of young black men or searching their cars is such a common sight that it barely registers a glance from passing drivers. Older men hover around the sidewalks in front of liquor stores. Church basements like Union's notwithstanding, the dining options are fast food or faster food.

"This looks like 1960," El Senzengakulu Zulu said after Welsing concluded her remarks. "I'm in Mississippi trying to help the brothers and sisters register to vote." A former SNCC (Student Nonviolent Coordinating Committee) member and a Freedom Rider, Zulu's organizing history includes campaigns alongside likes of Martin Luther King, Medgar Evers and a young Marion Barry. Wearing an embroidered kufi and dashiki, the founder of one of the nation's oldest independent black schools — Ujamaa — clutched the microphone and surveyed the room like a tired parent. "This meeting is exactly the same," he said. "We are fighting the same old fight."

Reverend Wilson closed out the night. Honey brown and bald with lamb chop sideburns that harken back to the days of *Shaft* and *Superfly*, the one-time mayoral aspirant decried the need for black people to be "proactive" and not "reactive" in the fight against gentrification. He urged the audience to support Welsing by demanding the city leadership do something for her and other black residents facing displacement. Then the reverend beckoned the audience to stand and hold hands. A prayer ensued. And on his command, the collection bowl made its rounds.

"THE PLAN"

The assertion that black people are being "ethnically cleansed" from D.C. is not new. Residents have openly discussed a so-called "plan" to remove blacks from power in the District since the 1970s. Every local publication, the *Washington Post* included, has weighed in on its existence. The "plan" even has its own Wikipedia page. From a purely statistical perspective, the view, held by a surprising cross-section of residents, has currency. Four decades ago, blacks made up 72 percent of Washington, D.C.'s population. Three decades ago, 65 percent. By Census 2000, the percentage had fallen to 59. In Census 2010, a shade over 50 percent of D.C. residents checked the box marked black/African American. That African Americans no longer hold majority status in the city is practically a foregone conclusion.

Not only did the percentages of blacks decline, but between 1970 and 2000 the city's overall population contracted from more than 760,000 to fewer than 570,000. In striking contrast, the District netted 30,000 residents in the first decade of the new millennium and was noted as the fastest-growing state or territory in the country between 2010 and 2011 by the Census Bureau. The lion's share of this growth stemmed from white immigrants. D.C. saw its white population swell by 32 percent (50,000) in the first decade of the millennium.

But saying that race alone sparked the Union Temple gathering would be inaccurate and ahistorical. D.C.'s white population has never dipped below 27 percent since the Census Bureau began keeping records on the city. And while race relations have been turbulent at times over the past 40 years, cross-cultural fellowship has been central to the city's identity. What's different, now, is the character of its growing divisions. The District now owns the highest fraction of households making more than \$200,000 a year and a greater income divide among the rich and poor than in any state in the

country. You may think that as disconcerting as this all may appear, unbalanced income distribution is not exactly new to D.C. or unique to the country. A revolving army of federal contractors, lobbyists, lawyers, policy wonks and media professionals has always earned princely wages in the nation's capital. Likewise, the United States currently has the greatest wealth divide, highest poverty rate and lowest social mobility in the industrialized world. The growing concern with D.C.'s widening divide — and the reason gatherings like the one at Union Temple even exist — is that its neat split along racial lines is engineering a new city for new residents based on an old caste system. While the median white household's income in 2011 was \$99,220 (\$45,052 more than the national median for those households) median income stood at a modest \$60,798 among Hispanic households and a paltry \$37,430 among black households.

The data about growth and change in modern D.C. has been well documented, but the story behind how it happened, and what it's meant, has been given scant attention. On January 2, 2003, then-mayor Anthony Williams stepped to the Warner Theatre podium to deliver his second inaugural address. Themed "One City, One Future," the mayor touted his administration's many successes over the previous four years and acknowledged the challenges that lay ahead. Nearing the end, he shared a vision for residential development that has since been cited as the first public declaration of the city's makeover blueprint:

Through a range of homeownership efforts, including attracting market-rate housing, we can develop at least 15,000 new homes as part of our goal to bring 100,000 residents to the city within 10 years. We must lure back residents who fled the city in the past, but not at the expense of those who today call the District home. We can do this. We will do this.

Adding 100,00 residents in a decade sounded like one of those pie-in-the-sky ideas that leaders use inaugural addresses to dream publicly about. After all, the city's population had been shrinking for five decades straight. But the number wasn't just a dream. It had come straight out a 2001 research brief co-authored by Alice Rivlin, the economist who, two months after the brief's publication, completed a three-year term as the head of the control board that had been managing D.C. at the federal government's behest since the mid-1990s. Titled "Envisioning a Future Washington," the report proposed an intrepid plan for securing the city's economic future. "The overall racial and ethnic mix of the city's population has not shifted radically," the authors wrote of their invented D.C. of 2010. "African Americans retain a slight majority and immigrants from Central America, Asia, and Africa are a significant presence in the city as well as in the rest of the region." Oddly, the authors failed to mention white people in this vision.

"The key seemed to be economic development in the city," Rivlin told me when we spoke. "But of a kind that would grow the population because if you just create jobs, many of them are held by people who don't live here and that doesn't help the financial base, because we can't tax the incomes of people who work in the city and who don't live here."

In addition to prohibitions against non-resident taxation (60 percent of the workforce) and tax-exempt property (40 percent of all land in the city), the city's unique arrangement with the federal government forbids it from building beyond strict height limits. A 2003 Government Accounting Office report estimated that the city lost \$1.1 billion in revenue each year from these restrictions.



Corner of 13th and U
Streets, 1999-2000
and present day

“Congress has decided that,” Rivlin said of the restrictions, which are embedded in the 1973 Home Rule Act granting the District limited governance over its affairs. “I think it’s the wrong decision but I don’t think it’s going to change. So the District has to cope with the fact that it has to grow not just jobs in the city, but jobs for D.C. residents. Good jobs for D.C. residents.”

Rivlin’s co-author, economist Carol O’Cleireacain, offered two pathways to stabilize the city and prevent another crisis. One option was to attract middle-income families with children. “They might be teachers, law-enforcement officers, nurses and other medical service providers, university faculty and staff, and professional, technical, and clerical workers in both government and the private sector,” the authors wrote. But the authors cautioned that this strategy would result in budgetary losses, higher taxes on households without children and would require a massive restructuring of the school system.

The other option was to attract and retain middle- and upper-income singles and couples in their 20s and 30s without children. “This strategy,” Rivlin and O’Cleireacain wrote, “would further increase the ratio of adults to children in Washington’s population, raise the proportion of people in upper-middle income brackets, and probably increase the ratio of whites to African-Americans in the population. This strategy could make the city more livable and attractive for both current and new residents by increasing the potential clientele for restaurants, shops, and entertainment venues.” The authors estimated this route would yield \$300 million in revenue over expenses annually, but acknowledged that it posed a “serious risk of exacerbating racial and class tensions and widening the gulf between rich and poor in the city.”

The report did not advocate for one alternative over the other, but the city’s new character speaks for itself.

“The decade wasn’t the same,” George Mason University demographer Lisa Sturtevant cautioned me when I asked her about the boom. She has spent more time analyzing the District’s demographic trends since 2000 than anyone in her field. Sturtevant contends that it was the recession in the latter half of the last decade that made all the difference for D.C. During the early part of the recovery, she said, the only place that was adding jobs was the Washington, D.C. metro area. “So if you graduated in ’07, ’08 or ’09 and you wanted a job, you came to Washington. You look at the 15 largest metropolitan areas as they were recovering and we were the only one. We have the federal government here and it gets ramped up during recessions.” Indeed, between 2008 and 2010 alone,

one-quarter of the people who moved to D.C. came to work for the federal government, nearly 2.5 times the normal rate for the same period, IRS data shows. More than 72 percent of the new residents hailed from outside of the Washington area — 80 percent for whites. Seventy-five percent had never been married and only 9 percent had children under 18. More than 67 percent had at least a bachelor's degree. Nearly 54 percent of the newcomers were white. Meanwhile, African Americans made up 40 percent of those who disappeared from the city, nearly half landing close by in the first-ring suburbs of Prince George's County.

Part of the explanation for the disparity and resultant exodus is poverty. Fully one-quarter of the District's black residents and half of its black children live in poverty. The criminal justice system serves as an interrelated barrier. The link between poverty, race and incarceration in D.C. is beyond dispute. Nearly 90 percent of D.C.'s incarcerated population is black and in 2011, blacks made up more than 94 percent of the youth arrested. At least 90 percent of the estimated 60,000 residents with criminal records are black. Put differently, one in five black people in the city has a record, and since the vast majority of those arrested and sentenced are males, a more accurate figure is closer to one in three. It's no real surprise to anyone that nearly half of those residents with records, about 28,000 people, are among the ranks of the unemployed.

Another factor going against D.C. residents may actually be the simple fact of their D.C. residency. For more than a year, Dawn Matthews was the resume specialist at a Ward 8 job readiness center called Training Grounds. The program offered an intensive unpaid six-week course to unemployed residents of the Southeast D.C. neighborhood of Parkside. Participants were required to show up every morning at seven dressed in proper work attire — no exceptions, no excuses. They went through soft skill training, conflict resolution training, computer training and mock interviews. At the end, Matthews polished their resumes to a spit shine and made sure they got out the door. But even her most promising clients didn't hear back for entry-level positions at Giant and Target.

"It was discouraging," said Matthews, a District native. She had faced her own prolonged bouts of unemployment and could identify with her clients' struggle. "You're trying to keep them from going back to the streets, but when you cannot get a job and you have children to take care of, family, what do you do? When the door doesn't open, you're going to go back to what you know."

Nearing her wits' end, Matthews talked her boss into letting her run a resume experiment. First, she sent out her resume for the same jobs her clients had applied for just to see if she heard anything back. Again, crickets. Next, she replaced her Southeast D.C. address with that of her father in Fort Washington, Md., and sent the exact same resume back to the same employers.

"Within a week I was getting callbacks," said Matthews, who later left Training Grounds in part due to her frustrations. "It was an eye opener. People were looking at the zip code and not calling back for basic entry-level positions based on the part of the city we lived in."

Whether you subscribe to the idea that discrimination is at play, the city's growing socioeconomic divide has had an unquestionable impact on the housing market. Throughout the city, home prices doubled and in some cases tripled from 2000 to 2010. Over the same period, D.C.'s median rent for a one-bedroom apartment rose from \$735 to \$1,100. A 2012 National Low Income Housing Commission report found that only



Kadidia Thiero, a Georgetown-educated D.C. native, has received notice that her rent will be double what she paid in 2000. She says she doesn't make enough to move.

Hawaii had higher rental costs for two-bedroom apartments. Even as the recession has cooled housing markets in the rest of the country, rents in D.C. have continued to rise at a faster rate than they had in the seven years before the meltdown. Meanwhile, during the same span, D.C.'s stock of affordable housing has been cut in half and its percentage of low-value homes has depleted by nearly 75 percent.

The situation has left middle-income renters like Kadidia Thiero scratching their heads and wondering how they're supposed to survive.

"I can't put together two pennies and people are willing to pay \$700,000 for \$300,000 homes?" the 43-year-old asked incredulously.

Thiero is among the 60 percent of childless D.C. singles paying at least half their income in rent, a figure the Department of Housing and Urban Development considers a severe housing burden. An educator who holds degrees from Howard University and Georgetown, Thiero has lived in D.C. all her life. She grew up along 16th Street, works in LeDroit Park and sits on the board of a non-profit in Mt. Pleasant. She knows all of her local shopkeepers by name and is an active member of the local arts and culture scene. Yet none of her sweat equity in the community has mattered to the company managing her building. It has raised the rent on her studio every year since she moved in, even when she lost her job during the recession. She finally asked for an explanation when she received a notice that her rent would be double what she paid in 2000. "I was told that similar apartments in the neighborhood were renting for an additional \$300."

I asked Thiero why she just didn't look for a new place to live. She told me it had taken her two years to find her new job and it paid \$20,000 less. "Honestly, I don't make enough to move," she said.

Believe it or not, Thiero is one of the fortunate ones, as she's been able to figure out a way to stay in her hometown. I witnessed a byproduct of local dislocation one night while sitting with a young attorney from the Washington Legal Clinic for the Homeless. Will Merrifield was on the phone scrambling to find a shelter to take his client, a 20-year-old who was nine months pregnant. It was one of the coldest nights of the year, and she and her two small children were somewhere in D.C. standing on a corner with no place to go. The county's shelters wouldn't take them because she didn't have Maryland ID. The ones in D.C. were refusing her because she was receiving Maryland benefits. Both claims were true: She'd been living between two of her husband's relatives for the past year. One lived in D.C. and the other in Prince George's. Given their proximity to one another, it's not uncommon for people, especially blacks, to have ties in both locations. For more than an hour, Merrifield pleaded with area shelters to take his client. Finally, he called her with news.

"You should try a hospital emergency room," he told her. He promised to call first thing in the morning and to do whatever he could, which, these days, often feels like very little. The affordable housing waitlist is 15 years long. The Section 8 waitlist is 25 years long. He fields calls every day from residents working minimum-wage jobs and living in their cars. Merrifield sighed and told me that this — the widening services gap and the people caught in it — is also the face of gentrification.

"My day-to-day is in a really depressed state," Merrifield told me. "A lot of advocates find a way to turn it off. But a lot of us don't and it's tough to go to work every day. It's tough when you think the game is rigged. And it does seem rigged. I think there's an absolute racial component. It's just easier to marginalize poor black folks than it is to marginalize poor white folks."

A native of Youngstown, Ohio, Merrifield has been living in the District for all of 18 months. He'd never been to D.C. before he moved and knew nothing about the city's history and politics until he started spending time with his clients and showing up to community meetings, where he got to see firsthand the breadth and scope of the housing problem.

Will Merrifield is an attorney from Ohio who recently moved to D.C. for a job providing legal aid to the city's most vulnerable populations. He worries about the impact of transplants like him on the housing market.

"How do you get yourself out of poverty if you don't have stability in your housing?" the raspy-voiced attorney asked me. "I grew up with every single advantage. My dad had his own business. He put me through college and law school. And it was still hard for me to go out and get a job because I wasn't confident enough. Me! I could've never done what I do now without that support, so to expect people without even housing to do so is morally bankrupt. It's indefensible."

True to his word, Merrifield didn't give up. He kept badgering the shelters with his client's plight. Two days after we spoke, an emergency shelter on the old D.C. General Hospital campus accepted her and her children. She's been there since.

Merrifield is a young, brash, single, childless, professional, privileged white guy who lives in ritzy Cleveland Park. If you go strictly by the prevailing gentrifier stereotypes

drifting through old D.C. like noxious gas, he is not supposed to be aware or concerned about how the other half is getting along. Yet he is — so much, in fact, that I wondered how long he could last.

10 STARBUCKS AND A STAGNANT POVERTY RATE

Gentrification, historically, began with a block. A few intrepid outsiders moved into a shady neighborhood. They were the risk takers. They invested sweat equity and financial capital into the community. Built up the block, and then the community, with their labor. Another wave of gentrifriers followed. Recently, demographers and sociologists have identified a trend they've coined "new build" or "super-gentrification." In this scenario, tax breaks and other government incentives encourage commercial investors to stimulate the local economy. They build brand-new upscale retail and residential development — condominiums for the most part — in a previously depressed but centrally located community. The city starts calling the area "revitalized" and real estate agents market it as "up and coming." Young professionals buy in with the expectation that their property's value will skyrocket once a few more changes occur and, for the most part, they're right. By and large, this is what has happened in D.C.

Seventy years ago, Northwest D.C.'s 20001 zip code was the center of the city's black intellectual and cultural life. Large tracts of the area, which includes the neighborhoods of Columbia Heights and the now-trendy U Street corridor, were destroyed in the uprisings of the 1960s and further depressed by neglect in the 1970s. Property values bottomed out in the 1980s as crime and drug use put the zip code into a sleeper hold. In the 1990s it became the site of a nightlife renaissance, but remained largely underdeveloped otherwise. By 2012, a Fordham University study had ranked the zip code as the sixth-fastest gentrifying area in the United States. New condos and retail have spurred much of that growth. In 2000, condos only accounted for 2 percent of the zip code's home sales — six were sold in total. In 2011 alone, condos accounted for 57 percent of total home sales (276), most at triple the 2000 median price. The zip code now boasts an Ann Taylor, a Brooks Brothers, an Urban Outfitters, enough bars to serve several university populations at once and a mind-boggling 10 Starbucks.

Likewise, in the past decade the zip code's demographic character has been inverted. We can start with education. In 2000, 11 percent of 20001 residents had a bachelor's degree. By 2011, 25 percent held graduate degrees. The spike in education levels in turn triggered a wholesale switch in the zip code's income levels. In the years between 2000 and 2011, the number and percentage of households earning \$100,000 or more rose from 787 (6.6 percent) to 5,548 (35 percent) and median household incomes jumped nearly \$50,000. Consistent with the average American's perception and experience of gentrification, the zip code's growth and change coincided with the departure of blacks and the arrival of whites. According to the most recent ACS data, some 7,500 blacks have disappeared from the 20001 zip code in the past decade, while some 9,000 whites have moved in. Whites now make up 33 percent of the population, which is 28 percent more than a decade ago. More than a quarter of the city's total population growth between 2000 and 2010 happened in this single 2.6-square-mile area.

What's telling about the zip code's "new build" makeover is that it did not move the poverty needle. The zip code's poverty rate is exactly what it was in 1980, 1990 and 2000 — 28 percent — and the child poverty rate is nearly twice what it was in 1990 (45

percent). This, I would contend, is the overlooked consequence of super-gentrification. Two different groups with two very different experiences of America are thrown together. Even though neither group's members identify themselves as being wealthy, one at least has the education and social and cultural capital that allows it to access resources that can, in turn, make the neighborhood more desirable and expensive. Meanwhile, the other group has a sense of ownership over blocks and rowhomes kept intact despite deep challenges and very little support. No one was painting bike lanes or donating sidewalk garbage receptacles in 1980.

Both groups feel entitled and resent the other's sense of entitlement. Over time the neighborhood's revitalization engineers a rigid caste system eerily reminiscent of pre-1965 America. You see it in bars, churches, restaurants and bookstores. You see it in the buildings people live in and where people do their shopping. In fact, other than public space, little is shared in the neighborhood. Not resources. Not opportunities. Not the kind of social capital that is vital for social mobility. Not even words. Hence, stagnant poverty figures.

The "Parcel 42" affair is a prime example of what happens when these disconnected and unevenly resourced realities bump against each other. In 2007, the District selected a patch of city-owned land on 7th and R streets to build a \$28 million mixed-use affordable housing project. The building was supposed consist of 112 apartments priced for renters earning up to 60 percent of the \$107,500 area median income (AMI), or \$64,500. The building would offer four rent tiers and reserve 16 units for tenants making 30 percent or less than the area median income. The plan sparked a contentious debate. The chair of the local Advisory Neighborhood Committee (ANC) — major players in each neighborhood's development planning, though they wield no direct ability to enact policy — called the building a repeat of "the affordable housing built in the 1970s and 1980s that was so terribly unattractive." Others flooded the blogosphere with their displeasure. Nearly all of their doom-and-gloom forecasts concerned design aesthetics, building amenities and the threat that a 100 percent affordable housing unit posed to the community. Meanwhile, One DC, a Shaw-based community group, staged protests and advocacy campaigns to keep the proposed project in place. The group saw the building as both a way for residents to get a foothold in the middle class and to ensure racial and social equity as the city prospers.

"There is a huge divide in D.C. between what is deemed 'white liberalism' and 'black liberalism,'" said a city official who has worked intimately on D.C.'s economic development policy and strategy over the past decade. Agreeing to an interview only on the condition of anonymity, he epitomized the conflicted space many lifelong residents I spoke to hold but are reluctant to articulate on the record. Like many 30- and 40-something African Americans who grew up in the District and went off to college in the 1980s and 1990s (like me, in other words), he has fond memories of a city most Americans jeered and avoided. He loved go-go music as a teenager and is proud he was raised in a majority black town. As an adult, he's embraced the new D.C. — the one with rooftop lounges, cafés and chain sports bars — but is frustrated that the forces that have shaped city policy have stripped away so much of the African-American history and culture.

"On a national political level, we've always been and always will be Democratic," he told me. "But when you go down into the local landscape or subscribe to the policy of all politics are local, that liberalism has a divide. White liberals in D.C. don't give a shit

about social services because they're not of that element. White liberals in D.C. are more about quality-of-life issues as it relates to the lifestyle they want to have. It is bike lanes. It is dog parks. It is about state-of-the-art swimming facilities. It is about recreation centers. Capital Bikeshare. Car2Go. Streetcars. It's about a way of life. Black folks want this stuff, they're just not as passionate about it."

Instead, many black residents want to know why the city seems to be bending over backwards to accommodate newcomers when they and their neighbors are struggling to simply survive.

"The problem is that the game has changed and we have a whole side of town, philosophically, that is still calling 1968 play calls," the city official said. "One of my biggest frustrations has been that community leaders, pastors and non-profit leaders all come from this place of fear."

The evolution of Parcel 42 illustrates the disconnect between competing definitions of liberalism in the new D.C. The original developer waffled on its promise for affordable housing once the complaints started rolling in. Negotiations broke down. The city blamed the developer and the developer blamed the city. Five years went by and the lot remained undeveloped. Then, last spring, the city solicited new development plans that only asked candidates to "maximize" the number of affordable housing units at or below 80 percent of the AMI (\$86,000), but requiring no specific number or percentage of such units. In December, the ANC threw its weight behind a plan to build a 102-room hotel, a modest 22 units of affordable housing and ground floor retail that includes a trendy Milk & Honey Market. After its decision, the ANC expressed that one of the plan's selling points was that the 24-hour hotel operation would increase security at the corner. The D.C. City Council is expected to affirm the ANC vote this spring.

The way the Parcel 42 deal has ultimately shaken out is a telltale sign of who does and does not have a power in the new D.C. Last year, two black city council members, both seen as strong advocates for affordable housing and equity in education and employment, copped to fraud and embezzlement charges. Both gave up their seat. Adding insult to injury, Mayor Vincent Gray — an African American who ran on a neo-civil rights platform — has been embroiled in an ongoing federal investigation into his connection to a shadow campaign that smeared his predecessor, Adrian Fenty, and led to questionable hires in his administration. Around these parts, even the whiff of corruption can unsettle city leaders. It has the potential to resuscitate the haze of impropriety that reduced the city's credit rating to junk status during Marion Barry's reign and automatically renews fears of another federal takeover. Any hope Gray has of losing the shady-dealings stigma and avoiding a one-term mayoralty now rests in his ability to keep the investment community happy, a fact made abundantly clear in his new 116-page, full-color, infographic-laden five-year economic development strategy. The document's audacious "100,000 new jobs/\$1 billion in tax revenue" slogan appears to advance the same vision Williams put forth a decade ago, just with less divisive language, "new jobs" having replaced "new residents."

In his role, my source has seen firsthand the toll these scandals have taken on issues like affordable housing. "Leadership has been weakened," he acknowledged. "When you're sitting across from a developer trying to hold firm to something that you know is right, you can't. The authority is not there."

THE QUESTION OF REPRESENTATION

You can certainly make the argument that African Americans are just paranoid, that demographic shift is a matter of market economics. The haves are simply reaping the rewards of hard work and discipline, good choices, good education, good timing, etc. It's no one's fault that a much greater share of D.C.'s white residents happen to be haves. The trouble with this line of reasoning is that while the District's new socioeconomic order isn't the result of a secret anti-black plan, it is the consequence of more than a half-century of social and economic policy decisions in which race was often a key feature.

In 1957 the Census Bureau officially declared the District a majority African-American city. Overnight, the Fed-D.C. arrangement that denied residents the right to elect its own local leaders or vote for president became a symbol of the broader civil rights struggle for enfranchisement. Congress had to act, and in 1961 it passed the 23rd Amendment granting D.C. residents the right to vote in national elections for the first time in nearly a century. Three years later, Lyndon Johnson wrangled 85 percent of the District's vote and tried but failed to pass a law granting D.C. residents the right to vote for their own officials — something they hadn't done since Congress abolished the city's Territorial Government in 1874 and President Grant appointed three commissioners to run the city. As a consolation, LBJ abolished the commissioner system and appointed a black mayor and mostly black city council. A year later, the city burned following the assassination of Martin Luther King, Jr.

The District of Columbia Home Rule Act of 1973 was the compromise that came out of the unrest. The House Committee on D.C. retained final say over the city's budget, unrestricted power to legislate on all city matters and an unqualified veto right on any permanent city legislation. In exchange, the city was allowed to elect its own leaders and awarded an annual payment.

"The degree of control Congress had over Washington essentially affected the federal payment," Rutgers University history professor and ex-chancellor Stephen Diner told me when we spoke by phone. "When they controlled everything they gave more money. When they didn't control it they give less money."

Back in 1972, Diner, who is white, began teaching in the urban studies department at the University of the District of Columbia (then Federal City College) and became interested in the history of the city and its federal landlords. He noticed that Southern politicians were the ones who routinely sat on the District subcommittee. As the Republican Party moved further to the right, the appropriations process became a hotbed for social conservative issues. The committee used its control to ban the use of taxes for abortion services, block gay rights legislation, deny benefits for non-marital partners of city workers and very nearly impose capital punishment. Meanwhile, the District's crumbling image was simultaneously fueling the right's assault on Johnson's "Great Society." By the 1980s, the nation's capital had devolved into its murder capital. Drugs and guns seemed to appear in every corner of the city. The city's school system languished at the bottom of the country in graduation rates and standardized test scores. Its municipal services were a national laughing stock. Then, in the summer of 1990, the FBI released the now infamous hotel room video showing then-mayor Marion Barry smoking crack and engaging in an extramarital affair. Americans were understandably aghast when District residents reelected him just four years later.

"For your ordinary white person who doesn't know anything about what's going in the city, they say, 'well, yeah, these corrupt black people are running the government,'"



1781 Florida Ave NW, 1999-
2000 and present day

Diner said of the negative headlines that dominated this period in the District's history. "Which is not unlike what people said when the Irish were running Tammany Hall in the 19th century. I can see that same suspicion — that the city was no longer being governed by competent, educated, professional people."

The tensions finally came to a head when the GOP seized control of both houses of Congress in the 1994 midterm elections. Republicans arrived in Washington the following January with a mandate to fix the country, starting with a capital city facing insolvency, a deficit approaching \$722 million, a ballooning budget, declining municipal services and a dwindling tax base. With Congress holding the city's purse strings, Barry was forced to relinquish home rule.

"It was a step," Luci Murphy said of the home rule charter when we finally met face to face at Sankofa Video, Books and Café, a 30-year-old spot on Georgia Avenue just north of Howard University. "Unfortunately, we did not continue stepping."

Even in her 60s, Murphy, a dry-witted woman who usually dresses in white from head to toe, remains an important presence on D.C.'s social justice scene. It seemed like every five minutes someone was interrupting our conversation to ask how she was doing or if she needed anything.

Murphy grew up in nearby Columbia Heights surrounded by social activism. Every adult she looked up to — her parents, her pastor, her teachers — was politically involved. Back then activism wasn't a title or job description. "It was in the air," she said. "You just breathed it." She has vivid memories of the days when D.C. schools were segregated. In junior high she spent her Saturdays picketing downtown department stores that refused to hire blacks. As a young woman she was active in the city's fight for home rule. More recently she's been involved in its economic justice struggle. The night we met up, she was singing in a benefit for political prisoners.

I asked Murphy what she thought had happened to the nation's premier majority black city, why it was a fading memory.

"We didn't get educated," she answered flatly. "And the so-called leadership was comfortable with people being ignorant because they don't challenge you the way educated people do. Our leadership was not self-assured enough to take the challenge."

Murphy wasn't the first I'd heard lodge such a searing critique of post-Civil Rights-era D.C. Plenty of people — black people — believe what doomed Chocolate City was weak leadership. They count off a litany of issues, from the instances of fraud and

embezzlement that have recently tarnished the city council to an ongoing pattern of public sector cronyism and nepotism that began with the home rule era.

“People got jobs but they didn’t get training to do the jobs,” Murphy added. “So they did the job poorly and they didn’t know how to ask for help, because they couldn’t be seen asking. And then you take that money, that check, out to Prince George’s County and abandon the city because TV and magazines and everything is telling you that’s what it’s all about. Big house. Two-car garage. Carport. We lost our way.”

I could appreciate her viewpoint in the abstract: Black people who are unhappy with their shrinking role in the city couldn’t simply blame the federal government or white gentrifiers for taking over the city. The mass black exodus to nearby Prince George’s County had played a role as well. After all, as D.C.’s African-American numbers sank from 536,000 (71 percent) in 1970 to 301,000 (50 percent) in 2010, the county now known as “Ward 9” grew its black population from 91,000 (14 percent) in 1970 to 525,000 (63.5 percent) in 2010.

That said, my own experience coming of age in D.C. three decades after Murphy had given me a different perspective on suburban flight. I grew up in the so-called crack era. I visited friends in jails and hospitals, lost acquaintances to the street life. Between 1990 and 1999 alone, more people were murdered in D.C. — 3,809 — than coalition forces in the War in Afghanistan or U.S. soldiers in combat in Iraq. It was a dangerous time to be young. African-American parents, mine included, saw the suburbs as a safe haven.

Murphy’s perspective also raised an important point about black authenticity and identity that is rarely addressed in Chocolate City lore. D.C. is made up of black communities with distinct histories, philosophies and aspirations. Free blacks made up 15 percent of the District’s population before the Civil War. This generation held solid civil servant, skilled artisan and domestic jobs. After the war, the newly freed flooded the city in search of a better life. It was then that those two “colored” worlds — one typically lighter skinned, acculturated and relatively prosperous, the other, darker, rougher around the edges and typically impoverished — embarked on an uneasy co-existence. Complexion, culture, education and family name have since been significant status markers in the city. The post-Civil Rights-era drove a deeper wedge in those divisions. For some, the whole point of the struggle was the right to movement, sometimes away from the same urban elements that whites left the city to escape. For Murphy, only statehood and the rights that came with it — voting representation in Congress — could have provided the independence D.C. residents were after.

The statehood dream ended when President Clinton appointed a control board to run the city and chaired it with Andrew Brimmer, the first African American to sit on the Federal Reserve Board. Within two years, Brimmer and his bowtie-clad chief financial officer, Anthony Williams, created a budgetary surplus. As a reward, Congress assumed the city’s debts, took responsibility for its courts and prisons, increased the rate for Medicaid reimbursements and relieved some of the city’s pension burdens.

By 2000, the city had been operating in the black for three years running. It had half a billion in the bank and tens of billions in international investment capital beating down its door. Services had improved dramatically. The budding charter school movement was providing a promising alternative to traditional public schools. The MCI Arena (now Verizon Center) had revived the downtown entertainment infrastructure and U Street’s late 1990s resurgence had made the city hip to outsiders again. Congress scaled back the control board and restored Williams, by then the mayor, with much of the

The Makeover of DC's 20001 zip code



authority that his predecessor had been stripped of.

The revival came at a cost, however. Many residents viewed Williams' administration as an extension of the racially polarizing control board from which he'd risen. A late 1997 *Washington Post* survey found that while two out of three white Washingtonians approved of the control board, about half of black residents disapproved of it. The discrepancy had logic. En route to balancing the city's budget, Brimmer had fired several top officials and some 10,000 city workers, the vast majority of whom were African American. He'd pushed through more changes to city laws than in any other period in the District's history. He'd cut financial supports to low-income residents, slashed unemployment benefits and workers' compensation, loosened business licensing, environmental and construction regulations and eliminated positions and programs at the University of the District of Columbia, whose student body was predominately African American and low income.

THE DIALOGUE IN MT. PLEASANT

A decade has passed since Williams used his second inaugural speech to publicly court 100,000 new residents by 2010. And while the District's net growth fell short of his vision, the current racial and class tensions seem uncannily in line with what Rivlin and O'Clereacain forecasted way back in 2001. Which raises the question: If

city leaders knew that the path to prosperity was going to be bumpy, why haven't they helped newcomers understand the touchy terrain and tricky history they are entering? Why haven't they brought people together to talk about what change means, why it is necessary and how they intend to help residents navigate the path? Why let racial paranoia fester in church basements?

I asked myself these questions during an emotion-filled community discussion I facilitated in Mt. Pleasant in early February. The cozy, tree-lined community of about 12,000 residents sits a stroll from scenic Rock Creek Park, now-urbane Adams Morgan and happening Columbia Heights, home to a spanking new 890,000-square-foot retail space. Forty years ago, Mt. Pleasant was a casualty of white flight. Thirty years ago, tens of thousands of El Salvadorans fleeing civil war began descending on the neighborhood en masse. Twenty years ago, the shooting of a Hispanic immigrant by a black police officer triggered a massive four-day uprising that engulfed the neighborhood. Suddenly, a largely invisible community of, by some estimates, 100,000 was on display. The violence signaled the arrival of a Hispanic community that had sustained its culture through informal networks of power and systems of exchange. The uprising led to the first civil rights inquiry on racial and ethnic tensions in American communities. The 1993 report revealed the widespread mistreatment and neglect that the immigrant community faced. Fast-forward 20 years and Mt. Pleasant is D.C.'s other gentrification story. A neighborhood that was once the Hispanic community's heart and soul now sits in a super-gentrified zip code, 20010, and has thus been altered beyond recognition.

Sapna Padnya, whom I had met in December, organized the discussion. She proposed gathering a cross section of the community so that I could hear directly from people affected by Mt. Pleasant's rapid change. An area native who returned from New York a few years ago, Padnya is a bridge between old and new Mt. Pleasant. She and her professor wife are among the new breed who have been able buy into the neighborhood. But the organization she leads, Many Languages One Voice, services the needs of immigrants, many of whom have experienced displacement or the threat of it in recent years.

The two dozen residents who showed up ranged in age from early 20s to late 70s, had lived in the neighborhood for as brief as a year and as long as several decades, and brought a variety of experiences. There was a homeless activist, a one-time Statehood Green Party candidate for mayor, a housing attorney, an African-American woman in her 50s whose family had lived in the city for more than a century, a grad student writing a thesis on gentrification, immigrants from Togo and the Dominican Republic, young people who readily identified themselves as gentrifiers, and a woman who'd been a part of a committee formed to heal the neighborhood after the Mt. Pleasant riots. Even the director of the city's Office of Latino Affairs stopped in briefly.

A young white woman who'd moved to Adams Morgan after college thought the problem was education and information. A lot of gentrifiers came to D.C. to work for the government. They didn't know that there was a local history worth learning, as only the federal Washington belonged to the American narrative they learned in school. The African-American woman announced that gentrification was all part of the "plan" and ticked off her evidence like it was a stump speech: Decimation due to white flight, followed by the decline of public services, followed by the introduction of drugs and guns to the community. The woman's smoking gun: A declassified Nixon quote predicting the unfortunate but unavoidable demise of the black race.



1214 U Street NW, 1999-
2000 and present day

The conversation was on the verge of unraveling when Padnya offered a suggestion. The city currently taxes all income over \$40,000 at the same rate. In 2011, the council proposed a temporary 0.5 percent tax hike on incomes \$200,000 and above to close a budget shortfall. A poll showed that 85 percent of the city approved of the increase. The bill passed that spring and the bump netted the city nearly \$20 million. Creating a permanent progressive tax, Padnya argued, would generate millions in annual revenue that could be earmarked for affordable housing. Padnya's idea sparked others. Campaign finance reform to dampen the influence of developer dollars was suggested, as was enforcement of the city's resident hiring requirements. Two months earlier, the fiscal watchdog group, Good Jobs First, released an employment report on D.C.'s construction industry. The study revealed that despite the existence of a "First Source" law requiring contractors to hire 51 percent D.C. residents on publicly funded projects, and a newer law requiring resident hiring quotas on all non-construction projects receiving more than \$5 million in city funds, District residents were still being hired at less than half the rate of workers in the surrounding suburbs. "If District residents participated in construction employment at the same level as the rest of the region," the report stated, "11,500 more District residents would work in the construction industry, boosting the District's economy with an estimated \$386 million in additional wages."

My tour through old and new D.C. concluded in a quiet, leafy, upper Northwest neighborhood stocked with handsome Tudors and colonials, manicured front and back yards and streets named after flora. Alexander "Boss" Shepherd, the onetime territorial governor of D.C., built a summer home here in the late 19th century. The neighborhood, bounded by Walter Reed Army Hospital to its south and Silver Spring to its north, has been known as Shepherd Park ever since. Through the 1940s, blacks and Jews had been barred by covenant and custom from living in the neighborhood, but in the late 1950s a cross-racial coalition of residents started a novel experiment for integration. The group called itself Neighbors Inc., and its goal back then was to attract and retain white residents to an increasingly black neighborhood.

STILL HOME

Neighbors Inc. tackled an enormous task. It had to challenge institutions and norms that discredited interracial neighborhoods, dispel the myth that black neighborhoods were

dirty and woo white residents to living alongside blacks. In the late 1950s it helped end a Washington Post listing policy that steered whites away from certain neighborhoods by labeling them “Colored” if even one black family lived there. In the early 1960s it successfully blocked a city plan to build a freeway through its community and formed a coalition with nearby suburban communities to open up neighborhoods to blacks through voluntary desegregation. After the 1968 uprisings, Neighbors Inc. members played an instrumental role in mending a wounded city.

These efforts created the neighborhood where I was born and raised. Of course, growing up in Shepherd Park, I had no idea ours was an unusual experience. I wasn’t aware of white flight, blockbusting, steering or that the adults in my life — black and white — had fought to preserve the neighborhood so that we could live out the ideals they had all adopted. Integrated classrooms, sports teams, neighborhood manhunt games, cub scout meetings, sleepovers, birthday parties, backyard basketball games and endless summer days trolling the neighborhood looking for mischief — the most ordinary childhood experiences — never registered as anything special to me. Integration wasn’t something I learned in school. It was life.

I brought those memories to a party one of my childhood friends was hosting for his uncle’s 75th birthday in his new Shepherd Park home. The house was already bursting at the seams when I walked in. Children were wandering around, the elders, including the still-vigorous guest of honor, were holding court at the dining room table. Everyone else was gliding between rooms, striking up easy conversations. I’d known many of the people in the house for most of my life. They were part of D.C.’s black middle class — the educated, affluent and connected. The hosts, a corporate executive and his physician wife, had bought the house from a couple who had lived there for 50 years. I had heard and read that Shepherd Park was going through the same racial turnover as the rest of D.C. so I was, admittedly, proud to see one of my good friends putting down roots in my old ‘hood. My family had left Shepherd Park in the early 1990s, but it was still the only neighborhood I’d ever called home.

At some point in the night’s festivities it occurred to me that for all of the fretting about the fate of Chocolate City, a prosperous black D.C. still existed and wasn’t going anywhere anytime soon. The people surrounding me were the ones who could afford to stay and would continue playing a role in the city’s future. The notion that this group would be “ethnically cleansed” failed the smell test. But in order for D.C. not to become strictly a city of “haves,” the imminence of which Mayor Gray warned in his State of the District address in February, a movement like Neighbors Inc. may be in order. Arguably at least, one may have already begun eight miles south and east of Shepherd Park.

Last spring, Gray announced plans to build a charter bus depot in Ivy City, a historically black, working-class community in Northeast D.C. Ivy City has long been regarded an industrial purgatory, housing construction facilities, warehouses and Amtrak’s rail yard. Gray promised that the depot would jumpstart the community’s economy, and indeed it had the potential to do so. With more than 7 million bus riders entering the District each year, it was believed that the depot would produce close to \$100,000 in revenue for every 1,000 riders who stayed overnight.

The Ivy City community didn’t take the bait, viewing it was more false hope. Instead, the community wanted to build an adult education and job-training center in the space slated for the depot. It made its desires known, but the city moved forward with

its plan anyway. Then, in late July, Empower D.C., a grassroots group with a diverse membership, hired a former ACLU attorney and filed a lawsuit to block construction. The two plaintiffs named in the suit claimed that bus fumes would exacerbate their health problems. Empower D.C.'s lawyers provided strong evidence. It was a shrewd legal play that signaled the evolution of one community's response to the city's economic development agenda. Rather than simply protest or kvetch about social injustice in gatherings, the Ivy City community rallied its resources to mount a tactical fight behind a credible and legally recognized grievance suffered by its residents.

And so far, it's been successful. In December, a Superior Court judge enjoined the city from proceeding with construction until the conclusion of a trial. The victory, however provisional and small in the scheme of things, potentially has significant implications. In the short term, it buys Ivy City time to raise the community awareness, political support and financial resources to realize its alternative vision. More broadly, it serves as a reminder to other disgruntled residents: As important as it is to discuss social injustice in basements, barber shops and street corners, the civil rights movement on which so many still hang their hats required strategy, sacrifice and some really good lawyers.

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Where No One Thought Gentrifica- tion Would Go

It's the End of the Bloomberg Era and Luxury Towers Are Rising in the Projects

Story by
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Photography by
Alan Chin

T HE ALFRED E. SMITH HOUSES ON MANHATTAN'S LOWER EAST SIDE ARE NOT THE SQUALID, FRIGHTENING BADLANDS YOU PROBABLY THINK OF WHEN YOU HEAR THE PHRASE "HOUSING PROJECT."

Sure, they follow the ungainly Corbusian model of towers-in-a-park. And if you venture onto the stairway in one of the apartment buildings, the stench of urine is overpowering. But the image you might have — of isolated high-rises surrounded by vast, empty swaths of concrete, with no one but menacing drug dealers sitting on broken benches — is not how the area feels.

Rather, the little patches of space created by the buildings' odd angles are verdant, with healthy grass and trees providing shade. There are basketball courts that double as a baseball diamond. On the western border, facing the street, stores and a diner occupy the ground floors. Many of the residents are solidly middle class: Public housing tenants in New York are allowed to have incomes as high as \$68,700 per year for a family of four. And given the city's astronomical market-rate rents, many civil servants and blue-collar workers are happy to live here.

Walking around the Smith Houses on a weekday afternoon feels perfectly safe. The ample sunlight and open space makes it apparent just what those misguided mid-century architects were thinking when they designed projects like this all over the country. Even the demographics — largely black and Latino but, since it's just east of Chinatown, a large Asian contingent as well — are unusually diverse. Perhaps most notable, since the Smith Houses sit right next to the East River, are the grand views of the Brooklyn Bridge, immediately to the south.

Those views will not remain for long. In February, the New York City Housing Authority (NYCHA) announced a plan to lease space in the footprint of eight Manhattan housing projects to real estate developers. The developers will put up market-rate housing, with 20 percent set aside as affordable. (Typically, New York buildings adopt this 80/20 split in exchange for participating in a state-financing program. In this case, it will be mandated.) Five of those projects are in Alphabet City or on the Lower East Side, including the Smith Houses, where the land being taken is a parking lot on the area's eastern border. The new high-rises would thus block — or, some might say, steal — the views of some current residents.

The NYCHA infill plan is part of a radical experiment: Putting market-rate housing in the projects. For the last half-century, the word "projects" has become to many Americans almost a synonym for urban poverty and crime. The inherent unpleasantness and undesirability of being anywhere near them was considered self-evident. Richard Nixon and George Romney, his Housing and Urban Development (HUD) secretary, began the process of replacing federal programs to build low-income housing with voucher programs, a trend that has continued ever since.

But while other cities rethink public housing, New York has found itself constantly overwhelmed by a huge demand to live in its projects. (There are approximately 160,000 families on the waiting list.) Crime in New York has continued its extraordinary 20-year decline: In the first half of this year there were only 154 murders in New York and 417 in all of 2012, compared to a peak of 2,605 in 1990. No one thinks the projects are so dysfunctional or dangerous that they should be abandoned. The gap between demand and supply of housing in or near Manhattan — and the absence of fear of crime — has pushed gentrification into areas from Washington Heights to Bushwick that for so long



he NYCHA infill plan is part of a radical experiment: Putting market-rate housing in the projects.

had been invisible to the affluent. Well-heeled professionals now routinely spend millions of dollars on homes directly across the street from the projects. Moving in literally next door would seem to be the next logical step.

Meanwhile, aging buildings and declining investments at the federal and state level have left NYCHA with serious financial shortfalls, both near and long term. As *City Limits* reports, “The New York City Housing Authority is in dire financial straits, facing a yearly deficit of about \$40 million in operating costs, as well as a \$6.6 billion deficit in capital needs, such as repairs to roofs, elevators, heating and grounds. While residents pay 30 percent of their wages towards rent, the bulk of NYCHA’s funding comes from the government, which has radically scaled back its support of public housing: In 2001, capital funding was around \$420 million, and 99 percent of NYCHA’s operating costs, but in 2011, it was down to only \$270 million, and only 89 percent.”

In short, NYCHA needs money. The asset it has to sell or lease, thanks to that towers-in-a-park design, is excess land. Leasing these spaces is projected to generate \$32 million per year, which would be invested in repairs. And so, according to Mayor Michael Bloomberg, NYCHA and their defenders, leasing land to private developers is a win-win. NYCHA and its residents get money for repairs and the city gets much-needed housing stock.

“As money from HUD and other agencies dries up, it’s more important than ever to think creatively about how to finance the needed improvements to public housing,” writes

Majora Carter, founder of Sustainable South Bronx, an environmental and economic justice advocacy organization, in an email. “The real estate landscape has changed dramatically in American cities over the past 30-50 years, when much of this housing was built. At that time, no one could imagine the re-urbanization that is taking place all over, and especially in parts of New York City... Manhattan real estate is a resource.”

Even affordable housing advocates, not a group known for favoring private developers, are often cautiously supportive of the plan. “The move to lease higher value sites seems like a no-brainer,” says Rosanne Haggerty, president of Community Solutions, which provides social services to combat homelessness. “NYCHA needs resources to exist as a functioning agency that can pay its bills.”

New York also needs housing at every level, not just the lower-income end. As of June, the median rent in Manhattan was \$3,195 per month, up 6.7 percent from the same time last year, and the vacancy rate is at a two-year low of 1.46 percent. “We’re in a housing crisis in New York City — and we have been for decades — in which vacancy rate for residential properties is extremely low,” says Matthew Dunbar, associate director for government relations and advocacy at Habitat for Humanity, New York City. “The underlying cause of unaffordability is the lack of vacant units. This proposal is targeted in Manhattan where the vacancy rate is lower than the other boroughs. There is very little land available for development, especially in Manhattan. Density and density bonusing is good from our perspective.”

So why are NYCHA residents unhappy about it? Well, there are the interrupted views. But plenty of people with no view are also protesting. Angry residents have flooded public hearings and complained to the City Council. At a City Council Committee on Public Housing hearing in April, the *New York Times* [reported](#), “tenant-association presidents from at least four of the eight sites that have been selected for development expressed concerns about the plan — and in the case of Smith Houses, Meltzer Houses and Baruch Houses, outright rejected it.”

No one likes major construction next door, and no one wants to lose a parking space or basketball court. But it’s clear that the residents are angry with far more than that. The plan has become a symbol for something larger: The way New York, especially under Bloomberg, seems to be inhospitable to anyone but the wealthy. After years of strained relations with NYCHA, deferred maintenance on buildings, and gentrification and displacement going on around them, residents feel a visceral sense that any scheme will fail to take their needs into account. Indeed, they wonder if it may even be a first step toward kicking them out of the city altogether.

“The residents’ sentiment has to do with the idea that they have no rights, and that their lives will be disrupted for years to come and the people to benefit will be higher-income people,” says Susan Saegert, a professor of environmental psychology at the CUNY Graduate Center.

“The [insertion of] market-rate housing is unacceptable,” councilmember Margaret Chin, who represents affected projects in downtown Manhattan, flatly declares. “Public land should be used to build more affordable housing.” New York City’s Democratic mayoral candidates have also criticized the infill plan. “We should not be using it for luxury housing,” said former New York City comptroller Bill Thompson at an April forum. “We should be using it for affordable housing, workforce housing, moderate and middle-income housing, so that those who live in the City of New York can afford to stay here.” City Council Speaker and current mayoral front runner Christine Quinn said, “The plan to auction off NYCHA housing to the highest developer to build in essence luxury

housing is a terrible idea. It is an idea that doesn't come from community input, that isn't going to help deal with the affordable housing crisis that exists in our city."

That's especially noteworthy because Quinn and Thompson are both seen as industry friendly, and Quinn is frequently allied with Bloomberg. Some housing advocates dismiss these statements as pandering — current residents in the affected projects may be strongly opposed to the plan, while it is impossible for theoretical future residents to be as strongly in favor. But complaining about the plan's shortcomings does not put money in NYCHA's budget.

"Give me ideas to secure the future of public housing that don't involve grown-up tradeoffs," Haggerty scoffs. "People running for office say, 'I'm with the people.' But it's just irresponsible to be whipping people up with no answer as to how to plug billions of dollars of projected revenue gaps."

PRECIOUS RESOURCES

Much of the criticism, from residents and advocates, pertains to process. They say that NYCHA has tried to rush this through without giving residents adequate information and time to review it. To some, this is just another instance of two long-standing New York practices: Developers — and an administration in bed with the real estate industry — pushing for luxury towers on every conceivable patch of land, and NYCHA ignoring and disempowering its residents.

"The issue is the way it was put together and presented to residents and to elected officials without enough meaningful input from residents," Chin says. "Do we really need more market-rate housing? I don't think so. How many market-rate housing [developments] have gone up in my district? The real issue is the waiting list for public housing. We need to use precious resources, our land, for more affordable housing."

"All of a sudden, the housing authority in the waning days of the [Bloomberg] administration comes up with a giant plan without consultation with the residents themselves or neighboring communities," says Tom Angotti, a professor of urban affairs and planning at Hunter College. "The reaction from residents has been pretty clear: They want a say in what happens on their land."

"[The opposition] comes from NYCHA being hard to work with on resident uses of the empty spaces," Saegert says. "I worked 20 years ago with a residents' alliance on a scheme to develop markets on weekends, where people could sell food and braid hair and craft products and things like that. We worked for two or three years and NYCHA told them they had no rights to use the space. That kind of relationship between the Housing Authority and residents does not make them open to wholesale appropriation for high-income residents, which I think is psychologically understandable."

Aside from process, there are two other major complaints: The new constructions do not meet the city's, or the NYCHA residents', social needs, and that the plan is not even financially necessary. Making the former point, Angotti says, "There's absolutely no reason why the city should be taking away recreational areas and open space to build new housing, especially in Manhattan that has so little open space, and especially to serve communities with large young populations." But many housing policy experts argue that excessive open space is actually a design flaw, and that meeting the city's housing shortage is as good a reason as any.

The financial argument is relatively straightforward. Due to a 1994 agreement, NYCHA pays the city more than \$70 million per year to police common areas such as stairwells.

Every other private landlord in the city gets those policing services for free once they sign on to a NYPD program known as “Operation Clean Halls.” NYCHA also gives the city \$23 million annually in “payments in lieu of taxes.” In essence, that’s its property tax bill. So, NYCHA residents say, why can’t NYCHA get its money by eliminating these payments instead of inconveniencing them with the infill plan?

“[Public housing tenants] want safety and security and they think they’re entitled to it like any other residents as a result of their taxes,” says Victor Bach, senior housing policy analyst at the Community Service Society of New York. “We’re calling on all of the mayoral candidates on Day 1 to terminate these payments.” At the April forum, all the Democratic candidates — there were no Republicans in attendance and Anthony Weiner was not yet in the race — pledged to do so.

But in addition to the fact that its capital investment gap would still be a problem, a savvy mayor could eliminate these payments and replace those funds with other cuts from NYCHA. “Any mayor would have to replace that money from somewhere else, and would likely to take it away from NYCHA,” says Julia Vitullo-Martin, director of the Center for Urban Innovation at the Regional Plan Association. “I think [the Office of Management and Budget], one of the most powerful and aggressive mayoral agencies, is going to find a way of replacing that money without taking it from other programs or raising taxes. That’s what budgetary politics is about. No mayor is going to want to increase subsidies any place that isn’t completely necessary.”

SEPARATE LAUNDRY ROOMS AND ALL THE REST

Many progressive housing advocates actually see developing the land as a good thing on its own terms. The towers-in-a-park model, which became popular after World War II, is at best a waste of space, and at worst an enormous social and aesthetic failure. The decimation of street life through the destruction of a street grid and imposition of superblocks, and the isolation of the poor in hard-to-police vertical towers, are two main drawbacks, blamed for high crime rates and low quality-of-life for residents. The buildings are also ugly, monotonous and seemingly never-ending shafts of brown concrete and maroon brick that project outwards, rather than welcoming inwards, at harsh geometric angles.

“Jane Jacobs used the term ‘self-isolating projects,’” Vitullo-Martin says. “It’s an accurate term for the relationship between many NYCHA projects and their neighborhoods.”

Even in the Smith Houses, where the little green spaces are pleasant, it can hardly be described as a model of efficient land use or good urbanism. Yes, the parking lot serves tenants, but Manhattan is simply too dense, and land holds too high a premium, to throw it away on publicly subsidized surface parking lots. At the Smith Houses, there are 110 spaces and NYCHA charges the typical resident with a permit — for which there is a waiting list, of course — \$340 per year. That’s less than many Manhattanites pay for parking each month.

Some community members, such as Chin, argue that NYCHA residents who need to drive to work should deserve parking spots. But the city is full of people who need a car and don’t get a publicly subsidized space. On the free market, parking is only economical in Lower Manhattan when built into a multi-tiered garage and charging a much higher rate. Manhattan’s land is much too valuable to be so wasted. (Smith Houses tenants note that before that space was made a parking lot, roughly 10 years ago, it was park space.)



Given Manhattan's astronomical market-rate rents, many civil servants and blue-collar workers are happy to live in public housing.

The dominant center-left thinking on public housing for the last 20 years has had two main components: Projects should be small-scale, physically integrated with the community and mimic middle-class housing in their aesthetic and even financial arrangements, and that the poor should live among the better-off. Low-income housing usually goes neglected during Republican presidential administrations, but the last two Democratic presidents have created federal programs to move public housing in this direction. Bill Clinton sought to disperse and integrate the poor throughout cities, while President Obama has tried, through the Choice Neighborhoods program and the Partnership for Sustainable Communities, to incentivize the development of safe, mixed-income, transit-accessible neighborhoods instead of just throwing up low-rent high-rises with their backs to the street.

Even opponents of the NYCHA infill plan tend to grant that these would be a better approach to building new projects, but they note that merely sticking new luxury towers in the empty spaces is no substitute for good urban planning. Just squeezing more buildings into these superblocks, rather than reconnecting the street grid and mimicking the mixed-use urbanism of desirable New York neighborhoods, does not necessarily improve aesthetics or quality of life at all. “You’re still going to have these towers, and you’re not going to have the outdoor space that was supposed to compensate for lack of indoor communal space,” Saegert says. “I’m not a big defender of towers-in-a-park as a successful theory, but I’m not sure that towers-not-in-a-park is better.”

Clinton's HOPE VI program tore down infamously blighted projects like Chicago's Cabrini Green. It sought to create lower-density, dispersed public housing that would be part of socioeconomically integrated neighborhoods. NYCHA says it is pursuing that goal, but not by tearing down its housing. New York is in the enviable position of having rich people who actually want to live next to the projects, so why not let them do so?

And so, those who subscribe to the new mainstream liberal consensus tend to see the infiltration of NYCHA projects with expensive market-rate buildings as a feature, not a bug, in the proposal's design. "I think whatever housing is put there, if it integrates the neighborhood, if it gives a larger range of incomes within the housing authority properties as well as increasing the density, that's a good thing," says Theodore Liebman, a principal at Perkins Eastman and former chief of architecture for the New York State Urban Development Corporation.

"Concentrated poverty exacerbates negative health, educational and other social outcomes," Carter notes. "The impact on young people who see examples of success in their lives is priceless. Likewise, it's always better when more successful people can interact with those who are often portrayed in the media as a 'problem.' When we can see each other more fully, we make better decisions about our own lives, and the direction of our shared, built environments."

But now that Hope VI has been around long enough for its success to be measured, it turns out that economic integration is no panacea. Major studies, such as a [2001 report by the Urban Institute](#), have found that residents of HOPE VI projects continued to experience high levels of crime and no improvement in their employment outcomes. In fact, some experts say HOPE VI often had unintended negative consequences for residents of public housing.

"There's been a huge increase in the stigma public housing residents experience and harassment by police," Saegert says. "[HOPE VI residents] get threatened with eviction if their children get into fights with higher-income children." If you put a bunch of rich people next door to the projects, the city will police the projects more aggressively. Rather than an integrated community you could get two mutually suspicious enclaves, one of which has more economic, and therefore political, power than the other. The conflict recently came into the public eye when a real estate developer on the Upper West Side [proposed separate entrances](#) for market-rate and affordable-tenants in a mixed-income development, inciting outrage when the story went viral with headlines about a "poor door."

And anyone who claims the new market-rate residents will be eager to get to know their neighbors in the projects is probably being overly optimistic. NYCHA is caught between a rock and a hard place: in order to mollify tenants' fears that they will be displaced or imposed upon, NYCHA has made sure that no one will be required to move out of their home, even temporarily. But that prevents NYCHA from significantly improving the projects aesthetically or integrating the buildings economically.

"What if [NYCHA chairman] John Rhea had said, 'OK, we really believe in social and economic integration, so we're going to take everyone out of [the Frederick Douglass Houses, an Upper West Side project that is part of NYCHA's infill plan] and do a magnificent job renovating, and put everyone back and scatter them by race and income,'" Vitullo-Martin says. "Can you imagine the uproar? People would have been outraged if you moved people around from their current buildings. He didn't have that option, and the advocates would have been beside themselves."



“This city has become the tale of two cities: The rich and the poor, and because we’re poor we can’t live here,” says Aixa Torres, a civil servant and president of the tenant association at the Smith Houses, where she lives with her family.

Likewise, efforts to reassure NYCHA tenants that they won’t face competition from the newcomers for commercial or social services can instead reinforce fears that market-rate tenants will be a self-contained alien presence. “The [new building] would have its own laundry rooms and everything, so it would be a separate community,” says Monique Harris, secretary of the Smith Houses tenant association. “It feels like segregation, because NYCHA says, ‘There won’t be any need [for new residents] to venture into your community.’”

“This city has become the tale of two cities: The rich and the poor, and because we’re poor we can’t live here,” says Aixa Torres, a civil servant and president of the tenant association at the Smith Houses, where she lives with her family.

NYCHA insists, though, that HOPE VI is not a good predictor of whether its infill project will succeed. “The failure of HOPE VI is one of our inspirations,” says Fred Harris, NYCHA’s executive vice president for development (no relation to Monique). “It lowered the overall density and decreased dramatically the proportion of low-income residents. De-concentrating poverty is a good thing, but maybe the mix they introduced was below a critical mass. We are increasing density and adding economic diversity within new market rate and low-income apartments. Here the number of low-income people is actually going to go up, because there are going to be some in the new buildings as well.”

That is, if the 80/20 buildings actually include 20 percent low-income residents. Leftier critics of the general pro-market and pro-real estate industry tilt of the Bloomberg

administration say that the 80 percent market/20 percent affordable concept has too low a proportion of affordable units. They also argue that the income threshold for the affordable 20 percent is set too high, and thus the buildings end up looking more like 80 percent rich and 20 percent middle class. The standard is usually 50 percent of the Area Median Income, a number based on the entire metropolitan region. Since New York is a high-income area, that works out to \$42,950 for family of four.

“In our 80-20s, the 20 is going to be different,” Fred Harris says. “We’re not going to permit developers to skid under the bar and qualify.” In many buildings, developers cherry pick applicants who fall just below the qualifying income threshold for their 20 percent affordable component. Harris promises that NYCHA won’t allow that. Instead, it will require that the affordable component serve a wider economic cross-section, and half of the residents of the affordable units will come from the neighboring projects, so the two communities will be better integrated. (The affordable and market-rate tenants within the new buildings themselves will be interspersed on the same floors, according to NYCHA, and all amenities will be open to all residents regardless of what they pay.)

NYCHA even hopes that this will help solve one of its nagging problems: that when children grow up and move out, elderly residents stay in their two- and three-bedroom apartments with empty rooms while large families languish on the waiting list. Says Harris, “We’d love to see over-housed seniors move into a smaller apartment in a brand new building to open up bigger apartment for a family that needs it.”

But 80/20 buildings create another problem: They are a microcosm of New York’s trend towards being only the rich and poor, with the middle class squeezed out between the extravagant cost of market-rate housing but too well-paid for the select few affordable units. “I, because of my income, would not be able to participate [in the new low-income housing],” says Aixa Torres, a civil servant and president of the Smith Houses tenant association. “I’m over the income, and I can’t afford the market rate because I don’t make six figures.”

A NATURAL ENDPOINT FOR BLOOMBERG’S NEW YORK?

At its root, political opposition to the NYCHA infill plan is an expression of the city’s underlying conflict over gentrification. For years, when crime was high and the streets and subways were dirty, Manhattan’s low-income residents lived and worked in the city and struggled to bring it back from the brink of a Detroit-like downfall. “You want the real estate because you think poor people have no right to live near the East River?” Torres demands rhetorically. “When nobody wanted to live next to the water, we did and we continued to maintain this community.”

Today wealthier newcomers arrive in droves, turning every storefront into an unaffordable outlet for twee \$35 baby shirts or \$4 cups of coffee. “Delancey Street is changing, every block there’s 12 lounges and bakeries, it’s all high-end,” says Monique Harris. “There are no more mom-and-pop shops.” Since the nearby Pathmark closed, there is no large supermarket nearby, causing problems for disabled elderly residents.

Blocking the infill plan would, of course, not stop gentrification. Indeed, one might argue it would exacerbate it, as constraining the supply of market-rate housing causes prices to increase. The fundamental reason that rich people push ever further uptown and into the outer boroughs is the mismatch between supply and demand in New York’s central neighborhoods. As pro-density economists and economic writers such as



Children at the Smith Houses find play areas in whatever open space is available.

Harvard’s Ed Glaeser, Slate’s Matthew Yglesias and The Economist’s Ryan Avent argue, neighborhoods like the West Village are outrageously expensive because it is illegal to build taller buildings there. Allowing the development of tall buildings can cause prices to rise slower, as it has on the Upper East Side east of Lexington Avenue. But if you live in a project on Upper West or Lower East Side, you are already surrounded by gentrification. Putting a luxury high rise next door brings it that much closer, that much more in your face, and puts that much more pressure on commercial landlords to jack up the rent and replace the few remaining bodegas with bakeries peddling expensive croissants.

The city, especially under Bloomberg, seems to think that is a good thing, eagerly facilitating, through upzonings and other building incentives, the replacement of longstanding communities and businesses in areas like Downtown Brooklyn and Williamsburg with luxury housing towers and upscale chain stores. So there is an instinctive reaction for NYCHA residents to worry that they will be further marginalized — as they already have been in their own neighborhood — on their very own block. City Comptroller John Liu, another mayoral candidate, says that the infill plan is similar to upzonings in Brooklyn and will yield a similar crop of lookalike luxury buildings that benefit developers while displacing existing populations,

“The Bloomberg administration does not have a record of keeping the value for the public good, instead of giving the store away to developers,” Liu says. “They rezoned so much of the city and unlocked so much value out of thin air. In almost all cases, the

people who profited handsomely were people who owned the property or were developing property. Very little public good came out of rezoning. NYCHA's infill plan is not that different from the give-away of air rights."

Moreover, residents worry that this may actually be a first step toward eliminating or privatizing the projects themselves. After all, if first rich people move across the street, then into the project footprint, why not take the very land that the projects now sit on? From the perspective of beleaguered residents, it's the natural endpoint for Bloomberg's New York.

"This city has become the tale of two cities: The rich and the poor, and because we're poor we can't live here," Torres says, echoing a common phrase uttered in the [mayoral campaign](#). "The same thing that happened in Harlem with people who put in sweat equity with brownstones, but can't stay there because of the property taxes, will happen to us."

HARNESSING GENTRIFICATION

The whole kerfuffle can seem strange to an outside observer: Most cities should be so lucky as to have these problems. "In many cities you wouldn't find developers interested in building in the midst of public housing," observes Ed Goetz, a housing policy professor at the University of Minnesota. "It speaks to the extreme nature of housing market in New York City, how difficult it is to find land." In other cities, lack of funds and social problems attendant to isolated poverty has forced them to abandon public housing altogether.

By contrast, New York has the opportunity to prop up its public housing financially and connect it to market-rate housing physically. To most policy analysts, high demand for housing is an asset that clearly should be harnessed in some way to protect public housing, rather than sitting idly by and watching its demise. As Goetz points out, "Some housing authorities have actually sold off units in order to close short term budgetary deficits and meet maintenance and other operating cost obligations, and that is obviously an even less preferred option."

Especially interesting about New York's situation is that it may be replicated in other cities in the future. New York was, after all, one of the first cities to experience the gentrification that has made NYCHA's infill plan feasible. NYCHA readily admits that if the plan works out, projects adjacent to other trendy areas, such as Boerum Hill, DUMBO and Long Island City, may soon get some rich next-door neighbors as well.

As with so many urban phenomena, including gentrification itself, the rest of America follows New York's lead. Virtually every major city now has a downtown yuppie population, and some once notoriously troubled and downtrodden cities, like Washington, D.C., have seen modest row houses in former slums swiftly turn into expensive homes for young professionals. Crime is often still more of a concern elsewhere than it is in New York, but it is everywhere far less of a concern than it was in 1990. Maybe other public housing authorities will soon contemplate a plan like NYCHA's. And they will also find that opportunity and loss can live in the same footprint.

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Oakland Wants You to Stop Calling It the "Next Brooklyn"

Can the Birthplace of the Black Panthers Gentrify Without Displacement?

Story by
Susie Cagle



GENTRIFICATION: WE THINK WE KNOW IT WHEN WE SEE IT. POUR-OVER ORGANIC COFFEE, DOUBLE-WIDE DESIGNER STROLLERS, GLUTEN-FREE OPTIONS. Millennials and their unrelenting desire to live and work in cities that pushes out longtime residents. A tide rising, cresting and washing over. An act of nature.

These demographic and economic shifts in cities aren't the result of organic social and cultural trends; the changes are wrought by decades of investment and public policy choices, and inextricably bound to histories of racism, exclusionary land use policies and exploitative banking processes that left certain communities vulnerable to a steamroller of new investment.

"If you don't know what the problem is you definitely can't stop being a part of it, and I think a lot of people don't know what the problem is," says DeeDee Serendipity, a native of Oakland who now owns a salon in the city



Massive waves of disinvestment and reinvestment have brought a sea change to Oakland, and it's only just begun. The city is at a crossroads it can't ignore: Current economic growth could create opportunity or be squandered. The city can determine its future — choose progressive policies to stem displacement and aid existing low- and middle-income residents, or side with business interests, inviting higher-end investments and opportunities. Or it can do nothing, and let the market sort it out.

Oakland has long been at the center of a national conversation about equity, but it's quickly becoming a more enticing beacon for venture capitalism than for social justice.

I feel like something has always been happening but people are just now starting to say something about it.

It's like somebody farted but they've been sitting next to me the whole time and the smell just got around the room.

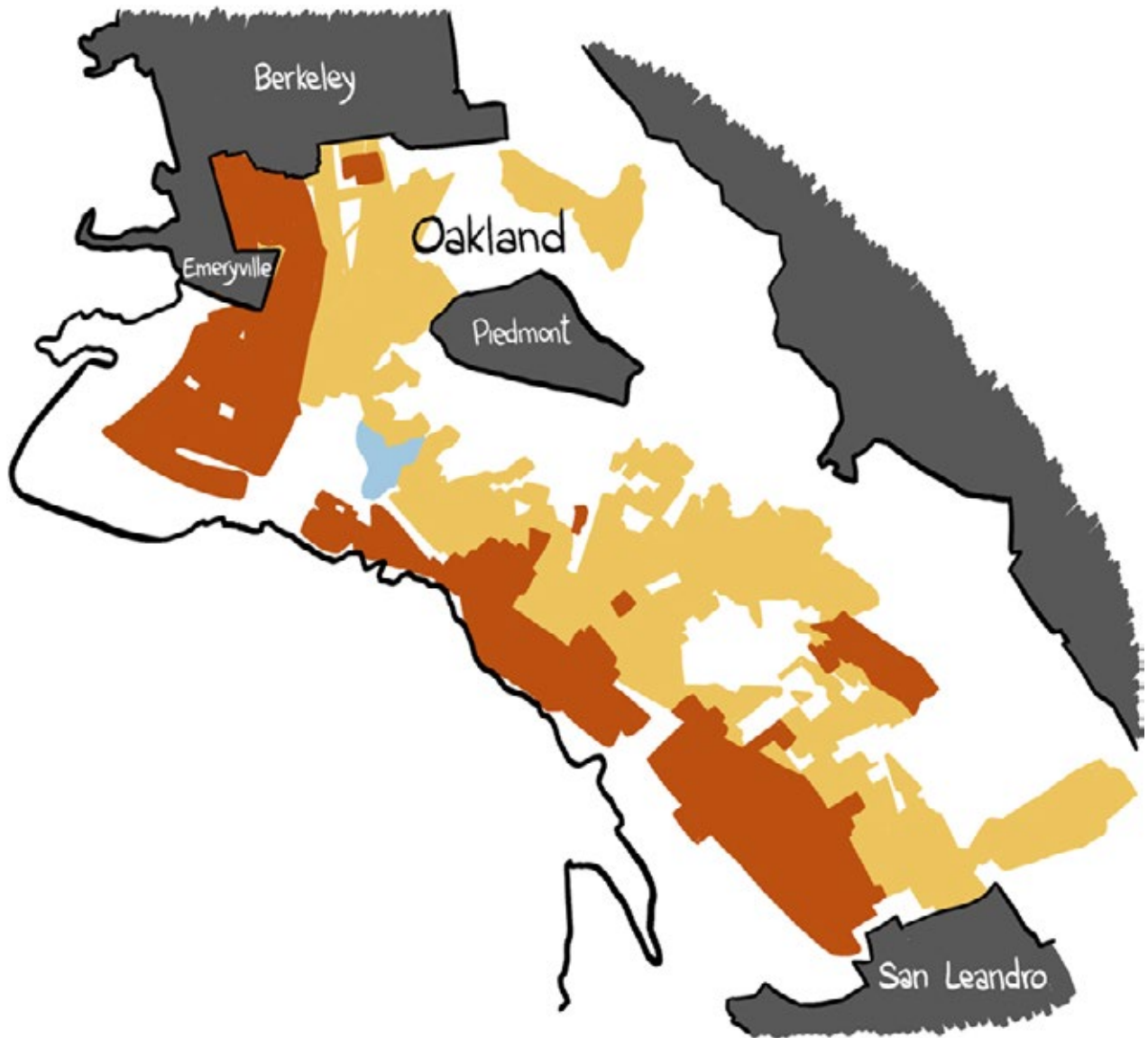


DEEDEE SERENDIPITY the salon owner

On the same sun-dappled courthouse steps where decades ago Black Panthers stood in uniform, armed and organized for the power and self-determination of people of color, an auctioneer sets up with a folding chair and a stack of documents. Would-be investors gather around. This is where Oakland's foreclosed homes are sold to the highest bidders.

Between 2006 and 2011, 10,508 homes — more than 7 percent of the city's households — were foreclosed and repossessed. These bank-owned homes were concentrated in West and East Oakland, and most were occupied by people of color — and had been for generations.

In the first half of the 20th century, Oakland's population exploded with new residents eager to work in the city's car factories and shipyards. The western neighborhoods near the train line terminus became a popular settlement for immigrants. Bank documents from the 1930s redline nearly all of West Oakland, listing it as an undesirable area in which to lend because of an "influx of Negroes and Orientals."



aSometimes activists try to disrupt these auctions, delaying the process for what they hope will be enough time to renegotiate with lenders. They bring bullhorns, noisemakers, wind instruments. It usually doesn't work.

Over the last decade, thousands of Oakland residents have lost their homes to investors planning to primp, paint and flip them into more luxurious rentals. Some of those homes purchased for \$135,000 now rent for \$3,000 a month. For renters pushed out of San Francisco, this is a bargain, while many families who used to live in these homes have sought cheaper housing in far-flung suburbs.

I'd been brainwashed like so many other people that Oakland was this bad place and when I finally came over here I was totally amazed. It was a discovery for me.



STEVE KOPFF
the new homeowner

I moved here for the Wild Wild West. I have a truck and I like to have a lot of things in my front yard.

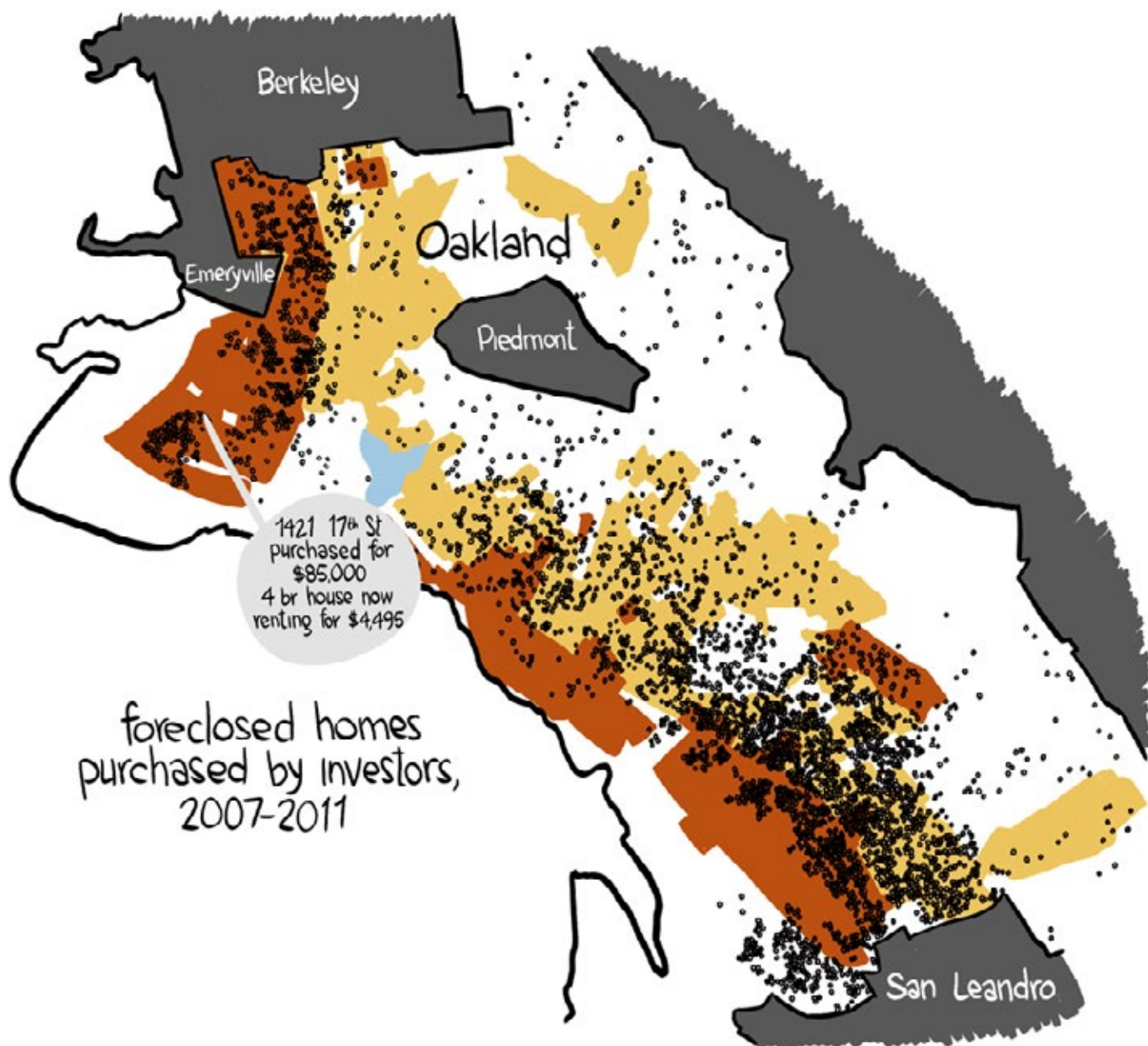


ETHAN ASHLEY
the new business owner

In 2012, the Urban Strategies Council research nonprofit found that large investors ultimately scooped up 45 percent of bank-owned properties, and only 10 of the top 30 companies were based in Oakland.

“It essentially stripped Oakland of its homeowners, it stripped local wealth,” says Anya Svanoie of the Alliance of Californians for Community Empowerment.

The report was one of the first close looks at how the foreclosure crisis would play out over the long-term, recalls author Steve King. “We could see that something much bigger was going on here.”



One investor, Neill Sullivan of Oakland-based REO Homes, bought upwards of 270 bank-owned parcels, mostly in the poorer neighborhoods of West Oakland. “REO Homes LLC has been able to infiltrate a community beset by a crisis and cobble together a sizable fiefdom,” King wrote.

A spokesperson for Sullivan was quoted in 2012 telling a reporter that the company wanted “to bring in good, productive people and really change the area.”

This property rush is likely just beginning for the post-industrial city once known as the Detroit of the West. “Oakland’s finally getting some good press in terms of it being a viable place to invest in, but it’s always been a great place for investment,” says Simon Chen, chief financial officer for Oakland-based development firm Madison Park Financial. “Oakland is where the opportunity is.

There was no awareness of the foreclosure investor phenomenon. Once I realized what they were doing, it blew my mind. There was this steamroller coming at us.



STEVE KING
the researcher

Some neighborhoods are very pro development, if it's development with a lot of public and neighborhood benefits. Some more established neighborhoods are very difficult to develop in.



SIMON CHEN
the developer

The demand for affordable housing is created by broke folk. So part of this has to be reducing the number of broke folk by giving folks jobs.



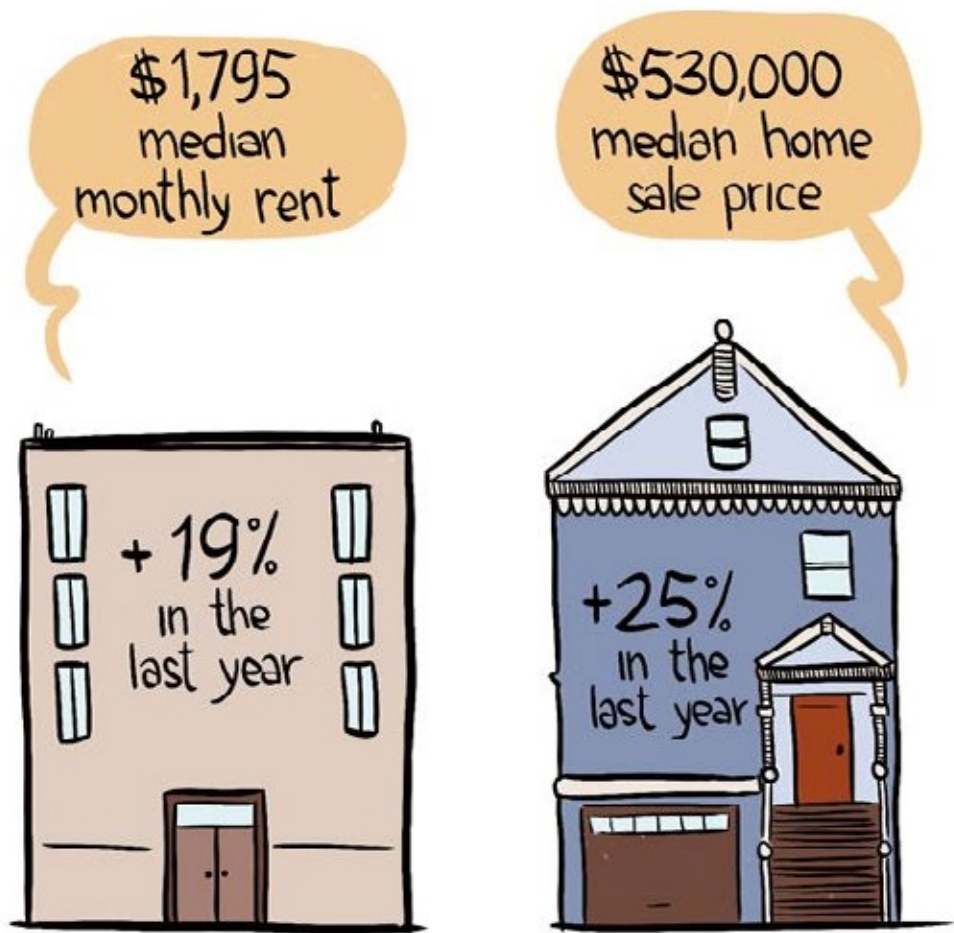
LYNETTE MCELHANEY
the councilmember

Madison Park president John Protopappas grew up in Oakland, and in the 2000s, he became tight with then-mayor Jerry Brown (now California's governor). The developer helped shape Brown's urbanist "10K Plan" to attract 10,000 new residents to the city's downtown, a plan for investment and housing construction that laid groundwork for the city's current boom. Today, Brown is an investor in Madison Park.

For developers, the market is working very well: A large one-bedroom in Madison's Lampwork Lofts development in West Oakland recently rented for \$2,050, even before realtors could show it at an open house. Meanwhile, it's left everyone else on the brink. Urban Strategies' recently completed Housing Equity Roadmap found that the entire city is facing an affordability crisis.

"Essentially in every neighborhood in Oakland, the median income earner cannot afford the median rental price. And then there's a sort of filtering down of neighborhoods," says King. "That certainly has a disproportionate impact on the lowest income people — they're the ones being displaced."

That displacement has had other disproportionate demographic effects: Between 2000 and 2010, Oakland's black population fell by 25 percent, along with its population of school-age children.



For nearly 100 years, in its many iterations, Oakland has been synonymous with cool — from jazz and blues to hip-hop and graffiti. As Oakland’s population changes, so too does the culture that drew so many new residents in the first place.

Sculptor Karen Cusolito first arrived in West Oakland in 2005, when her search for a studio to build large-scale art pieces for Burning Man landed her in the former American Steel factory.

In 2009, she signed a lease on the entire six-acre building. It’s now divided into more than 170 studios and workshops for a variety of artists. “I look at our demographics in terms of creativity. If you’re looking in terms of ethnicity, it’s still pretty white,” she says.

To many, American Steel and “the Burners” have come to represent privileged outsiders who move to the city without sensitivity to local needs. One art teacher told me that they suck up all the grant money, leaving less for other local programs and projects. When some American Steel Studios artists took their “art cars” out to a party in West Oakland earlier this fall, they were decidedly unwelcome. Partygoers pelted them with bottles, and tagged the back of one of the cars.

The various tensions played out politically in November when Oakland voters elected a solidly middle-ground, consensus-oriented new mayor, Libby Schaaf. An aide to



former Mayor Jerry Brown and a member of the City Council with political savvy and a reputation as a policy wonk, Schaaf campaigned on a vision for a city with room enough for everyone — longtime residents, newcomers and those yet to arrive. Madison Park president John Protopappas served as her finance chairman and she won endorsements from local labor unions.



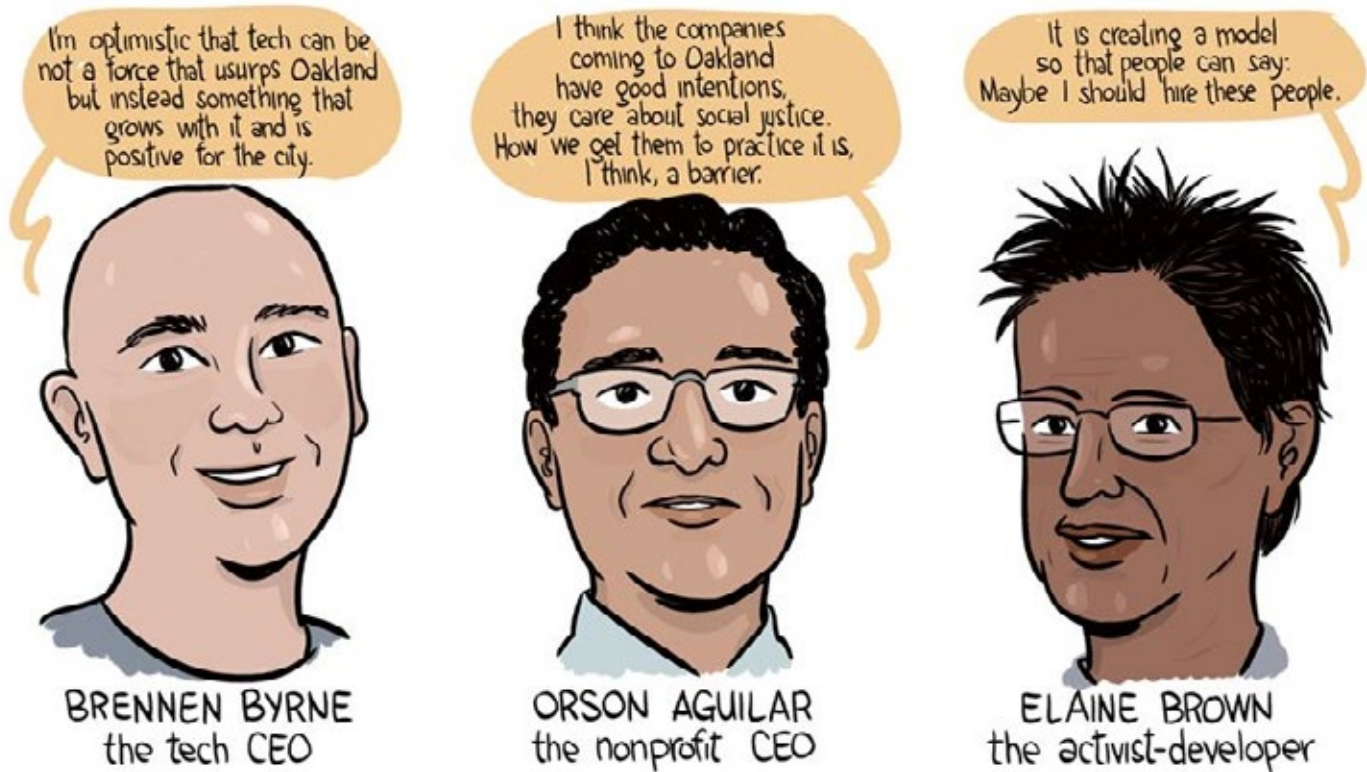
Thousands of units of new market-rate and affordable housing are now in construction or planning phases and the Mayor-elect, who will be sworn in early next month, is clear about her intentions for increasing the supply even more dramatically. Schaaf says she is exploring developer impact fees as well as tax abatement programs designed to convert

existing rental stock into subsidized affordable housing. “So much of a family’s support structure is geographically based,” she says.

“To the extent that we can protect people where they are, I think we can do that more quickly than we can build new buildings, and you preserve that ecosystem of support.”

But for many Oakland families, that ecosystem is already crumbling. “It’s very difficult to put any limitations on the private market,” says King, who worked with Urban Strategies and others to create a community land trust.

A rising tide may lift all boats, but many in Oakland can only afford lifejackets.



One promise of gentrification is a larger tax base and new jobs — rising housing costs would not have such a disruptive impact on life for Oakland residents if its industry could just keep pace. Today, Oakland’s unemployment hovers at 9 percent, which is down significantly since a 2010 high, but still more than anyone would like.

Many, including Schaaf, are pinning hopes on the tech industry to help change that. Oakland is geographically well-positioned to absorb San Francisco and Silicon Valley’s trickle-down. Last year, the city attracted \$242 million in venture capital, a sum that placed it 13th in a National Venture Capital Association ranking of U.S. cities.

An old Sears department store was recently purchased for renovation into offices for tech companies; sources close to the project say that Google is looking to expand there, joining Ask.com and Pandora, which already operate in the city.

“When I tell people I work in a tech company in Oakland, a lot of people respond like, oh, that’s really happening now, isn’t it?” says Brennen Byrne, CEO of digital security startup Clef. “If we can make Oakland succeed while Clef succeeds, we’ll be much happier and we’ll build a better relationship with Oakland. Our job as a company isn’t to find the

city that's going to bet biggest on us, but to find a place where we can build something healthy and long-lasting."

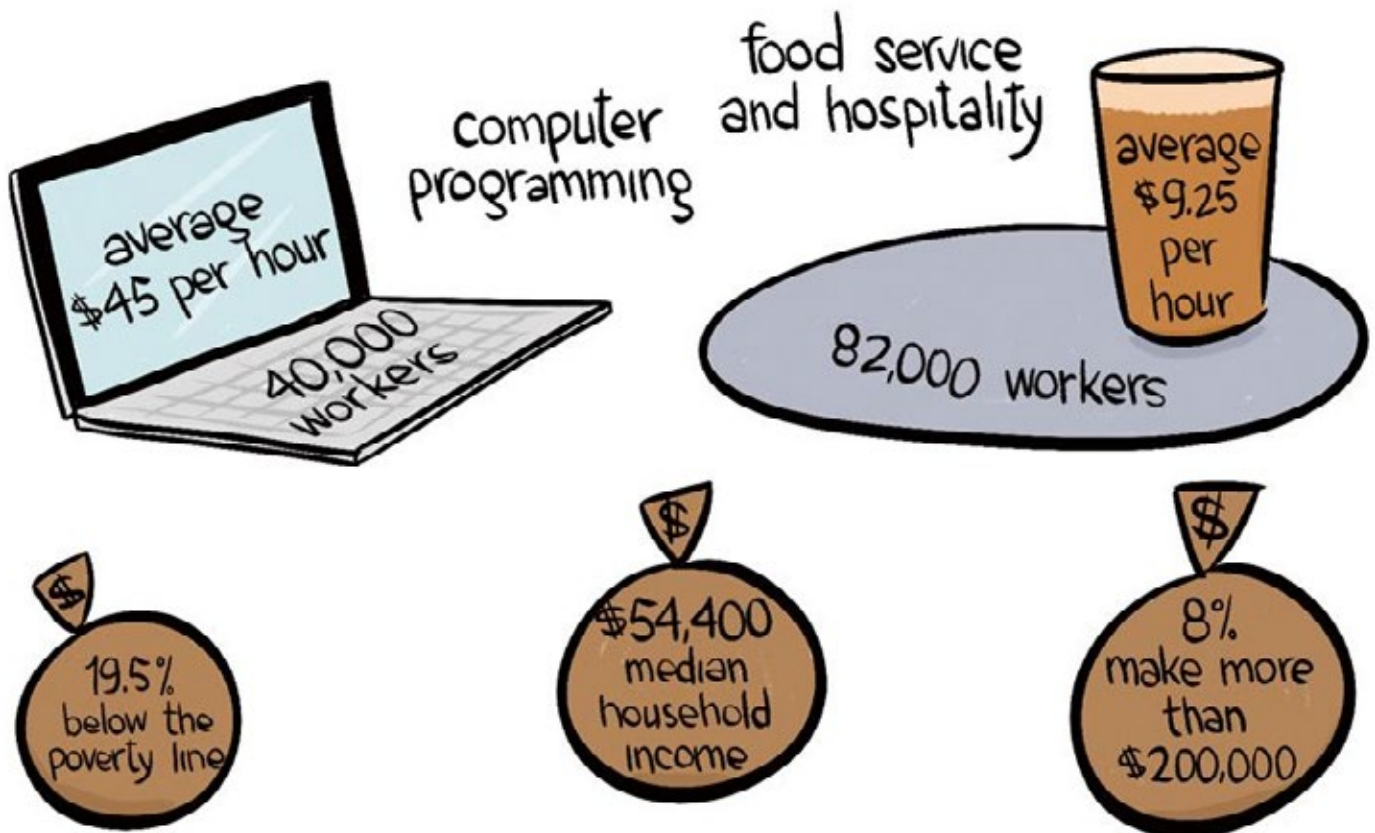
Clef operates out of the Port, a tech-centric co-working space on Oakland's waterfront, not far from some of Jerry Brown's "10K" condos. Outgoing Mayor Jean Quan recently cut the ribbon at the office's grand opening for its 30-foot tube slide.

"There's a lot of talk in Oakland about our tech sector looking different than Silicon Valley's or San Francisco's," says Schaaf. "I want tech companies to choose Oakland because they share those values."

Byrne says Clef supports Hack the Hood, an organization aimed at teaching low-income youth of color tech skills by way of building websites for small businesses. "We think that's a really important cause, making tech accessible to Oakland so that as it grows here we can do as much as we can to hire locally and bring the community here up with us."

It's a tall order. According to net freedom advocates, more than half of the homes in West and East Oakland don't have Internet access. Even when Oakland grows its own tech talent at home, there's no telling if large tech companies — not exactly known for their diverse workforces — will actually hire them.

For all the glamour of the tech industry, Oakland's fastest-growing job sectors are food service, hospitality and, yes, real estate. The city's economic boom so far looks mostly like new bars and restaurants that are not catering to the minimum-wage set.



But despite all this homegrown service industry, many of Oakland's gentrifying neighborhoods still lack basic amenities such as grocery stores and banks, let alone a wider variety of retail.

Often Oakland residents don't even have the choice of shopping local. The closest grocery store to West Oakland is in Emeryville, the municipality next door.



"Oakland doesn't have the tax money it needs. Retail is broken here," says Angela Tsay, CEO of civic pride apparel brand Oaklandish, which opened its downtown storefront in 2012.

"We're super-psyched that we're going to start selling Levi's," she says. "We'll be the only place in Oakland that you can buy regular 501s. Otherwise you have to go to some other city and give them your tax dollars."

Anyka Barber is an Oakland native who left the city for 10 years before returning and eventually opening an art gallery, Betti Ono, a few storefronts down from Oaklandish. Shortly after returning to her hometown, she found herself feeling out of place at a local First Friday art walk. "It felt very homogenous and it did not speak to me," she recalls. Since then, she has made it part of her mission to make sure that her community remains visible and vital as other populations claim space in the city.

Oakland is one of the nation's most racially diverse cities: Its current population splits roughly in equal parts among Asian, Latino, African-American and Caucasian residents. "But it's very segregated, it's not diverse at each table," says Serendipity.

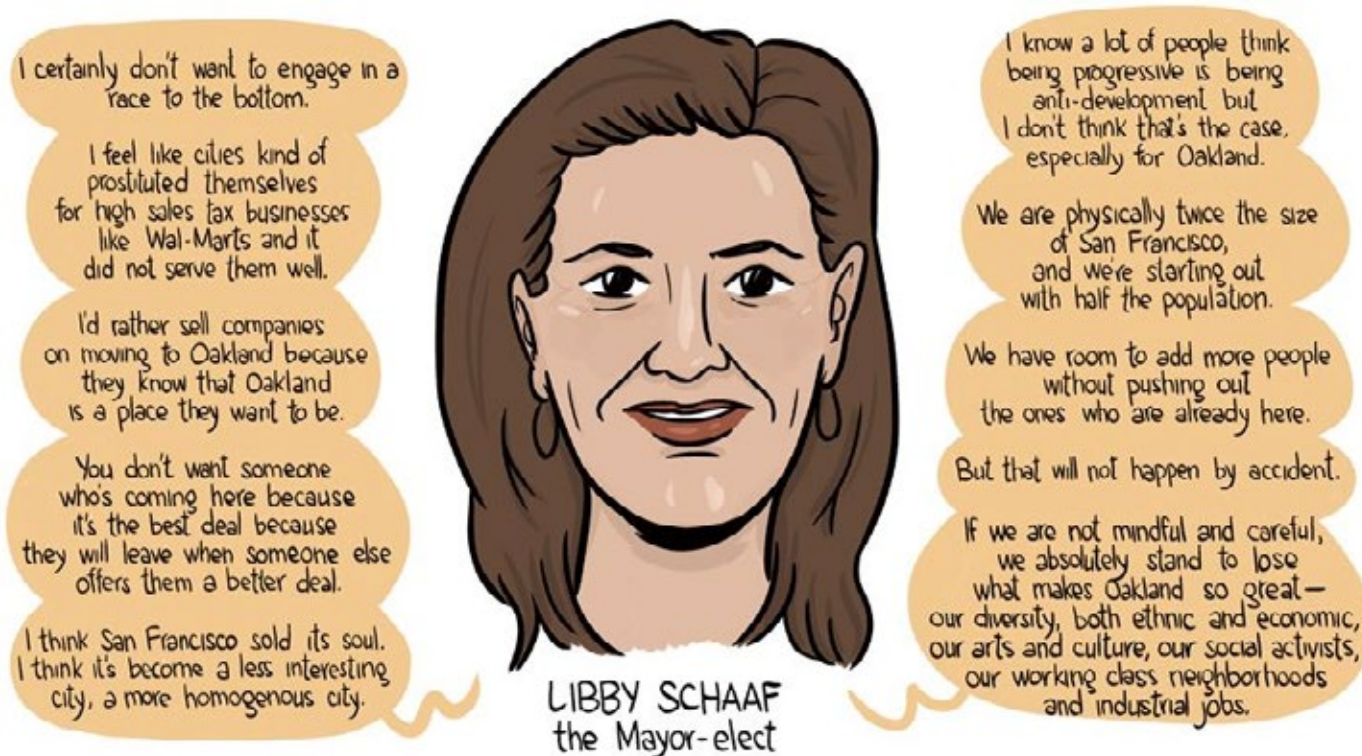
The stretch of downtown where Barber and Tsay set up shop is one exception. When Oaklandish opened its retail store in 2012, says Tsay, it began selling to a broader variety of

customers. “There is no one typical customer. There’s no population segment of Oakland that doesn’t find themselves at some point at 14th and Broadway.” They hope the new investment in Oakland will create other similarly diverse spaces.

For DeeDee Serendipity and her salon, the new Oakland isn’t all bad either.

“Hair salons are the last segregated business. It’s the place where people take their racism and are honest about it,” says Serendipity. “I built my business around being the only multicultural hair salon in Oakland, but nobody would come to me unless they knew what race I was, until gentrification happened and suddenly it was OK for me to be who I was. All of a sudden I have clients who are willing to come to me.”

The city has taken some steps to support homegrown entrepreneurs like Serendipity. In the spring of 2013, Oakland was the first American city to partner with Kiva, a nonprofit that disburses interest-free microloans to small businesses.



The tide of new development in Oakland hasn’t yet washed away the city’s deeply rooted culture, or its radical politics. Activists have won significant victories in recent years, including the defeat of a citywide surveillance fusion center bankrolled in part by the Department of Homeland Security. In November and December, several days of protests against police brutality brought the city to a standstill with highway shutdowns and significant property destruction in business districts.

The economic squeeze has helped prompt other progressive policies. Oakland recently passed a tenant protection ordinance aimed at ending landlord harassment. The superintendent of schools has proposed a 10 percent pay raise for teachers. And in November, voters passed a minimum wage increase in an 80 percent landslide, raising pay

from the state minimum \$9 per hour to \$12.25 starting in March 2015 with the support of the new mayor. But those new wages will still be barely enough to meet basic living wage standards for a single adult, presuming they live with roommates, and rents continue to climb.

One thing on which almost all of Oakland can agree: There is no stopping the change.

“You can’t avoid the wave of gentrification in Oakland, and I don’t think it’s necessarily a bad thing,” says Madison Park Financial’s Simon Chen. “I mean, I’m a developer, I think it’s good for a city if for no other reason than it brings in more money for public services. The more money a city has, as long as it’s not completely incompetent, all the residents of Oakland would benefit.”

Mayor-elect Schaaf has said her number one priority for the city is public safety and hiring additional police officers for a department that many argue is understaffed. A heavier police presence in Oakland might quell property crime and put some new residents at ease, but it won’t be entirely welcomed in a city with a long history of police corruption and civil rights abuses.

“What I see is more death for my brothers,” DeeDee Serendipity tells me.

Cities are always responding to forces far greater than their geography: multinational financial firms, speculative industries and the institutional racism that has shaped American communities since their beginning. Oakland is no different.

Yet in its current growth mode, the city has the power to make choices and define its future.

Oakland, too, had a choice when the banks came for those foreclosed homes. It chose not to act while thousands of the city’s most vulnerable residents were pushed out of their homes.

And this crisis, too, may in turn lead to the next one. “If anything we’re seeing that it’s going to happen again,” says Anya Svanoe of Alliance of Californians for Community Empowerment. “With all these speculators buying up properties and flipping them for a profit, that’s the same sort of trend that we saw 10 years ago.”

For the city to truly thrive, it must escape this cycle of crisis, of boom and bust, of urban disinvestment and unregulated reinvestment. In this, perhaps, Oakland has no choice at all.

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How Cities and States Are Fighting Gentrification's Displacement Factor

Story by
Sandy Smith



IN CITIES ALL ACROSS AMERICA, [NEIGHBORHOODS ARE GENTRIFYING AND RISING HOME PRICES AND RENTS MAKE IT DIFFICULT FOR LOW- AND MODERATE-INCOME RESIDENTS TO FIND PLACES TO LIVE OR REMAIN IN THEIR HOMES](#). Meanwhile, in many of these same cities, other [neighborhoods remain plagued by blight](#) and abandoned properties that could be returned to productive use, easing the affordability crisis at the same time. Governments and non-profit organizations have developed a [variety of strategies](#) to [preserve housing affordability](#) for those most affected by gentrification and revive distressed communities. While New York City and San Francisco's sky-high prices mean they often get the most attention when it comes to addressing [affordable housing](#), here are four ways other governments are trying to ensure their cities are equitable.

PENNY FOR AFFORDABLE HOUSING FUND, FAIRFAX COUNTY, VA.

Fairfax County, Va., one of the most affluent suburban jurisdictions in the Greater Washington area, created a fund to preserve affordable housing in the county in 2006. The [Penny for Affordable Housing Fund](#), so named because its revenue comes from a one-cent share of the county's property tax rate, provides assistance for builders, households and non-profit agencies working to create affordable housing or provide rent subsidies to lower-income families in the county. The county's goals, as laid out in a 2010 "Housing Blueprint," include providing sufficient workforce housing to meet projected job growth and cutting the waiting lists for affordable housing by half in 10 years.

MISSOURI AFFORDABLE HOUSING ASSISTANCE PROGRAM

This statewide initiative in the Show Me State offers a tax credit of up to 55 percent of the value of donations to non-profit community-based organizations engaged in either the production of affordable housing or in offering assistance to those in need of affordable housing. The fund also offers credits for donations to groups producing market-rate housing in distressed communities. The donations can take the form of cash, financial assets, services, or real or personal property.

LONGTIME OWNER OCCUPANTS PROGRAM (PHL TAX LOOP), PHILADELPHIA, PA.

The City of Philadelphia offers homeowners in neighborhoods where rising property values have caused property taxes to jump [tax relief](#) through a 10-year reduction in property taxes. To qualify for the tax break, residents must have owned and lived in their home for at least 10 years. Owners of single-family homes and multi-family homes with no more than three dwelling units and one commercial unit may receive the discount.

CHICAGO COMMUNITY LOAN FUND, CHICAGO, ILL.

This non-profit organization has as its mission the revitalization of distressed city neighborhoods and suburban communities in metropolitan Chicago through low-cost financing and technical assistance to community organizations seeking to redevelop blighted properties. Among the loans the fund offers are loans for pre-construction and construction costs for both new development and rehabilitation projects, mortgages for limited-equity and low-income housing cooperatives, and loans for small-scale developers, both non-profit and for-profit, to acquire, rehabilitate, and run small (one to four units) residential buildings in communities that have been hit hard by foreclosures.